



**le saunda holdings Ltd.**

萊爾斯丹控股有限公司

**interim report 2015/16**

(Stock Code : 0738)





# CONTENTS

2	Corporate Information
4	Management's Discussion and Analysis
20	Condensed Consolidated Interim Income Statement
21	Condensed Consolidated Interim Statement of Comprehensive Income
22	Condensed Consolidated Interim Balance Sheet
24	Condensed Consolidated Interim Statement of Changes in Equity
26	Condensed Consolidated Interim Cash Flow Statement
27	Notes to the Condensed Consolidated Interim Financial Information
49	Disclosure of Interests
57	Corporate Governance and Other Information

*Note: All monetary values are expressed in Renminbi unless stated otherwise.*

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Lau Shun Wai (*Chief Executive Officer*)  
 Chu Tsui Lan (*Chief Operating Officer*)  
 Wong Sau Han  
 An You Ying

## NON-EXECUTIVE DIRECTORS

James Ngai (*Chairman*)  
 Lee Tze Bun, Marces

## 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  
 James Ngai

## NOMINATION COMMITTEE

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

## COMPANY SECRETARY

Lo Tik Man, Ophelia  
 (appointed on 27 May 2015)  
 Yuen Chee Wing  
 (resigned on 27 May 2015)

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
 China Construction Bank (Asia) Corporation Limited

## AUDITOR

PricewaterhouseCoopers  
 22nd Floor, Prince's Building  
 Central, Hong Kong

## LEGAL ADVISER

Wilkinson & Grist  
 6th Floor, Prince's Building  
 10 Chater Road  
 Central, Hong Kong

## REGISTERED OFFICE

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17th Floor  
 1063 King's Road  
 Quarry Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR (IN BERMUDA)

Codan Services Limited  
 Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

## BRANCH SHARE 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: 0738  
 Board Size: 2,000 Shares

## INVESTOR RELATIONS

Email address: [ir@lesaunda.com.hk](mailto:ir@lesaunda.com.hk)

## WEBSITE ADDRESS

<http://www.lesaunda.com.hk>



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### OPERATING RESULTS

The Group is engaged in the design, development, manufacturing and retailing of ladies' and men's footwear, handbags and fashion accessories in Mainland China, Hong Kong and Macau under a vertically-integrated business model. The major proprietary brands of the Group include le saunda, le saunda MEN, LINEA ROSA and CNE, which aim to appeal to diversified target customer groups with their distinctive product lines.

In the first half of the 2015/16 fiscal year, the total revenue of the Group increased by 0.4% to RMB755.8 million compared with the same period last year (2014/15: RMB753.1 million). The Group's consolidated gross profit decreased by 0.4% year-on-year to RMB501.8 million (2014/15: RMB503.7 million), while overall gross profit margin decreased by 0.5 percentage point to 66.4%. The mild decline was mainly attributable to the Group's increased efforts in inventory clearance amid weaker sentiment in the retail market during the period. The underlying profit attributable to equity holders of the Company, representing the performance of the Group's core footwear business, decreased by 19.0% to RMB60.0 million (2014/15: RMB74.1 million). Including other non-recurring items, the consolidated profit attributable to equity holders of the Company decreased by 28.8% to RMB55.2 million (2014/15: RMB77.6 million).





# MANAGEMENT'S DISCUSSION AND ANALYSIS





## FINANCIAL REVIEW (CONTINUED)

## OPERATING RESULTS (CONTINUED)

RMB million	1H 2015/16	1H 2014/15	Change
Revenue	<b>755.8</b>	753.1	0.4%
Gross profit	<b>501.8</b>	503.7	(0.4%)
Gross profit margin	<b>66.4%</b>	66.9%	(0.5 percentage point)
Underlying profit attributable to equity holders	<b>60.0</b>	74.1	(19.0%)
Consolidated profit attributable to equity holders	<b>55.2</b>	77.6	(28.8%)
Basic earnings per share (RMB cents)	<b>8.45</b>	12.12	(30.3%)
Interim dividend (HK cents)	<b>5.7</b>	8.0	
(equivalent to approximately RMB cents)	<b>4.6</b>	6.4	
Dividend pay-out ratio	<b>58.6%</b>	53.0%	5.6 percentage points

Note: Underlying profit attributable to equity holders is an indicator of the performance of the Group's core footwear business, calculated by deducting share of profit of joint venture, rental income, gain from disposal of property and foreign exchanges gains and losses, from profit for the period attributable to equity holders of the Company.

## PROFITABILITY ANALYSIS

During the period under review, the further slowdown in China's economic growth resulted in worsening consumers' confidence. The Group responded by enhancing its marketing activities and promotions to clear the inventory, resulting in a 0.4% decrease in gross profit to RMB501.8 million (2014/15: RMB503.7 million) as compared with the same period last year, while gross profit margin dropped by 0.5 percentage point to 66.4%.



## FINANCIAL REVIEW (CONTINUED)

### PROFITABILITY ANALYSIS (CONTINUED)

Selling and distribution expenses increased by 9.0% year-on-year to RMB352.3 million (2014/15: RMB323.2 million) attributable to more online and offline marketing activities launched by the Group to stimulate sales, as well as rising staff costs of frontline sales personnel. Selling and distribution expenses accounted for 46.6% of total revenue (2014/15: 42.9%), representing an increase of 3.7 percentage points. Advertising and promotional expenses accounted for 3.8% of total revenue, representing an increase of 1.6 percentage points as compared to the same period last year.

General and administrative expenses decreased by 6.8% to RMB87.4 million (2014/15: RMB93.8 million) year-on-year, as the Group controlled its staff costs and operational expenses. As a result, general and administrative expenses as a percentage of total revenue decreased to 11.6% (2014/15: 12.5%).

Other income grew by 41.1% year-on-year to RMB20.2 million (2014/15: RMB14.3 million), mainly due to the increase in subsidies granted by local governments.





## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW (CONTINUED)

**PROFITABILITY ANALYSIS (CONTINUED)**

Consolidated profit attributable to equity holders of the Company decreased by 28.8% year-on-year to RMB55.2 million (2014/15: RMB77.6 million) due to sluggish sales growth and the increase in selling and distribution expenses. Basic earnings per share decreased by 30.3% year-on-year to RMB8.45 cents (2014/15: RMB12.12 cents). To reward shareholder for their longstanding support, the Board has resolved to declare an interim dividend of HK5.7 cents (2014/15: HK8.0 cents) per ordinary share, representing a high dividend payout ratio of 58.6% (2014/15: 53.0%).

**INCOME TAX EXPENSE**

Income tax expenses for the period under review amounted to approximately RMB25.1 million (2014/15: RMB29.3 million), representing a decrease of 14.2% year-on-year. Effective from 2012, all business entities of the Group in China are subject to an income tax rate of 25%, while the profit tax rate for corporations in Hong Kong remains at 16.5%. Pursuant to the Enterprise Income Tax Law of the People's Republic of China, a withholding income tax of 5-10% shall be levied on the dividends remitted by a Chinese subsidiary to its foreign parent company starting from 1 January 2008. Excluding losses not subject to taxation, the effective tax rate of the Group for the first half of the year was 28.6%.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW (CONTINUED)

**INVENTORY MANAGEMENT**

The Group put stronger efforts in marketing activities and inventory clearance during the period. As at 31 August 2015, the Group's inventory balance was RMB461.4 million, up 0.3% from RMB459.9 million as at the same date last year.

A breakdown of inventory balance was as follows:

RMB (million)	As at 31 August 2015	As at 31 August 2014	Changes in value	Changes in %
Raw materials and work-in-progress	56.4	76.8	(20.4)	(26.6%)
Finished goods	405.0	383.1	21.9	5.7%
Total	<u>461.4</u>	<u>459.9</u>	<u>1.5</u>	0.3%

For the period under review, the inventory of raw materials and work-in-progress decreased substantially by 26.6% reflecting the benefit of enhanced efficiency. The inventory level of finished goods was slightly higher compared to the corresponding period of last year. Though the Group's stronger efforts in inventory clearance has significantly reduced its off-season inventory, earlier delivery of next season products as well as the Group's focus on e-commerce business, which required sufficient supply in stock, have created extra burden to the inventory and inventory of finished goods increased as at the end of the period. Inventory turnover days



of finished goods also increased by 17 days to 258 days (31 August 2014: 241 days). For the inventory mix, approximately 37% of finished goods were the latest Fall and Winter products, representing a higher level as compared to recent years. Moreover, the Group continued to maintain strict control over the stock age of its inventory. As at 31 August 2015, approximately 85% (31 August 2014: 83%) of finished goods had a stock age of less than one year, which also represented a higher level compared to recent years.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (CONTINUED)

#### LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy financial position. As at 31 August 2015, the Group's cash and bank balance amounted to RMB544.8 million (28 February 2015: RMB517.2 million), representing an increase of 5.3%. The quick ratio was 2.7 times (28 February 2015: 3.1 times). During the period, the Group had borrowed and repaid a short term bank loan of RMB41.6 million. As at the end of date of the period, the Group had no outstanding short-term bank loans (28 February 2015: RMB Nil). Forward contracts will be used, if necessary, to hedge related debts and bank borrowings arising from overseas purchases. The Group did not enter into any forward contracts to hedge its foreign exchange risks during the period. In addition, working capital requirements for the business operations in Mainland China will be financed by loans denominated in Renminbi from local banks when necessary.

As at 31 August 2015, the Group's cash and bank balances were held in Hong Kong dollars, US dollars, Euro and Renminbi and were deposited in leading banks with maturity of less than one year.

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

### BUSINESS REVIEW

#### OVERVIEW

For the first half of 2015, China registered a GDP growth of 7.0%, which was 0.4 percentage point lower compared to the corresponding period of last year. China's total retail sales of consumer goods for the same period grew by 10.4%, representing 1.7 percentage points decrease year-on-year. Real economic growth continued to be unconvincing, while the traditional retail sector remained weak.

Year-on-year growth in total online sales in China for the first half of 2015 was 39.1%, diminishing substantially by 10.6 percentage points as compared to the same period of last year. The apparent slowdown of growth pace suggests that retail spending in online channels has turned weaker.

Notwithstanding, the Group persisted in its strategy and strived to complete its transformation from a traditional vertically-integrated offline retailer to an omni-channel brand operator embracing both online and offline operations. The Group believes that the future retail market will be one underpinned by both online and offline channels. After consolidation of the industry, there will be more growth opportunities for excellent enterprises.



## BUSINESS REVIEW (CONTINUED)

### GRADUAL EXPANSION OF E-COMMERCE BUSINESS

The Group recognised the huge potential of the online business as early as four years ago. Development of the e-commerce market in Mainland China peaked last year. On this backdrop, the Group continued to build up its e-commerce channels and supply chain as well as to optimise the sales contribution from different online platforms to enlarge its overall sales volume. For the period under review, revenue from e-commerce operations increased by 32% year-on-year, accounting for 12% of the Group's total revenue.

After several years of rapid development, the e-commerce market of Mainland China has steadily entered into a maturing stage and online shoppers have become more rational in consumption. Online consumers have increasing demand for branded products and expect more from the standardisation of platforms. To keep the traffic flow on online platforms, our e-commerce team spent more on online advertising and promotions, which brought pressure for the profit in short-term, but it was very important to enlarge customer base in long run.

Given that the China's economy has entered into a new norm of decelerating growth while e-commerce also entered into a mature stage, consumers' demand for high value-for-money products increases. In adherence to the principle of offering same style same price products on both online and offline, the O2O operation attracted a large number of loyal customers and facilitated customers flowing between online and offline channels. During the period under review, the Group continued to open O2O stores in well-received shopping malls in major cities across the country, while launching the bonus points sharing scheme that resulted in interactive marketing model and customer flow between online and offline channels. The Group opened 13 new CNE O2O stores, bringing the total number of CNE O2O stores to 16.

### RETAIL BUSINESS

For the period under review, total retail revenue increased by 0.7% year-on-year, to RMB755.8 million (2014/15: RMB750.5 million). China's continuous macro-economic growth slowdown which further dampened consumer confidence. Hampered by weaker retail performance in Hong Kong and Macau, same-store-sales declined by 4.2% (2014/15: 13.8% growth). The decline was also attributable to the high comparative base resulting from rapid growth of same-store-sales during the past few years.

To address the difficult market environment, the Group actively streamlined its internal processes and adjusted its marketing strategies accordingly. On 8 August 2015, the Group launched a month-long "Fortune Train" campaign, where passengers could play games and receive coupons for online shopping, realising online and offline dual channel marketing. Meanwhile, the Group initiated books donation activity for children in under-developed areas to realise the core value of the Group, which is to care and reward our community.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (CONTINUED)

**RETAIL NETWORK**

As at the end of the period under review, the Group had a retail network comprising 883 stores in Mainland China, Hong Kong and Macau, representing a net increase of 20 stores as compared to the corresponding period of last year. Benefitted by its highly efficient retail network built through store consolidation and closure of underperforming stores in the past few years, the Group was able to continue store opening at selected prime sites despite adverse market conditions. On the other hand, due to unfavourable economic conditions, some franchisees decided to terminate their contracts or surrender some shops to the Group, which as a whole slowed down the growth of the network.

As at 31 August 2015, the breakdown of the Group's retail network was as follows:

Number of Outlets by Region	Self-owned (Year-on-year change)		Franchise (Year-on-year change)		Total (Year-on-year change)	
Mainland China	758	(+61)	109	(-36)	867	(+25)
• Northern, Northeastern & Northwestern Regions	193	(+13)	87	(-12)	280	(+1)
• Eastern Region	225	(+18)	2	(-)	227	(+18)
• Central and Southwestern Regions	168	(+20)	15	(-13)	183	(+7)
• Southern Region	172	(+10)	5	(-11)	177	(-1)
Hong Kong and Macau	16	(-5)	-	-	16	(-5)
Total	<u>774</u>	<u>(+56)</u>	<u>109</u>	<u>(-36)</u>	<u>883</u>	<u>(+20)</u>

**Mainland China**

For the first eight months of 2015, China's total retail sales of consumer goods grew at a nominal rate of 10.5%, representing a year-on-year decrease of 1.6 percentage points. In spite of this, the Group retail sales in Mainland China still recorded a growth of 3.8% to RMB699.6 million. In response to weakening demand and changing retail landscape, the Group enhanced its brand image and product design, as well as strengthened its connection and interaction with customers through a new range of innovative marketing activities.

As at the end of the period under review, the core brand le saunda had 655 stores, representing a net reduction of 3 stores. The total number of stores of le saunda MEN was 70, which was 11 stores less as compared to the corresponding period of last year. LINEA ROSA, our high-end fashion brand, has entered into a fast growing stage after its launch four years ago. This year we continued to open LINEA ROSA stores with a total number of 55 stores as at the end of the period, a net increase of 26 stores year-on-year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (CONTINUED)

**RETAIL NETWORK (CONTINUED)****Hong Kong and Macau**

Sentiments in Hong Kong's retail market are deteriorating, as the number of tourist arrivals in Hong Kong continued to fall and consumers' confidence has been weakened. Meanwhile, unyielding rental for commercial premises further aggravated the burden of retailers. The Group's sales in Hong Kong and Macau decreased by 26.6%, year-on-year, to RMB56.2 million. The Group closed down 5 stores during the period under review, reducing the total number of stores in Hong Kong and Macau to 16.

## OUTLOOK

China's enterprises have been undergoing a period of transition. The Group is of the view that the transition in China is presenting opportunities as well as challenges. Taking online shopping as an example, its rapid development in recent years has inevitably diverted sales from physical stores to online shopping but it also provided a new sales channel and growth opportunity for the retail market. With a longstanding emphasis on the development of its core business aided by a strong financial position, the Group is well-positioned to capitalise on the transformation of the retail market. The Group believes that ongoing optimisation of its product quality and its logistics and supply-chain systems will contribute to further enhancements in operating efficiency, which will in turn drive growth in gross profit to offset the rise in selling and distribution expenses and assure the Group a reasonable profit margin.

**MATURITY OF THE E-COMMERCE BUSINESS**

Following several years of rapid growth, the e-commerce market in China has entered into a stage of consolidation and faced different challenges. Besides local brands, overseas brands actively explored the e-commerce market in China through different kinds of promotion. Network traffic on well-known online platform has experienced a declining trend. It is unavoidable for local brands to increase promotion expenses to attract new customers. Facing these challenges, the Group believes that e-commerce market still have much room for expansion if we can offer right products and utilise the O2O store to provide offline shopping experience to the potential customers.

**STEADY PROGRESS FOR THE OFFLINE RETAIL BUSINESS**

Notwithstanding, the Group endeavoured to drive sales and consolidate its market position by optimising its product mix and enhancing its product design and quality with the aid of its professional team from Italy.

le saunda's brand identity of "sophisticated styles with top quality" has been well recognised and well received by consumers. Following a series of product upgrades, service-oriented trainings to its frontline sales and customer service staff, enhanced efforts in maintaining and managing its existing customer base as well as some activities caring for society, le saunda has successfully built up an elite brand image.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OUTLOOK (CONTINUED)

#### **STEADY PROGRESS FOR THE OFFLINE RETAIL BUSINESS (CONTINUED)**

le saunda MEN has been repositioned as a mild luxury brand tailored for fashionable men. Given the general weakness of the retail market, the Group continued store consolidation during the period with the closure of some inefficient shops. Nevertheless, the Group remains committed to the enhancement of the design and quality of le saunda MEN products, in a bid to enhance customer loyalty.

LINEA ROSA, our high-end fashionable brand, has been well received by customers since its debut four years ago thanks to its avant-garde design and unique brand positioning. As a key project of its offline business, the Group saw an approximate doubling of the number of LINEA ROSA stores last year, while the Group continued to open new stores in a prudent manner during the period under review. The mid-term goal is to build LINEA ROSA into another major source of revenue.

Meanwhile, the Group actively streamlined its administrative processes to enhance efficiency and reduce operating expenses. While strong efforts in inventory clearance during the period have resulted in short-term pressure on gross profit margin, a healthy inventory level will be beneficial to stable development in the long run. The Group believes that it should enhance its ability of gathering and analysing the business data in order to meet the need for more subtle management in the future. This year we plan to upgrade our business tools for analysis and to replace the retail management system as well. These new systems are expected to further enhance operating efficiency in the future.

This year, le saunda celebrates its 38th anniversary. The Group has actively adopted internal reforms over the past few years amid the downturn of the retail sector with streamlined administrative structure and processing as well as recruiting professionals to meet the future growth. Based on an accurate perception of market trends, the Group has committed strong efforts to the development of e-commerce, with the aim of building itself into a brand operator driven by dual-engine of online and offline operations. The offline operations will persist in mid- to high-end boutique products underpinned by two main brands of le saunda and LINEA ROSA. The online business will mainly comprise the CNE brand, which aims at tapping the mid-end fashion market with a fast fashion approach. The Group believes that it will achieve stable progress by adhering to the principle of offering “sophisticated styles with top quality” products with innovative dual-engine growth strategy.

### PLEDGE OF ASSETS

As at 31 August 2015, bank deposits of RMB2.3 million (28 February 2015: RMB2.8 million) have been pledged as rental deposits for certain subsidiaries of the Company.

## CORPORATE GUARANTEES

The Company has given corporate guarantees in favour of banks for banking facilities granted to certain subsidiaries on letters of credit and bank loans to the extent of RMB208.0 million (28 February 2015: RMB186.8 million), of which RMB8.7 million (28 February 2015: RMB5.8 million) was utilised as at 31 August 2015.

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK5.7 cents per ordinary share for the six months ended 31 August 2015 (2014: HK8.0 cents) payable on Friday, 20 November 2015 to all shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 11 November 2015.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2015, the Group had a staff force of 5,740 people (28 February 2015: 5,382 people). Of this number, 156 were based in Hong Kong and Macau and 5,584 in Mainland China. The remuneration of the Group's employees was in line with market trends and commensurate to the level of pay in the industry. Remuneration of the Group's employees comprised basic salaries, bonuses and long-term incentives. Total staff costs for the six months ended 31 August 2015, including Directors' emoluments, net pension contributions and the value of employee services, amounted to RMB189.7 million (2014: RMB186.8 million). The Group has all along organized structured and diversified training programmes for staff at different levels. Outside consultants will be invited to broaden the contents of the training programmes.

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 31 August 2015

		<b>Unaudited</b>	
		<b>Six months ended 31 August</b>	
	Note	<b>2015</b>	2014
		<b>RMB'000</b>	RMB'000
			(Restated)
			Note 2.1
Revenue	6	<b>755,792</b>	753,144
Cost of sales		<b>(254,025)</b>	(249,452)
Gross profit		<b>501,767</b>	503,692
Other income	7	<b>20,244</b>	14,348
Other gains and losses	7	<b>(6,855)</b>	1,870
Selling and distribution expenses		<b>(352,269)</b>	(323,222)
General and administrative expenses		<b>(87,429)</b>	(93,822)
Operating profit	8	<b>75,458</b>	102,866
Finance income		<b>5,209</b>	4,668
Share of profit of a joint venture		<b>258</b>	160
Profit before income tax		<b>80,925</b>	107,694
Income tax expense	9	<b>(25,145)</b>	(29,302)
Profit for the period		<b><u>55,780</u></b>	<u>78,392</u>
Profit attributable to:			
– equity holders of the Company		<b>55,215</b>	77,573
– non-controlling interest		<b>565</b>	819
		<b><u>55,780</u></b>	<u>78,392</u>
Earnings per share attributable to equity holders of the Company (express in RMB cents)			
– Basic	10	<b><u>8.45</u></b>	<u>12.12</u>
– Diluted	10	<b><u>8.40</u></b>	<u>12.00</u>
Dividend	11	<b><u>32,377</u></b>	<u>41,076</u>

The notes on pages 27 to 48 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 2015

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
		(Restated)
		Note 2.1
Profit for the period	<u>55,780</u>	78,392
Other comprehensive income		
Currency translation differences	<u>7,714</u>	3,213
Other comprehensive income for the period, net of tax	<u>7,714</u>	3,213
Total comprehensive income for the period	<u><b>63,494</b></u>	<u>81,605</u>
Total comprehensive income for the period, attributable to:		
— equity holders of the Company	<u>63,167</u>	80,801
— non-controlling interest	<u>327</u>	804
	<u><b>63,494</b></u>	<u>81,605</u>

The notes on pages 27 to 48 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 August 2015

	Note	Unaudited 31 August 2015 RMB'000	Audited 28 February 2015 RMB'000 (Restated) Note 2.1
<b>ASSETS</b>			
Non-current assets			
Investment properties	12	<b>78,885</b>	77,033
Property, plant and equipment	12	<b>154,681</b>	164,089
Land use rights	12	<b>20,902</b>	20,929
Long-term deposits and prepayments		<b>9,236</b>	13,575
Interest in a joint venture		<b>34,614</b>	34,357
Interest in and amount due from an available-for-sale financial asset	13	<b>—</b>	—
Deferred tax assets		<b>59,598</b>	56,879
		<b>357,916</b>	366,862
Current assets			
Inventories		<b>461,440</b>	415,162
Trade and other receivables	14	<b>144,894</b>	187,481
Deposits and prepayments		<b>43,786</b>	43,382
Cash and bank balances		<b>544,765</b>	517,187
		<b>1,194,885</b>	1,163,212
Total assets		<b>1,552,801</b>	1,530,074

The notes on pages 27 to 48 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 August 2015

		<b>Unaudited 31 August 2015 RMB'000</b>	Audited 28 February 2015 RMB'000 (Restated) Note 2.1
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	<b>60,029</b>	54,754
Reserves			
Dividends		<b>32,377</b>	71,747
Others		<b>1,158,219</b>	1,127,811
		<b>1,250,625</b>	1,254,312
Non-controlling interest		<b>10,831</b>	12,429
Total equity		<b>1,261,456</b>	1,266,741
<b>LIABILITIES</b>			
Non-current liabilities			
Deferred tax liabilities		<b>35,191</b>	35,772
Current liabilities			
Trade payables and accruals	15	<b>206,815</b>	174,515
Amount due to a joint venture		<b>33,000</b>	29,000
Current income tax liabilities		<b>16,339</b>	24,046
		<b>256,154</b>	227,561
Total liabilities		<b>291,345</b>	263,333
Total equity and liabilities		<b>1,552,801</b>	1,530,074
Net current assets		<b>938,731</b>	935,651
Total assets less current liabilities		<b>1,296,647</b>	1,302,513

The notes on pages 27 to 48 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 2015

	Unaudited										
	Attributable to equity holders of the Company										
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Retained earnings	Capital reserve	Employee share-based compensation reserve	Other reserve	Total	Non-controlling interest	Total equity
Balance at 1 March 2015	54,754	421,507	(57,906)	47,145	751,089	4,812	32,472	439	1,254,312	12,429	1,266,741
Profit for the period	–	–	–	–	55,215	–	–	–	55,215	565	55,780
Other comprehensive income											
– Currency translation differences	–	–	7,952	–	–	–	–	–	7,952	(238)	7,714
Total comprehensive income for the period ended 31 August 2015	–	–	7,952	–	55,215	–	–	–	63,167	327	63,494
Employees share option scheme:											
– value of employee services	–	–	–	–	–	–	2,803	–	2,803	–	2,803
– exercise of share options	110	2,509	–	–	–	–	–	–	2,619	–	2,619
Bonus issue	5,165	(5,165)	–	–	–	–	–	–	–	–	–
Dividends relating to 2015 paid in July 2015 (Note 11)	–	–	–	–	(72,276)	–	–	–	(72,276)	(1,925)	(74,201)
Share premium reduction and transfer to capital reserve	–	(321,063)	–	–	–	321,063	–	–	–	–	–
	5,275	(323,719)	–	–	(72,276)	321,063	2,803	–	(66,854)	(1,925)	(68,779)
Balance at 31 August 2015	60,029	97,788	(49,954)	47,145	734,028	325,875	35,275	439	1,250,625	10,831	1,261,456
Representing:											
Share capital											60,029
2015 interim dividend											32,377
Others											1,158,219
Non-controlling interest											10,831
											<u>1,261,456</u>

The notes on pages 27 to 48 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 2015

	Unaudited (Restated) Note 2.1										
	Attributable to equity holders of the Company										
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Retained earnings	Capital reserve	Employee share-based compensation reserve	Other reserve	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 March 2014	54,542	414,514	(66,294)	43,467	707,766	4,812	27,489	(30)	1,186,266	11,541	1,197,807
Profit for the period	—	—	—	—	77,573	—	—	—	77,573	819	78,392
Other comprehensive income											
— Currency translation differences	—	—	3,228	—	—	—	—	—	3,228	(15)	3,213
Total comprehensive income for the period ended 31 August 2014	—	—	3,228	—	77,573	—	—	—	80,801	804	81,605
Employees share option scheme:											
— value of employee services	—	—	—	—	—	—	5,387	—	5,387	—	5,387
— exercise of share options	183	4,226	—	—	—	—	—	—	4,409	—	4,409
Dividends relating to 2014 paid in July 2014 (Note 11)	—	—	—	—	(102,678)	—	—	—	(102,678)	(639)	(103,317)
	183	4,226	—	—	(102,678)	—	5,387	—	(92,882)	(639)	(93,521)
Balance at 31 August 2014	54,725	418,740	(63,066)	43,467	682,661	4,812	32,876	(30)	1,174,185	11,706	1,185,891
Representing:											
Share capital											54,725
2014 interim dividend											41,076
Others											1,078,384
Non-controlling interest											11,706
											<u>1,185,891</u>

The notes on pages 27 to 48 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 31 August 2015

	Unaudited	
	Six months ended 31 August 2015 RMB'000	2014 RMB'000 (Restated) Note 2.1
<b>Net cash inflows from operating activities</b>	<b>101,525</b>	6,298
<b>Net cash (outflows)/inflows from investing activities</b>	<b>(10,622)</b>	47,148
<b>Net cash outflows from financing activities</b>	<b>(71,512)</b>	(98,836)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>19,391</b>	(45,390)
Effect of foreign exchange rate changes, net	<b>5,877</b>	3,246
Cash and cash equivalents at 1 March	<b>436,209</b>	491,587
<b>Cash and cash equivalents at 31 August</b>	<b>461,477</b>	449,443
Analysis of the cash and bank balances:		
Cash and cash equivalents	<b>461,477</b>	449,443
Term deposits with initial term over three months	<b>81,000</b>	9,000
Cash restricted for specific purposes	<b>2,288</b>	3,528
<b>Cash and bank balances at 31 August</b>	<b>544,765</b>	461,971

The notes on pages 27 to 48 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 Mainland China, Hong Kong and Macau.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB’000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 26 October 2015.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

### 2.1 Change of presentation currency from Hong Kong Dollars (“HK\$”) to Renminbi (“RMB”)

The presentation currency of the consolidated financial statements in the prior financial year was HK\$ and presentation currency of HK\$ had been adopted for the Group’s consolidated financial statements since the Group listed on the Stock Exchange in December 1992.

As the Group currently mainly operates its business in Mainland China and most of the assets and liabilities of the Group are denominated in RMB, the directors of the Company (the “Directors”) consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the operating performance and financial position of the Group. As a result, the following condensed consolidated financial statements for the six months ended 31 August 2015 are presented in RMB and the comparative figures have been restated to align with the change in presentation currency. The change in presentation currency and restatement of the comparative amounts from HK\$ to RMB has no material impact on the Group’s financial results.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.2 Basis of preparation

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 August 2015 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34, ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 28 February 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 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 2015, 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.

### (a) Effect of adopting amendments to existing standards

The following amendments to existing standards are mandatory for accounting periods beginning on or after 1 March 2015. The adoption of these amendments to existing standards does not have any significant impact to the results and financial position of the Group.

- HKAS 19 (Amendment) Defined Benefit Plans: Employee Contribution
- HKFRSs (Amendment) Annual Improvements 2010–2012 cycle and 2011–2013 cycle

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 ACCOUNTING POLICIES (CONTINUED)

**(b) The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 March 2015 and have not been early adopted:**

- HKAS 1 (Amendment) Disclosure Initiative<sup>(1)</sup>
- HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation  
(Amendment) Amortization<sup>(1)</sup>
- HKAS 16 and HKAS 41 Agriculture: Bearer Plants<sup>(1)</sup>  
(Amendment)
- HKAS 27 (Amendment) Equity Method in Separate Financial Statements<sup>(1)</sup>
- HKAS 28 and HKFRS 10 Sale of Contribution Assets between an Investor  
(Amendment) and its Associate or Joint Venture<sup>(1)</sup>
- HKAS 28, HKFRS 10 and Investment Entities: Applying the Consolidation  
HKFRS 12 Exception<sup>(1)</sup>  
(Amendment)
- HKFRSs (Amendment) Annual Improvements 2012–2014 cycle<sup>(1)</sup>
- HKFRS 9 Financial Instruments<sup>(2)</sup>
- HKFRS 11 (Amendment) Accounting for Acquisitions of Interests in Joint  
Operations<sup>(1)</sup>
- HKFRS 14 Regulatory Deferred Accounts<sup>(1)</sup>
- HKFRS 15 Revenue from Contracts with Customers<sup>(2)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 March 2016

<sup>(2)</sup> Effective for annual periods beginning on or after 1 March 2018

## 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 2015.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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 condensed consolidated interim 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 2015.

There has been no change in the risk management policies of the Group since the year ended 28 February 2015.

### 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.

	<b>31 August 2015 RMB'000</b>	28 February 2015 RMB'000
Less than 1 year		
Trade payables and accruals	<b>206,815</b>	174,515
Amount due to a joint venture	<b>33,000</b>	29,000
	<b><u>239,815</u></b>	<u>203,515</u>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## **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 non-retail perspective. For the retail business, the Executive Directors further assess the performance of operations on a geographical basis (Mainland China, Hong Kong and Macau). 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 and other loss, finance income, share of profit of a joint venture and unallocated expenses.

Segment assets mainly exclude interest in a joint venture, 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 joint venture, 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (i) The segment information provided to the Executive Directors for the reportable segments for the six months ended 31 August 2015 is as follows:

	Unaudited			
	Six months ended 31 August 2015			
	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	<u>699,566</u>	<u>56,226</u>	<u>—</u>	<u>755,792</u>
Reportable segment profit	<u>67,584</u>	<u>(5,321)</u>	<u>—</u>	<u>62,263</u>
Other income				20,244
Other loss				(6,855)
Finance income				5,209
Share of profit of a joint venture				258
Unallocated expenses				<u>(194)</u>
Profit before income tax				80,925
Income tax expense				<u>(25,145)</u>
Profit for the period				<u>55,780</u>
Depreciation and amortisation	<u>20,237</u>	<u>1,153</u>	<u>—</u>	<u>21,390</u>
Additions to non-current assets (Other than deferred tax assets)	<u>12,879</u>	<u>642</u>	<u>—</u>	<u>13,521</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (i) The segment information provided for the six months ended 31 August 2014 is as follows:

	Unaudited			Total
	Six months ended 31 August 2014			
	Retail	Others	Total	
	Mainland China RMB'000	HK & Macau RMB'000	Others RMB'000	RMB'000
Revenue from external customers	<u>673,864</u>	<u>76,586</u>	<u>2,694</u>	<u>753,144</u>
Reportable segment profit	<u>85,677</u>	<u>140</u>	<u>986</u>	86,803
Other income				14,348
Other gains, net				1,870
Finance income				4,668
Share of profit of a joint venture				160
Unallocated expenses				<u>(155)</u>
Profit before income tax				107,694
Income tax expense				<u>(29,302)</u>
Profit for the period				<u>78,392</u>
Depreciation and amortisation	<u>20,407</u>	<u>1,602</u>	<u>31</u>	<u>22,040</u>
Additions to non-current assets (other than deferred tax assets)	<u>12,172</u>	<u>1,902</u>	<u>3</u>	<u>14,077</u>

For the six months ended 31 August 2015 and 2014, revenues from external customers are mainly derived from the Group's own brands, le saunda, le saunda MEN, LINEA ROSA and CNE.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (i) An analysis of the Group's assets and liabilities as at 31 August 2015 by reportable segment is set out below:

	Unaudited			
	As at 31 August 2015			
	Retail		Others	Total
	Mainland China	HK& Macau		
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	<u>1,200,334</u>	<u>245,129</u>	<u>13,026</u>	<u>1,458,489</u>
Interest in a joint venture				<b>34,614</b>
Interest in and amount due from an available- for-sale financial asset				—
Deferred tax assets				<b>59,598</b>
Unallocated assets				<u>100</u>
Total assets per condensed consolidated balance sheet				<u><b>1,552,801</b></u>
Segment liabilities	<u>187,909</u>	<u>17,351</u>	<u>1,544</u>	<u>206,804</u>
Amount due to a joint venture				<b>33,000</b>
Current income tax liabilities				<b>16,339</b>
Deferred tax liabilities				<b>35,191</b>
Unallocated liabilities				<u>11</u>
Total liabilities per condensed consolidated balance sheet				<u><b>291,345</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (i) An analysis of the Group's assets and liabilities as at 28 February 2015 by reportable segment is set out below:

	Audited			Total
	As at 28 February 2015			
	Retail	Others	Total	
	Mainland China RMB'000	HK & Macau RMB'000	Others RMB'000	RMB'000
Segment assets	1,216,703	209,009	13,025	1,438,737
Interest in a joint venture				34,357
Interest in and amount due from an available- for-sale financial asset				—
Deferred tax assets				56,879
Unallocated assets				101
Total assets per condensed consolidated balance sheet				<u>1,530,074</u>
Segment liabilities	153,704	17,968	1,192	172,864
Amount due to a joint venture				29,000
Current income tax liabilities				24,046
Deferred tax liabilities				35,772
Unallocated liabilities				1,651
Total liabilities per condensed consolidated balance sheet				<u>263,333</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

### Revenue

	Unaudited	
	Six months ended 31 August	
	2015	2014
	RMB'000	RMB'000
Mainland China	699,566	673,864
Hong Kong	47,667	61,315
Macau	8,559	15,271
Other countries	—	2,694
Total	<u>755,792</u>	<u>753,144</u>

For the six months ended 31 August 2015 and 31 August 2014, there was no transaction with a single external customer that amounted to 10 percent or more of the Group's revenue.

- (iii) 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	Audited
	31 August	28 February
	2015	2015
	RMB'000	RMB'000
Mainland China	211,964	219,504
Hong Kong	6,816	12,628
Macau	79,538	77,851
Total	<u>298,318</u>	<u>309,983</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7 OTHER INCOME AND OTHER GAINS AND LOSSES

	Unaudited	
	Six months ended 31 August	
	2015	2014
	RMB'000	RMB'000
Other income		
Gross rental income from investment properties	1,966	1,568
Government incentives	18,278	12,780
	20,244	14,348
Other gains and losses		
Exchange losses (Note (a))	(6,855)	(2,634)
Gain on disposal of a property (Note (b))	—	4,504
	(6,855)	1,870
	13,389	16,218

- (a) Net exchange gain or loss 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.
- (b) On 1 July 2014, the Group disposed of a property at a consideration of RMB12,317,000 and recognized a net gain of RMB4,504,000 net of transaction costs.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8 OPERATING PROFIT

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

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Auditors' remuneration	<b>847</b>	815
Amortisation of land use rights	<b>299</b>	298
Depreciation of property, plant and equipment	<b>21,091</b>	21,742
Loss on disposal of property, plant and equipment	<b>1,989</b>	1,386
Cost of inventories recognised as expenses included in cost of sales	<b>194,062</b>	191,550
Operating lease rentals in respect of land and buildings		
— minimum lease payments	<b>45,417</b>	48,635
— contingent rents	<b>486</b>	1,006
Freight charges	<b>4,649</b>	4,397
Advertising and promotional expenses	<b>28,907</b>	16,576
Postage and express charges	<b>6,017</b>	3,475
Concessionaire fees	<b>139,421</b>	134,434
(Write back of impairment)/impairment losses on inventories	<b>(685)</b>	1,117
Direct operating expenses arising from investment properties that generated rental income	<b>194</b>	155
Staff costs (including directors' emoluments and value of employee services)	<b>189,697</b>	186,821
Impairment losses on trade receivables	<b>—</b>	2,687



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9 INCOME TAX EXPENSE

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

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax		
People's Republic of China ("PRC") corporate income tax	<b>28,964</b>	27,411
Deferred taxation	<b>(3,819)</b>	1,891
	<b><u>25,145</u></b>	<u>29,302</u>

No provision for Hong Kong profits tax has been made during the period.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at 25% (2014: 25%).

## 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.

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	<b>2014</b>
Profit attributable to equity holders of the Company (RMB'000)	<b><u>55,215</u></b>	<u>77,573</u>
Weighted average number of ordinary shares in issue ('000)	<b><u>653,472</u></b>	<u>639,947</u>
Basic earnings per share (RMB cents)	<b><u>8.45</u></b>	<u>12.12</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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.

For the period ended 31 August 2015 and 31 August 2014, 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.

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	<b>2014</b>
Profit attributable to equity holders of the Company (RMB'000)	<u>55,215</u>	<u>77,573</u>
Weighted average number of ordinary shares in issue ('000)	<b>653,472</b>	639,947
Adjustments for share options ('000)	<u>3,630</u>	<u>6,268</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>657,102</u>	646,215
Diluted earnings per share (RMB cents)	<u>8.40</u>	<u>12.00</u>

## 11 DIVIDEND

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interim dividend of HK5.7 cents (six months ended 31 August 2014: HK8.0 cents) per ordinary share	<u>32,377</u>	<u>41,076</u>

A dividend of approximately RMB72,276,000 that related to the financial year ended 28 February 2015 was paid in July 2015 (2014: RMB102,678,000).

At the Board of Directors' meeting held on 26 October 2015, the Board of Directors has resolved to declare an interim dividend of HK5.7 cents (equivalent to approximately RMB4.6 cents) per ordinary 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 2016.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Unaudited			
	Six months ended 31 August 2015			
	Investment properties RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Total RMB'000
At 1 March 2015	77,033	164,089	20,929	262,051
Additions	—	13,521	—	13,521
Disposals	—	(1,989)	—	(1,989)
Exchange differences	1,852	151	272	2,275
Depreciation and amortisation	—	(21,091)	(299)	(21,390)
At 31 August 2015	<u>78,885</u>	<u>154,681</u>	<u>20,902</u>	<u>254,468</u>

	Unaudited			
	Six months ended 31 August 2014			
	Investment properties RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Total RMB'000
At 1 March 2014	72,477	173,304	21,223	267,004
Additions	—	14,077	—	14,077
Disposals	—	(1,386)	—	(1,386)
Exchange differences	133	(4)	22	151
Depreciation and amortisation	—	(21,742)	(298)	(22,040)
At 31 August 2014	<u>72,610</u>	<u>164,249</u>	<u>20,947</u>	<u>257,806</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Unaudited 31 August 2015 RMB'000	Audited 28 February 2015 RMB'000
Unlisted shares, at fair value (Note (a))		
— Investment cost	2,500	2,500
— Provision for impairment	(2,500)	(2,500)
	—	—
Amount due from an available-for-sale financial asset (Note (b))	7,500	7,500
Less: Provision for impairment	(7,500)	(7,500)
	—	—
Total	—	—

(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.

(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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14 TRADE AND OTHER RECEIVABLES

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

	<b>Unaudited 31 August 2015 RMB'000</b>	<b>Audited 28 February 2015 RMB'000</b>
Trade receivables (Note (a))		
Current to 30 days	<b>124,210</b>	167,627
31 to 60 days	<b>8,580</b>	12,358
61 to 90 days	<b>3,106</b>	2,446
Over 90 days	<b>5,897</b>	2,001
	<b>141,793</b>	184,432
Other receivables	<b>3,101</b>	3,049
Total	<b>144,894</b>	187,481

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

The carrying amounts of trade 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.

## 15 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:

	<b>Unaudited 31 August 2015 RMB'000</b>	<b>Audited 28 February 2015 RMB'000</b>
Trade creditors		
Current to 30 days	<b>49,354</b>	34,284
31 to 60 days	<b>19,940</b>	5,255
61 to 90 days	<b>4,738</b>	641
91 to 120 days	<b>1,066</b>	234
Over 120 days	<b>2,012</b>	444
	<b>77,110</b>	40,858
Accruals	<b>129,705</b>	133,657
Total	<b>206,815</b>	174,515

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16 SHARE CAPITAL

	Unaudited 31 August 2015 Number of ordinary shares		Audited 28 February 2015 Number of ordinary shares	
	RMB'000		RMB'000	
Authorised:				
Shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>84,493</u>	<u>800,000,000</u>	<u>59,576</u>
Issued and fully paid:				
At beginning of period/year	<u>641,972,600</u>	<u>54,754</u>	639,313,600	54,542
Exercise of share options (Note 17)	<u>1,372,000</u>	<u>110</u>	2,659,000	212
Bonus issue	<u>64,318,460</u>	<u>5,165</u>	—	—
At end of period/year	<u>707,663,060</u>	<u>60,029</u>	<u>641,972,600</u>	<u>54,754</u>

## 17 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 preceding the date of offer of grant.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 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 2015		Audited For the year ended 28 February 2015	
	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	3.573	26,864	3.464	30,940
Exercised	2.404	(1,212)	2.404	(2,659)
Exercised	2.185	(160)	—	—
Lapsed	2.404	(939)	2.404	(817)
Lapsed	2.185	(37)	—	—
Lapsed	—	—	4.730	(600)
Adjustment for bonus issue	—	2,471	—	—
At end of period/year	3.349	26,987	3.573	26,864

The Group has no legal or constructive obligation to repurchase or settle the options in cash. 14,100,000 share options at an exercise price of HK\$4.73 each and 17,440,000 share options at an exercise price of HK\$2.404 were granted on 27 June 2011 and 10 July 2012 respectively.

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

Expiry date at	31 August 2015 Exercise		28 February 2015 Exercise	
	price per share (HK\$) Note (c)	Number of share option (thousands) Note (c)	price per share (HK\$)	Number of share option (thousands)
26 June 2021 (Note (a))	4.300	14,850	4.730	13,500
9 July 2022 (Note (b))	2.185	12,137	2.404	13,364

Notes:

- (a) 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.
- (b) Become exercisable from a range of dates between 10 July 2014 and 10 July 2016 and expiring on the 10th anniversary from date of grants.
- (c) As a result of the bonus issue, adjustments were made to the exercise price and the number of outstanding share options with effect from 30 July 2015.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 SHARE OPTIONS (CONTINUED)

Options are conditional on the employee completing two to five years' service (the vesting period).

For the six months ended 31 August 2015, a total share option expenses of RMB2,803,000 were recognized and included in employee benefit expenses.

## 18 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 RMB207,969,000 (28 February 2015: RMB186,840,000) of which RMB8,667,000 (28 February 2015: RMB5,766,000) was utilized as at 31 August 2015.

## 19 COMMITMENTS

### (a) Capital commitments

	<b>Unaudited 31 August 2015 RMB'000</b>	<b>Audited 28 February 2015 RMB'000</b>
--	---	---

Contracted but not provided for:

— purchase of property, plant  
and equipment

<b>324</b>	<b>324</b>
------------	------------

### (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:

	<b>Unaudited 31 August 2015 RMB'000</b>	<b>Audited 28 February 2015 RMB'000</b>
--	---	---

Land and buildings:

Not later than one year

**65,349**

72,219

Later than one year and not later  
than five years

**48,553**

61,535

**113,902**

133,754

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.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 COMMITMENTS (CONTINUED)

### (b) Commitments under operating leases (continued)

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

	<b>Unaudited 31 August 2015 RMB'000</b>	<b>Audited 28 February 2015 RMB'000</b>
Land and buildings:		
Not later than one year	<b>4,082</b>	3,983
Later than one year and not later than five years	<b>2,085</b>	4,029
	<b><u>6,167</u></b>	<u>8,012</u>

## 20 PLEDGE OF ASSETS

As at 31 August 2015, bank deposits of RMB2,288,000 (28 February 2015: RMB2,831,000) have been pledged as rental deposits for certain subsidiaries of the Group.

## 21 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:

	<b>Unaudited Six months ended 31 August 2015 RMB'000</b>	<b>2014 RMB'000</b>
Rental expenses charged by:		
– a related party (Note (i))	<b>1,926</b>	1,383
– a related company (Note (ii))	<b>397</b>	378
	<b><u>2,323</u></b>	<u>1,761</u>

  

	<b>Unaudited 31 August 2015 RMB'000</b>	<b>Audited 28 February 2015 RMB'000</b>
Amount due to a related company (Note (iii))	<b><u>132</u></b>	<u>126</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 21 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions with related parties (continued)

Notes:

- (i) During the period, the Group rented a shop located in Macau from Mr. Lee Tze Bun, Marces ("Mr. Lee"), a substantial shareholder and non-executive Director of the Company, as retail outlet in Macau.
- (ii) During the period, the Group rented office premise located in Mainland China from Super Billion Properties Limited ("Super Billion"), a company controlled by Mr. Lee.
- (iii) The amount due to Super Billion is unsecured, interest-free and repayable on demand and to be settled in cash.

### (b) Key management compensation

	<b>Unaudited</b>	
	<b>Six months ended 31 August</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Salaries and other employee benefits	<b>3,376</b>	4,591
Contributions to retirement scheme	<b>42</b>	38
Staff option expense	<b>2,025</b>	3,904
	<b><u>5,443</u></b>	<u>8,533</u>

## 22 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Details of the interim dividend are given in Note 11.

The Company purchased an aggregate of 1,768,000 of its own ordinary shares from 11 to 17 September 2015 with the aggregate purchase price of approximately HK\$3,653,000 (equivalent to approximately RMB3,039,000). For details, please refer to an announcement of the Company dated 17 September 2015.

# DISCLOSURE OF INTERESTS

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

As at 31 August 2015, the interests and short positions of the Directors and chief executive of the Company in the ordinary 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 (Chapter 571 of the Laws of Hong Kong, 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 Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

### (I) Long positions in Shares (including underlying Shares)

#### (a) The Company

Name of Directors	Number of Shares				Total	Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests		
Mr. Lee Tze Bun, Marces ("Mr. Lee")	45,375,000	—	33,000,000 (Note 1)	225,500,000 (Note 2)	303,875,000	42.94%
Ms. Lau Shun Wai ("Ms. Lau")	11,330,000	—	—	—	11,330,000 (Note 3)	1.60%
Ms. Chu Tsui Lan ("Ms. Chu")	8,470,000	—	—	—	8,470,000 (Note 4)	1.19%
Ms. Wong Sau Han ("Ms. Wong")	5,900,400	385,000	—	—	6,285,400 (Note 5)	0.88%
Ms. An You Ying ("Ms. An")	3,520,000	—	—	—	3,520,000 (Note 6)	0.49%

Notes:

- Succex Limited, which was wholly owned by Mr. Lee, held 33,000,000 Shares. Therefore, Mr. Lee was deemed to be interested in these Shares.
- Stable Gain Holdings Limited ("Stable Gain") held 225,500,000 Shares, representing approximately 31.86% of the issued share capital of the Company. The entire issued share capital of Stable Gain was registered in the name of Stable Profit Holdings Limited ("Stable Profit"), a company wholly-owned by HSBC International Trustee Limited ("HSBC Trustee") which acted as trustee of Lee Tze Bun Family Trust (the "LTB Family Trust"), a discretionary trust, of which Mr. Lee was the founder and an eligible beneficiary thereunder. Mr. Lee was also the sole director of Stable Profit. Therefore, Mr. Lee was deemed to be interested in these Shares.

## DISCLOSURE OF INTERESTS

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)****(I) Long positions in Shares (including underlying Shares) (continued)****(a) The Company (continued)**

Notes: (continued)

3. Ms. Lau personally held 2,420,000 Shares and was entitled to 8,910,000 share options granted by the Company, the underlying Shares of which she was taken to have an interest.
4. Ms. Chu personally held 2,530,000 Shares and was entitled to 5,940,000 share options granted by the Company, the underlying Shares of which she was taken to have an interest.
5. Ms. Wong personally held 1,060,400 Shares and was entitled to 4,840,000 share options granted by the Company, the underlying Shares of which she was taken to have an interest. She was also deemed to be interested in the 385,000 Shares owned by her husband.
6. Ms. An personally held 1,154,400 Shares and was entitled to 2,365,600 share options granted by the Company, the underlying Shares of which she was taken to have an interest.

**(b) 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 1)	100% (in respect of non-voting deferred shares)

Note:

1. Mr. Lee beneficially owned 20,000 non-voting deferred shares in L. S. Retailing Limited, a wholly-owned subsidiary of the Company.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

### (II) Long positions in underlying shares and debentures of the Company Interests in share options

Name of Directors	Date of share options granted (Notes 1 & 2)	Number of Shares						Outstanding as at 31 August 2015	Exercise price per Share (Note 3) HK\$	Exercise period
		Balance as at 1 March 2015	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Adjustments during the period (Note 3)			
Ms. Lau	27 June 2011	1,666,000	—	—	—	—	166,600	1,832,600	4.300	27 June 2014–26 June 2021
	27 June 2011	1,666,000	—	—	—	—	166,600	1,832,600	4.300	27 June 2015–26 June 2021
	27 June 2011	1,668,000	—	—	—	—	166,800	1,834,800	4.300	27 June 2016–26 June 2021
	10 July 2012	766,000	—	—	—	—	76,600	842,600	2.185	10 July 2014–9 July 2022
	10 July 2012	1,166,000	—	—	—	—	116,600	1,282,600	2.185	10 July 2015–9 July 2022
	10 July 2012	1,168,000	—	—	—	—	116,800	1,284,800	2.185	10 July 2016–9 July 2022
Ms. Chu	27 June 2011	1,000,000	—	—	—	—	100,000	1,100,000	4.300	27 June 2014–26 June 2021
	27 June 2011	1,000,000	—	—	—	—	100,000	1,100,000	4.300	27 June 2015–26 June 2021
	27 June 2011	1,000,000	—	—	—	—	100,000	1,100,000	4.300	27 June 2016–26 June 2021
	10 July 2012	800,000	—	—	—	—	80,000	880,000	2.185	10 July 2014–9 July 2022
	10 July 2012	800,000	—	—	—	—	80,000	880,000	2.185	10 July 2015–9 July 2022
	10 July 2012	800,000	—	—	—	—	80,000	880,000	2.185	10 July 2016–9 July 2022
Ms. Wong	27 June 2011	1,000,000	—	—	—	—	100,000	1,100,000	4.300	27 June 2014–26 June 2021
	27 June 2011	1,000,000	—	—	—	—	100,000	1,100,000	4.300	27 June 2015–26 June 2021
	27 June 2011	1,000,000	—	—	—	—	100,000	1,100,000	4.300	27 June 2016–26 June 2021
	10 July 2012	466,000	—	—	—	—	46,600	512,600	2.185	10 July 2014–9 July 2022
	10 July 2012	466,000	—	—	—	—	46,600	512,600	2.185	10 July 2015–9 July 2022
	10 July 2012	468,000	—	—	—	—	46,800	514,800	2.185	10 July 2016–9 July 2022
Ms. An	27 June 2011	500,000	—	—	—	—	50,000	550,000	4.300	27 June 2014–26 June 2021
	27 June 2011	500,000	—	—	—	—	50,000	550,000	4.300	27 June 2015–26 June 2021
	27 June 2011	500,000	—	—	—	—	50,000	550,000	4.300	27 June 2016–26 June 2021
	10 July 2012	129,000	—	(141,900)	—	—	12,900	—	2.185	10 July 2014–9 July 2022
	10 July 2012	333,000	—	(18,100)	—	—	33,300	348,200	2.185	10 July 2015–9 July 2022
	10 July 2012	334,000	—	—	—	—	33,400	367,400	2.185	10 July 2016–9 July 2022
<b>Total</b>		<b>20,196,000</b>	<b>—</b>	<b>(160,000)</b>	<b>—</b>	<b>—</b>	<b>2,019,600</b>	<b>22,055,600</b>		

#### Notes:

- 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.
- The closing prices of the Shares of the Company immediately before 27 June 2011 and 10 July 2012 on which the share options were granted were HK\$4.65 and HK\$2.41 per Share respectively.

## DISCLOSURE OF INTERESTS

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)**

#### **(II) Long positions in underlying shares and debentures of the Company (continued) Interests in share options (continued)**

Notes: (continued)

3. On 13 July 2015, an ordinary resolution was duly passed by the shareholders at the annual general meeting of the Company to approve the issue of bonus Shares on the basis of one bonus Share for every ten existing Shares held by the qualifying shareholders on the record date ("Bonus Issue"). As a result of the Bonus Issue, adjustments were made to the exercise price and the number of Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding share options with effect from 30 July 2015. For details, please refer to an announcement of the Company dated 29 July 2015.

Save as disclosed above, as at 31 August 2015, none of the Directors or chief executive (including their spouse and children under 18 years of age) of the Company had any interests and/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) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which 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.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above and the paragraph headed "Share Option Scheme" below, during the six months ended 31 August 2015, (a) none of the Directors nor the chief executive of the Company had been granted any right 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, their respective spouses nor their respective children under the age of 18 had any right to subscribe for securities of the Company or had exercised any such rights.

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 August 2015, 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 Directors or chief executive of the Company) had interests 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

Name of Shareholders	Note	Number of Shares				Total	Approximate percentage of the issued share capital of the Company
		Personal interests	Family interests	Corporate interests	Other interests		
Stable Gain	1	225,500,000	—	—	—	225,500,000	31.86%
Stable Profit	1	—	—	225,500,000	—	225,500,000	31.86%
HSBC Trustee	1	—	—	—	225,500,000	225,500,000	31.86%
Ms. Lee Wing Kam Rowena Jackie ("Ms. Lee")	2	6,985,000	—	—	55,000,000	61,985,000	8.75%
Ms. Chui Kwan Ho, Jacky ("Ms. Chui")	3	1,979,000	—	—	55,000,000	56,979,000	8.05%
Ms. Tsui Oi Kuen ("Ms. Tsui")	4	1,287,000	—	—	55,000,000	56,287,000	7.95%
Ms. Lee, Ms. Chui and Ms. Tsui as trustees of The Lee Keung Charitable Foundation (the "Charitable Foundation")	5	—	—	—	55,000,000	55,000,000	7.77%

#### Notes:

1. Stable Gain held 225,500,000 Shares, representing approximately 31.86% of the issued share capital of the Company. The entire issued share capital of Stable Gain was registered in the name of Stable Profit, a company wholly-owned by HSBC Trustee which acted as trustee of the LTB Family Trust, a discretionary trust, of which Mr. Lee was the founder and an eligible beneficiary thereunder. Mr. Lee was also the sole director of Stable Profit. Therefore, HSBC Trustee and Stable Profit were deemed to be interested in these Shares.

## DISCLOSURE OF INTERESTS

### **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)**

#### **Long positions in Shares (continued)**

Notes: (continued)

2. Ms. Lee was interested in an aggregate of 61,985,000 Shares (comprising 6,985,000 Shares personally held as beneficial owner and 55,000,000 Shares jointly held with Ms. Chui and Ms. Tsui as trustees of the Charitable Foundation), representing approximately 8.75% of the issued share capital of the Company.
3. Ms. Chui was interested in an aggregate of 56,979,000 Shares (comprising 1,979,000 Shares personally held as beneficial owner and 55,000,000 Shares jointly held with Ms. Lee and Ms. Tsui as trustees of the Charitable Foundation), representing approximately 8.05% of the issued share capital of the Company.
4. Ms. Tsui was interested in an aggregate of 56,287,000 Shares (comprising 1,287,000 Shares personally held as beneficial owner and 55,000,000 Shares jointly held with Ms. Lee and Ms. Chui as trustees of the Charitable Foundation), representing approximately 7.95% of the issued share capital of the Company.
5. Ms. Lee, Ms. Chui and Ms. Tsui jointly held 55,000,000 Shares as trustees of the Charitable Foundation, representing approximately 7.77% of the issued share capital of the Company. Therefore, all of them were deemed to be interested in these Shares which were duplicated amongst their respective interests.

Save as disclosed above, as at 31 August 2015, the Company had not been notified of any other persons (other than the Directors or chief executive of the Company) or corporation who had interests directly or indirectly and/or short positions in the Shares and underlying Shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.



## SHARE OPTION SCHEME

At the special general meeting of the Company held on 22 July 2002, the Shareholders approved the adoption of a share option scheme (the "Scheme") pursuant to Chapter 17 of the Listing Rules. The purpose of the Scheme was to enable the Board to grant share options to selected eligible persons (as defined under the Scheme) as incentives or rewards for their contribution or potential contribution to the Group.

Pursuant to the Scheme, the Company granted 14,100,000 and 17,440,000 share options to certain Directors and employees of the Company to subscribe for up to a total of 31,540,000 ordinary shares of HK\$0.10 each in the capital of the Company on 27 June 2011 and 10 July 2012 respectively.

Particulars of such share options and their movement during the six months ended 31 August 2015 were as follows:

Name or Category of Participant	Date of share options granted (Notes 1 & 2)	Number of Share Options						Outstanding as at 31 August 2015	Exercise price per Share (Note 5) HK\$	Exercise period
		Balance as at 1 March 2015	Granted during the period	Exercised during the period (Note 4)	Cancelled during the period	Lapsed during the period	Adjustments during the period (Note 5)			
Directors										
(Note 6)	27 June 2011	4,166,000	—	—	—	—	416,600	4,582,600	4.300	27 June 2014–26 June 2021
	27 June 2011	4,166,000	—	—	—	—	416,600	4,582,600	4.300	27 June 2015–26 June 2021
	27 June 2011	4,168,000	—	—	—	—	416,800	4,584,800	4.300	27 June 2016–26 June 2021
	10 July 2012	2,161,000	—	(141,900)	—	—	216,100	2,235,200	2.185	10 July 2014–9 July 2022
	10 July 2012	2,765,000	—	(18,100)	—	—	276,500	3,023,400	2.185	10 July 2015–9 July 2022
	10 July 2012	2,770,000	—	—	—	—	277,000	3,047,000	2.185	10 July 2016–9 July 2022
Directors Sub-total		20,196,000	—	(160,000)	—	—	2,019,600	22,055,600		
Employees										
	27 June 2011	333,000	—	—	—	—	33,300	366,300	4.300	27 June 2014–26 June 2021
	27 June 2011	333,000	—	—	—	—	33,300	366,300	4.300	27 June 2015–26 June 2021
	27 June 2011	334,000	—	—	—	—	33,400	367,400	4.300	27 June 2016–26 June 2021
	10 July 2012	734,000	—	(81,000)	—	(266,000)	38,700	425,700	2.185	10 July 2014–9 July 2022
	10 July 2012	2,456,000	—	(1,131,000)	—	(419,000)	90,600	996,600	2.185	10 July 2015–9 July 2022
	10 July 2012	2,478,000	—	—	—	(291,400)	222,400	2,409,000	2.185	10 July 2016–9 July 2022
Employees Sub-total		6,668,000	—	(1,212,000)	—	(976,400)	451,700	4,931,300		
<b>TOTAL</b>		<b>26,864,000</b>	<b>—</b>	<b>(1,372,000)</b>	<b>—</b>	<b>(976,400)</b>	<b>2,471,300</b>	<b>26,986,900</b>		

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEME (CONTINUED)

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 prices of the Shares of the Company immediately before 27 June 2011 and 10 July 2012 on which the share options were granted were HK\$4.65 and HK\$2.41 per Share respectively.
3. Upon grant of 17,440,000 share options to eligible persons by the Company on 10 July 2012, there were 1,960 shares options available for grant under the Scheme. The Scheme expired on 21 July 2012.
4. The share options were exercised on 14 July 2015, 15 July 2015, 16 July 2015, 17 July 2015 and 18 August 2015 respectively, and the weighted average closing price of the Shares immediately before respective dates was HK\$3.37 per Share. Please refer to note 5 for the exercise price of the aforesaid exercised share options.
5. On 13 July 2015, an ordinary resolution was duly passed by the shareholders at the annual general meeting of the Company to approve the issue of bonus Shares on the basis of one bonus Share for every ten existing Shares held by the qualifying shareholders on the record date ("Bonus Issue"). As a result of the Bonus Issue, adjustments were made to the exercise price and the number of Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding share options with effect from 30 July 2015. The exercise price per Share indicated in the above table is the exercise price per Share after the said adjustments were made on 30 July 2015. Prior to the adjustments, the exercise price per Share in relation to share options granted on 27 June 2011 was HK\$4.730 while that in relation to share options granted on 10 July 2012 was HK\$2.404. For details, please refer to an announcement of the Company dated 29 July 2015.
6. For a detailed breakdown of each of the Directors' interests in share options, please refer to page 51.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The board (the “Board”) of directors (the “Directors”) of Le Saunda Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is committed to achieving and maintaining the highest standard of corporate governance. The Board and its management understand that it is their responsibility to establish a good corporate management system and practice and strictly comply with the principles of independence, accountability, responsibility and impartiality so as to improve the operation transparency of the Company, protect the interests of shareholders (the “Shareholders”) of the Company and create value for the Shareholders.

During the period under review, the Company has complied with the provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except for deviation from code provision A.6.7 of CG Code which stipulates, among others, that independent non-executive Directors and other non-executive Directors should attend general meetings. Due to other business engagement, Ms. An You Ying, an executive Director, and Mr. Lee Tze Bun, Marces, a non-executive Director, were unable to attend the annual general meeting of the Company held on 13 July 2015.

## CHANGES IN DIRECTORSHIP AND OTHER CHANGES IN DIRECTORS' INFORMATION

The changes in directorship and other changes in the information of the Director of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the annual report of the Company for the year ended 28 February 2015 are set out below:

Name of Directors	Details of change
<p><b>Non-Executive Director</b> Mr. James Ngai</p>	<ul style="list-style-type: none"> <li>Renewed service contract of the Company with 2-years' fixed term commencing on 25 March 2015 and ending on 24 March 2017</li> </ul>
<p><b>Independent Non-Executive Director</b> Mr. Leung Wai Ki, George</p>	<ul style="list-style-type: none"> <li>Renewed service contract of the Company with 2-years' fixed term commencing on 1 November 2015 and ending on 31 October 2017</li> </ul>

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### **CHANGE IN COMPANY SECRETARY**

Mr. Yuen Chee Wing resigned and Ms. Lo Tik Man, Ophelia (“Ms. Lo”) was appointed as Company Secretary of the Company on 27 May 2015. In her capacity as the Company Secretary, Ms. Lo reports to the Board and is responsible for advising the Board on corporate governance matters.

### **AUDIT COMMITTEE**

As at 31 August 2015 and the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lam Siu Lun, Simon (chairman of the Audit Committee), Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan. Mr. Lam has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules.

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

The Audit Committee has reviewed this report, which was prepared based on (i) the accounting principles and practices adopted by the Group, and (ii) the unaudited condensed consolidated interim financial information for the six months ended 31 August 2015. After review and discussions, the Audit Committee recommended the Board to approve the unaudited condensed consolidated interim financial information for the six months ended 31 August 2015.

### **REMUNERATION COMMITTEE**

As at 31 August 2015 and the date of this report, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lam Siu Lun, Simon (chairman of the Remuneration Committee), Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan, and one non-executive Director, namely Mr. James Ngai.

The primary functions and duties of the Remuneration Committee are to make recommendation to the Board on the Company’s policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, determine the terms of specific remuneration package of the executive Directors and senior management, and review and approve the performance-based remuneration proposals with reference to the corporate goals and objective resolved by the Board from time to time. The full terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

## **NOMINATION COMMITTEE**

As at 31 August 2015 and the date of this report, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Hui Chi Kwan (chairman of the Nomination Committee), Mr. Lam Siu Lun, Simon and Mr. Leung Wai Ki, George, and one non-executive Director, namely Mr. James Ngai.

The primary functions and duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategies, and identify individuals suitable qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships. The full terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company.

## **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 and minimize rather than eliminate the risks of failure in the Group's operational systems. The Board is responsible 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 and safeguard the Shareholders' investment and the Company's assets.

During the six months ended 31 August 2015, the outsourced internal auditor, responsible for the review and appraisal on the effectiveness of financial, operational and compliance controls and risk management of the Group, provided reports to the Audit Committee with highlighting observations and recommendations to improve the internal control system. The Audit Committee reviewed the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

## **INVESTOR RELATIONS**

The Board recognizes that effective communication with the Company's investors plays a crucial role in maintaining existing investors' confidence and attracting new investors and enhancing their understanding of the Group's performance, strategies and future direction. To foster effective communication with the Shareholders and potential investors of the Company, the Company endeavors to provide accurate, clear, comprehensive and timely information of the Group through the publication of the interim and annual reports, announcements, circulars, press interviews and press releases on the website of the Company. The Board also designates specialized personnel to maintain close communication with research analysts, fund managers, Shareholders and media outlets via regular one-on-one meetings, luncheons, factory visits, press conferences and road shows to keep them informed of the Group's business performance and developments.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct (the “Code of Conduct”) regarding securities transactions by the Directors since 4 October 2005. The terms of the Code of Conduct are no less exacting than the required 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 that they have complied with the Code of Conduct and the required standard set out in the Model Code during the six months ended 31 August 2015 and up to the date of this report.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 August 2015.

### 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 sufficient public float of more than 25% of the Company’s issued shares as required under the Listing Rules.

### CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

In order to ascertain the entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 10 November 2015 to Wednesday, 11 November 2015 (both days inclusive) during which no transfer of shares will be registered. The record date for entitlement to the interim dividend is 11 November 2015. In order to qualify for the interim dividend for the six months ended 31 August 2015, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Units 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 9 November 2015.

### 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  
**James Ngai**  
*Chairman*

Hong Kong, 26 October 2015