le saunda holdings ltd.
萊爾斯丹控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 00738)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2025

FINANCIAL HIGHLIGHTS

		Year ended 28 February 2025	Year ended 29 February 2024	change	change in %
Revenue	*RMB million*	**294.1**	401.4	(107.3)	(26.7%)
Gross profit	*RMB million*	**143.2**	250.8	(107.6)	(42.9%)
Loss attributable to owners of the Company	*RMB million*	**(100.8)**	(23.5)		
Basic losses per share	*RMB cents*	**(14.28)**	(3.34)		
Diluted losses per share	*RMB cents*	**(14.28)**	(3.34)		
Dividends per share					
- interim, paid	*HK cents*	**-**	-		
- interim special, paid	*HK cents*	**-**	5.0		
- final, proposed	*HK cents*	**-**	-		
- final special, proposed	*HK cents*	**-**	5.0		

**For identification purpose only*

The board (the "Board") of directors (the "Directors") of Le Saunda Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 28 February 2025 together with the comparative figure for the previous year. The consolidated results have been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

	Note	**Year ended 28 February 2025** *RMB'000*	29 February 2024 *RMB'000*
Revenue	*3*	**294,096**	401,428
Cost of sales	*5*	**(150,888)**	(150,629)
Gross profit		**143,208**	250,799
Other income	*4*	**2,618**	2,285
Other (losses)/gains, net	*4*	**(9,553)**	3,218
(Impairment losses)/write-back of impairment on trade receivables, net	*5*	**(266)**	385
Selling and distribution expenses	*5*	**(164,519)**	(204,830)
General and administrative expenses	*5*	**(81,887)**	(83,982)
Operating loss		**(110,399)**	(32,125)
Finance income, net	*6*	**9,612**	10,666
Loss before income tax		**(100,787)**	(21,459)
Income tax expense	*7*	**(2,505)**	(2,867)
Loss for the year		**(103,292)**	(24,326)
Loss for the year attributable to:			
- owners of the Company		**(100,776)**	(23,542)
- non-controlling interest		**(2,516)**	(784)
		(103,292)	(24,326)
Losses per share attributable to the owners of the Company *(express in RMB cents)*			
- Basic	*8*	**(14.28)**	(3.34)
- Diluted	*8*	**(14.28)**	(3.34)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	28 February 2025	29 February 2024
	RMB'000	*RMB'000*
Loss for the year	**(103,292)**	(24,326)
Other comprehensive income/(loss) for the year, net of tax		
Item that will not be reclassified to consolidated income statement		
- Actuarial gains/(losses) on retirement benefit obligation	**63**	(227)
Item that will be reclassified to consolidated income statement		
- Currency translation differences	**3,198**	13,776
Total comprehensive loss for the year	**(100,031)**	(10,777)
Total comprehensive loss for the year, attributable to:		
- owners of the Company	**(97,515)**	(9,993)
- non-controlling interest	**(2,516)**	(784)
	(100,031)	(10,777)

CONSOLIDATED BALANCE SHEET

	Note	**As at 28 February 2025** ***RMB'000***	As at 29 February 2024 *RMB'000*
ASSETS			
Non-current assets			
Investment properties		**67,946**	76,038
Property, plant and equipment		**7,434**	10,338
Right-of-use-assets		**16,857**	28,678
Long-term deposits and prepayments		**699**	981
Deferred income tax assets		**22,407**	29,490
		115,343	145,525
Current assets			
Inventories		**76,133**	164,511
Trade and other receivables	*10*	**23,348**	36,275
Deposits and prepayments		**31,510**	33,116
Cash and bank balances		**327,911**	364,655
		458,902	598,557
Total assets		**574,245**	744,082
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**59,979**	59,979
Reserves			
Proposed dividend	*9*	**-**	32,173
Others		**423,428**	521,632
		483,407	613,784
Non-controlling interest		**-**	4,327
Total equity		**483,407**	618,111

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**As at 28 February 2025** *RMB'000*	As at 29 February 2024 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**12,819**	18,016
Lease liabilities		**968**	6,908
		13,787	24,924
Current liabilities			
Trade payables, other payables and contract liabilities	*11*	**68,764**	85,820
Lease liabilities		**6,780**	13,551
Current income tax liabilities		**1,507**	1,676
		77,051	101,047
Total liabilities		**90,838**	125,971
Total equity and liabilities		**574,245**	744,082

NOTES:

1 GENERAL INFORMATION

Le Saunda Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in trading and sales of footwear and accessories. The Group mainly operates in Mainland China, Hong Kong and Macau.

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

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance (Cap. 622, the Laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards and interpretation adopted by the Group

The group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 March 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK (IFRIC)-Int 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements

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

(b) New and amended standards and interpretation not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretation have been published that are not mandatory for 28 February 2025 reporting periods and have not been early adopted by the group:

		Effective for accounting periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 March 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 March 2026
HKFRS 18 (New standard)	Presentation and Disclosure in Financial Statements	1 March 2027
HKFRS 19 (New standard)	Subsidiaries without Public Accountability: Disclosures	1 March 2027
Hong Kong Interpretation 5 (Amendments)	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 March 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

These new accounting standards, amendments to accounting standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions when they become effective, except for HKFRS 18 which will impact the presentation of profit and loss. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

3 REVENUE AND SEGMENT INFORMATION

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

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

The executive directors assess the performance of the operating segments based on a measure of reportable segment result. This measurement basis excludes gross rental income from an investment property, net exchange losses, fair value losses on an investment property, finance income, net and unallocated items.

Segment assets mainly exclude deferred income tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude current income tax liabilities, deferred income tax liabilities and other liabilities that are managed on a central basis.

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

The segment information provided to the executive directors for the reportable segments for the year ended 28 February 2025 is as follows:

	Mainland China *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**294,096**	**-**	**294,096**
Reportable segment loss	**(102,418)**	**(261)**	**(102,679)**
Gross rental income from an investment property			**1,886**
Net exchange losses			**(347)**
Fair value losses on an investment property			**(9,244)**
Finance income, net			**9,612**
Unallocated items			**(15)**
Loss before income tax			**(100,787)**
Income tax expense			**(2,505)**
Loss for the year			**(103,292)**
Depreciation	**18,990**	**-**	**18,990**
Impairment losses on property, plant and equipment	**842**	**-**	**842**
Impairment losses on right-of-use assets	**1,014**	**-**	**1,014**
Additions to non-current assets (other than deferred income tax assets)	**7,056**	**1,740**	**8,796**

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

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

For the years ended 28 February 2025 and 29 February 2024, revenues from external customers are mainly derived from the Group's own brands, LE SAUNDA, le saunda MEN, LINEA ROSA and charm & easy.

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

	Mainland China *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment assets	**292,020**	**237,974**	**529,994**
Deferred income tax assets			**22,407**
Unallocated assets			**21,844**
Total assets per consolidated balance sheet			**574,245**
Segment liabilities	**71,417**	**5,058**	**76,475**
Current income tax liabilities			**1,507**
Deferred income tax liabilities			**12,819**
Unallocated liabilities			**37**
Total liabilities per consolidated balance sheet			**90,838**

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

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

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

Revenue

	2025	2024
	RMB'000	*RMB'000*
Mainland China	**294,096**	394,164
Hong Kong	**-**	6,870
Macau	**-**	394
Total	**294,096**	401,428

For the years ended 28 February 2025 and 29 February 2024, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

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

Non-current assets

	2025	2024
	RMB'000	*RMB'000*
Mainland China	**25,922**	41,591
Hong Kong	**1,428**	766
Macau	**65,586**	73,678
Total	**92,936**	116,035

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

	2025	2024
	RMB'000	*RMB'000*
Other income		
Government incentives *(Note (a))*	**732**	1,358
Gross rental income from an investment property	**1,886**	927
	2,618	2,285
Other (losses)/gains, net		
Net exchange losses *(Note (b))*	**(347)**	(2,486)
Gains on early termination of leases	**38**	7,472
Compensation for early termination of leases	**-**	(1,768)
Fair value losses on an investment property	**(9,244)**	-
	(9,553)	3,218

Notes:

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

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

5 EXPENSES BY NATURE

Expenses included in cost of sales, impairment losses/(write-back of impairment) on trade receivables, net, selling and distribution expenses, and general and administrative expenses are analysed as follows:

	2025	2024
	RMB'000	*RMB'000*
Auditors' remuneration		
- Audit services	**1,433**	1,413
- Non-audit services	**35**	38
Depreciation of property, plant and equipment	**5,416**	7,872
Depreciation of right-of-use assets	**13,574**	19,528
Loss on write off/disposal of plant and equipment	**1,142**	3,261
Cost of sales	**150,888**	150,629
Expenses relating to short-term leases and variable lease payments	**48,903**	71,532
Freight charges	**3,632**	4,963
Postage and express charges	**1,390**	1,356
Advertising and promotional expenses	**13,429**	16,403
Employee benefit expenses (including directors' emoluments)	**124,662**	121,694
Impairment losses on inventories, net	**2,293**	1,281
Impairment losses/(write-back of impairment) on trade receivables, net	**266**	(385)
Impairment losses on property, plant and equipment *(Note)*	**842**	3,010
Impairment losses on right-of-use assets *(Note)*	**1,014**	2,291
Direct operating expenses arising from an investment property that generated rental income	**159**	279

Note:

Certain retail stores with operation were making losses during the year. The Group regards each individual retail store as a separately identifiable cash-generating unit and carried out impairment assessment for the retail stores which have indicators of impairment. As a result, impairment loss of approximately RMB842,000 (2024: RMB3,010,000) and approximately RMB1,014,000 (2024: RMB2,291,000) against leasehold improvements and right-of-use assets, respectively, were recognised in selling and distribution expenses of the Group. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the sales forecast.

6 FINANCE INCOME, NET

	2025	2024
	RMB'000	*RMB'000*
Interest income on bank deposits	**10,444**	11,756
Interest expense on lease liabilities	**(682)**	(1,090)
Interest expense on short-term bank loan	**(150)**	-
	9,612	10,666

7 INCOME TAX EXPENSE

	2025	2024
	RMB'000	*RMB'000*
Current income tax		
- Hong Kong profits tax	**-**	-
- Macau complementary tax	**-**	-
- People's Republic of China ("the PRC") corporate income tax	**745**	576
Deferred income taxation	**1,760**	2,291
	2,505	2,867

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

The applicable rate of Hong Kong profits tax is 16.5% (2024: 16.5%). No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group does not have any assessable profit arising in Hong Kong during each of the two years ended 28 February 2025 and 29 February 2024.

The applicable rate of Macau complementary tax is 12% (2024: 12%). No provision for Macau complementary tax has been made in the consolidated financial statement as the Group does not have any assessable profit arising in Macau during each of the two years ended 28 February 2025 and 29 February 2024.

8 LOSSES PER SHARE

Basic

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

	2025	2024
Loss attributable to owners of the Company *(RMB'000)*	**(100,776)**	(23,542)
Weighted average number of ordinary shares in issue *('000)*	**705,895**	705,895
Basic losses per share *(RMB cents)*	**(14.28)**	(3.34)

Diluted

For the years ended 28 February 2025 and 29 February 2024, the diluted losses per share was the same as basic losses per share as there was no dilutive potential ordinary share outstanding.

9 DIVIDENDS

	2025 ***RMB'000***	2024 *RMB'000*
No interim dividend (2024: Nil)	**-**	-
No interim special dividend (2024: Interim special dividend of HK5.0 cents per ordinary share)	**-**	31,748
No final dividend, proposed (2024: Nil)	**-**	-
No final special dividend, proposed (2024: Final special dividend of HK5.0 cents per ordinary share)	**-**	32,173
	-	63,921

At the Board meeting held on 26 May 2025, the Directors did not propose a payment of final dividend for the year ended 28 February 2025.

10 TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**20,883**	31,026
Less: loss allowance	**(946)**	(1,057)
	19,937	29,969
Other receivables	**3,411**	6,306
	23,348	36,275

The Group's concessionaire sales through department stores are generally collectible within 30 to 60 days. The carrying amounts of trade and other receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The ageing analysis of the trade receivables as at the end of the reporting period, and net of provision, based on invoice date is as follows:

	2025	2024
	RMB'000	*RMB'000*
Current to 30 days	**18,442**	28,655
31 to 60 days	**820**	617
61 to 90 days	**309**	154
Over 90 days	**366**	543
	19,937	29,969

11 TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**9,148**	18,628
Other payables	**49,992**	42,684
Value added tax payables	**7,923**	8,603
Contract liabilities	**1,701**	15,905
	68,764	85,820

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

	2025	2024
	RMB'000	*RMB'000*
Current to 30 days	**9,073**	18,539
31 to 60 days	**-**	14
61 to 90 days	**-**	-
91 to 120 days	**-**	-
Over 120 days	**75**	75
	9,148	18,628

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

OPERATING RESULTS

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

For the financial year 2024/25, total revenue of the Group decreased by 26.7% year-on-year to RMB294,100,000 (2023/24: RMB401,400,000). Consolidated gross profit decreased by 42.9% year-on-year to RMB143,200,000 (2023/24: RMB250,800,000), and an overall gross profit margin of 48.7% was recorded, representing a decrease of 13.8 percentage points as compared to the corresponding period in the previous financial year. For the financial year 2024/25, consolidated loss attributable to owners of the Company was RMB100,800,000 (2023/24: consolidated loss of RMB23,500,000).

RMB (million)	**2024/25**	**2023/24**	**Change**
Revenue	**294.1**	401.4	(26.7%)
Gross profit	**143.2**	250.8	(42.9%)
Gross profit margin	**48.7%**	62.5%	(13.8 percentage points)
Consolidated loss attributable to owners	**(100.8)**	(23.5)	
Final dividend (HK cents)	**-**	-	
Final special dividend (HK cents)	**-**	5.0	
Annual dividend pay-out ratio	**N/A**	N/A	

PROFITABILITY ANALYSIS

During the year under review, consumer confidence and demand for apparel and footwear continued to be weak. In order to cope with the sluggish retail market and to avoid overstocking of off-season products, on the one hand, the Group has further optimised its offline retail store network, and on the other hand, the Group has offered relatively high discounts to retail customers and wholesalers to clear up the slow-moving products. Hence, the total revenue of the Group decreased by 26.7% year-on-year to RMB294,100,000. Meanwhile, the Group recorded a gross profit of RMB143,200,000 (2023/24: RMB250,800,000), representing a year-on-year decrease of 42.9%. The gross profit margin decreased by 13.8 percentage points to 48.7%, as compared to last year.

The selling and distribution expenses decreased by 19.7% year-on-year to RMB164,500,000 (2023/24: RMB204,800,000) during the year under review. The Group focused on optimising its store network and reducing underperformed stores to save fixed selling and distribution expenses. Nonetheless, the Group has incurred one-off employee compensation expenses for staff redundancy of frontline employees as a result of store optimisation. Accordingly, the ratio of selling and distribution expenses to total revenue increased by 4.9 percentage points to 55.9% (2023/24: 51.0%).

The Group streamlined its back-office structure during the year under review, including unification of warehousing function and optimisation of regional office and its headcount, to improve its operational efficiency. Although the Group has paid one-off employee compensation expenses for the optimisation of staff from back-office, the overall general and administrative expenses were reduced. The Group's recorded general and administrative expenses during the year under review decreased by 2.5% to RMB81,900,000 as compared to the corresponding period of last year (2023/24: RMB84,000,000). However, as a result of the significant decline in total revenue this year, the ratio of general and administrative expenses to total revenue increased by 6.9 percentage points to 27.8%. (2023/24: 20.9%).

Other income comprised of property rental income of RMB1,900,000 and local government subsidies of RMB700,000. Other income increased by 14.6% year-on-year to RMB2,600,000 (2023/24: RMB2,300,000).

During the year under review, other losses, net, were RMB9,600,000 (2023/24: gain of RMB3,200,000). Among which, there was an impairment loss on the investment property of RMB9,200,000. Furthermore, the Group recorded exchange losses of RMB300,000 (2023/24: RMB2,500,000) because Renminbi continued to depreciate whereas the magnitude was lower than that of last year. Last year, the Group recorded an one-off gains on early termination of leases of RMB7,400,000 and the compensation expenses of RMB1,800,000 for early termination of such leases.

The consolidated loss attributable to owners of the Company amounted to RMB100,800,000 (2023/24: loss of RMB23,500,000). Basic losses per share amounted to RMB14.28 cents (2023/24: losses of RMB3.34 cents).

INCOME TAX

During the year under review, income tax expenses amounted to approximately RMB2,500,000 (2023/24: RMB2,900,000). The income tax expenses mainly included the deferred tax expenses made for the reversal of provision items. Since 2012, all business entities of the Group in Mainland China are subject to an income tax rate of 25% while the profit tax rate for operations in Hong Kong remains at 16.5%. Pursuant to the Enterprise Income Tax Law of Mainland China, a withholding income tax of 5% to 10% shall be levied on the dividends remitted by a Chinese subsidiary to its foreign parent company starting from 1 January 2008.

INVENTORY MANAGEMENT

As at 28 February 2025, the Group's inventory balance, net of provision for impairment, was RMB76,100,000, representing an decrease of 53.7% as compared to that of last year.

Details of inventory balance were as follows:

RMB (million)	**As at 28 February 2025**	**As at 29 February 2024**	**Changes in value**	**Changes in %**
Finished goods	**76.1**	164.5	(88.4)	(53.7%)

During the year under review, in response to the continuing sluggish retail environment, the Group executed a cautious approach in purchasing its current season products and enhanced its efforts in cleaning up its slow-moving products, which has, in turn, substantially reduced the inventory volume. The proportion of the inventory of footwear aged less than one year increased by 3.8 percentage points to 48.2% as at 28 February 2025 (29 February 2024: 44.4%) and inventory turnover of finished goods had therefore decreased by 141 days to 291 days (2024: 432 days).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained very strong and healthy. As at 28 February 2025, the Group's cash and bank balances amounted to RMB327,900,000 (29 February 2024: RMB 364,700,000), representing a decrease of 10.1% year-on-year. Even though being in a sluggish retail environment, the Group still maintains sufficient cash. If necessary, the Group can maintain sufficient working capital through banking facilities provided by its major banks in Hong Kong and Mainland China, including but not limited to revolving loans and trade finance, mainly at floating interest rates. At the end of the financial year, the quick ratio was 4.6 times (29 February 2024: 4.0 times). During the year under review, the Group had borrowed and repaid a bank loan of HK$10,000,000. As at 28 February 2025, the Group has no outstanding bank loan (29 February 2024: Nil). Forward contracts will be used, if necessary, to hedge related debts and bank borrowings arising from overseas purchases. In addition, the Group did not enter into any forward contracts to hedge its foreign exchange risks during the year under review.

During the year ended 28 February 2025, the Group's cash and bank balances were held in Hong Kong dollars, United States dollars and Renminbi, respectively and all deposits maturing within one year were placed in leading banks. With the Group's steady cash inflow from its operations, coupled with its existing cash and banking facilities, it has adequate financial resources to fund its future needs in development.

BUSINESS REVIEW

OVERVIEW

Looking back at 2024, although inflation and interest rates of various countries have been declining gradually, their economies were still shrouded in gloom. Recovery progress of their economies is very vulnerable to the economic and trade policies implemented by other countries and the tense economic and trade relations among countries. In response to the volatile external environment, the Chinese government strived to improve its economic prowess under the principle of "making progress while maintaining stability" with initiatives, including the timely introduction of multiple consumption stimulus policies and the launch of new measures that support emerging technological industries, so as to stimulate domestic demand and enhance domestic productivity to support stable economic growth in Mainland China. Based on the data released by the National Bureau of Statistics of the People's Republic of China ("PRC"), the annual gross domestic product ("GDP") increased by 5% year-on-year in 2024, which was in line with the GDP growth target as set out in the "Report on the Work of the Government" published by the State Council of the PRC last year. However, at the Third Session of the 14th National People's Congress of the PRC, the State Council pointed out that this was not an easy achievement. The domestic economic environment has been constantly facing challenges to various degrees and issues such as deep-rooted structural problems, weak domestic demand and expected low consumer confidence still persisted in Mainland China.

During the year under review, consumer confidence of the overall retail sector in China had yet to show any significant improvement. Consumers have become more and more cautious with their spending. When exposed to economic pressure or market changes, they would prefer relatively affordable products with better value for money and mostly purchase the products with relevant national subsidies. Currently, demand for footwear remains weak, resulting in continuous competition within industry. The Group has implemented a series of optimisation measures and reforms to strengthen its resilience against rapid changes of the external environment and improve its operational efficiency. Such measures include but are not limited to streamlining corporate structure, consolidating its logistics and supply chain, improving product quality, constantly optimising the layout of its physical stores and actively clearing off off-season products as well as enhancing visual image of its brand. However, since the retail market remained sluggish, the Group's total retail revenue for the year under review decreased by 26.7% to RMB294,100,000 as compared to that of last year (2023/24: RMB401,400,000) while same store sales year-on-year decreased by 20.1% (2023/24: increased by 11.7%).

RETAIL NETWORK

Mainland China is currently the key market of the Group's retail business. As at the end of the year under review, the Group had a total of 153 physical stores in Mainland China. The number of self-owned stored dropped by 125 while the number of franchised stores decreased by 5 during the year under review.

As at 28 February 2025, there were 109 stores under the core brand LE SAUNDA, representing a net decrease of 93 stores as compared to the end of last financial year. The high-end fashion brand, LINEA ROSA, had a net reduction of 20 stores, bringing the total number of stores to 6, as compared to the end of last financial year.

As at 28 February 2025, the breakdown of the Group's retail network was as follows:

Number of Outlets by Region	Self-owned (Year-on-year change)		Franchise (Year-on-year change)		Total (Year-on-year change)	
Mainland China						
• Northern, Northeastern & Northwestern Regions	31	(-35)	20	(-4)	51	(-39)
• Eastern Region	49	(-37)	0	(0)	49	(-37)
• Central and Southwestern Regions	29	(-22)	1	(-1)	30	(-23)
• Southern Region	23	(-31)	0	(0)	23	(-31)
Total	132	(-125)	21	(-5)	153	(-130)

MAINLAND CHINA

RETAIL BUSINESS

In 2024, the total retail sales of consumer goods in the PRC amounted to RMB48.8 trillion, representing a year-on-year increase of 3.5%. This was mainly because in the second half of 2024, the National Development and Reform Commission of the PRC, with the active cooperation of relevant departments, had stepped up their effort in implementing policies in respect of the large-scale equipment upgrade and consumer goods trade-in, resulting in an accelerated growth in the sales of home appliances, automobiles and other products, which had played a significant role in driving the rebound of overall consumption in Mainland China. However, the retail sales of consumer goods in garments, footwear, hats and knitwear category in Mainland China only had a 0.3% growth in 2024. This demonstrated that the relevant policies in the PRC did not benefit the consumer market of garments and footwear nor raised consumer confidence in this retail segment.

To overcome the current economic downturn, the Group has made a decisive move in the year under review to comprehensively optimise its offline distribution network, including reviewing, in particular, the department stores subject to fixed rents and only retaining those stores that are profitable to the Group. Apart from assessing the current sales of its physical stores in all regions, the Group also considered whether there is still room for future business development in the relevant regions and to proactively close physical stores in regions with declining retail markets. Meanwhile, the Group continued to consolidate its sales networks in key cities, cautiously evaluate the sales coverage of the Group and eliminate stores with overlapping customer bases, with a view to ensuring that appropriate distance is maintained between stores to raise the effectiveness in reaching target customers. The current store network of the Group is mainly located across large shopping centers and sizeable department stores with high customer traffic.

Moreover, in order to increase the turnover of off-season products and strengthen cash flow position, the Group provided discounts to customers from time to time and sold slow-moving off-season products to wholesalers with relatively high discounts during the year under review. However, such stock clearance initiatives not only led to a decrease in the average selling price of footwear but also resulted in a significant decrease in the gross profit margin of the Group. During the year under review, the Group's retail sales in Mainland China decreased by 25.4% to RMB294,100,000 (2023/24: RMB394,200,000).

Price reduction sales to reducing off-season inventories is only a short-term strategy. The Group has always endeavored to keep abreast of the changes in consumer demand for footwear styles and maintain appropriate stock level with different inventory categories in various seasons, allowing the Group to implement flexible procurement plans to improve its brand competitiveness and lower costs of overstocking. The Group insisted on developing products with high quality, great style and exquisite craftsmanship for consumers to enhance its brand value and loyalty, thereby increasing customer traffic and sales. The Group has once again reviewed and evaluated its existing suppliers and mainly procured from high-quality suppliers with good reputations and manufacturing technology while strengthening the monitoring of the relevant suppliers to ensure production quality as well. As we build consumers' confidence in the quality of LE SAUNDA, consumers would eventually prefer purchasing the Group's product over low-priced footwear products offered from other brands. This undoubtedly helps the Group in consolidating its position and maintaining its market share in the ladies' footwear market.

The Group has consolidated its logistics chain, by integrating and optimising the same with the logistics provider's systems, with an aim to centralising inventory inbound, outbound and internal transfer, in order to streamline the processes of operation and warehousing, such as optimising inventory level, shortening the time for products to hit shelves and accelerating inventory movement. As such, the Group studied and monitored the inventory movement of products more effectively to reduce overstocking and understocking, which also reduced the operating cost of warehouses. During the year under review, the Group has streamlined its corporate structure to optimise its store network and back-office, and centralised its management in the headquarters to expedite the decision-making process. The main goal was to further enhance operational efficiency of the Group and strengthen its responsiveness to market changes. Furthermore, centralised functions could reduce redundant posts and resource dispersion. While maintaining an effective internal control, we granted employees a wider range of responsibilities, strengthened departments' execution and motivated the innovation and accountability of employees.

In terms of brand promotion, in autumn and winter of 2024, the Group collaborated with top illustrator, Mr. Jude Chan ("Jude Chan"), to launch the cross-boundary collaboration series "LE SAUNDA × Jude Chan". The partnered series "Marks of Time and Space" injected new Chinese aesthetic elements into the brand, launching quality autumn and winter footwear that outlined the fashion sense of the brand. The Group also displayed Jude Chan's works in its stores, integrating artistic culture and fashion to enhance brand appeal. Moreover, the Group also emphasised on enhancing the visual image of its brand. In early 2025, our products and operation logo, packaging designs have been upgraded in order to highlight the Group's brand fashion sense and vibrancy with its visual image.

Through dedicated self-owned stores, the Group occasionally held live streaming to showcase and introduce popular footwear of the season, with its offline and online integration, which drove the business of its traditional e-commerce platform. The Group also held product sharing sessions in stores. Through interacting with customers in stores, the Group offered them with the direct access to the latest information of the Group's products and triggered their intention to repurchase so as to facilitate sales conversion. The Group believed that live streaming and product sharing sessions could more precisely reach potential target customer bases, allowing us to establish connections with them and attract their interest in the brand so as to boost sales through private traffic as well.

E-COMMERCE BUSINESS

In January 2025, the National Bureau of Statistics of the PRC announced that the overall national online retail sales increased by 7.2% year-on-year in 2024, among which, online retail sales of wearable goods slightly increased by 1.5% while last year's growth rate was 10.8%. To a certain extent, this shows that the growth of the overall domestic footwear industry in the e-commerce market has significantly slowed down, and the market is becoming saturated. Consumers continue to demand low-priced products. Such consumption downgrade has led to intensifying competition among operators within the industry and increasing difficulty and costs for acquiring customers. During the year under review, with fierce competition among online brands, an overall increase of product return rate in the industry and other factors affected the e-commerce business of the Group, resulting in a year-on-year decrease of 8.8% of its overall revenue. In spite of this, the Group believes that under the current e-commerce competition, adopting red ocean strategy and engaging in a price war with other operators in the industry could not fulfill the long-term demand of consumers. Such strategy would continuously increase the sales cost and reduce the profit of the Group and also damage its brand image. On the contrary, the Group strictly adhered to the implementation of effective online brand management to maintain its brand image. The Group has been managing its online brand, launching marketing activities, promoting products and constantly improving the shopping experience of online users, in order to establish brand reputation and strengthen its market competitiveness. Through social media platforms, such as Xiaohongshu, the Group increased its presence and promoted the brand by arousing the hot discussions on the brand, and increased private traffic through the model of direct sales. We maintained close communication with online users through live streaming. Hosts could accurately and effectively describe the features of our products and stimulate consumption of online users and also attract them to visit our offline stores, forming synergies of sales via offline and online channels.

The Group is committed to forming closer cooperation with various traditional e-commerce platforms and emerging social media platforms. Leveraging regular promotion activities on e-commerce platforms, the Group could drive online streaming traffic on the relevant e-commerce platforms for the mutual benefit. Furthermore, the Group has been enhancing its brand awareness in the e-commerce market. In May 2024, Guangdong Electronic-Commerce Association ("Association") has once again appointed one of the Group's subsidiaries as its executive director unit. As a representative of the Group, that subsidiary could enhance the goodwill and brand power of the Group by performing its duties. Moreover, with the assessment of sales, market share and other comprehensive indicators, the Association elected the Group as one of the most competitive e-commerce enterprises of Guangdong Province, and awarded the Group with the honour of "Top 100 Enterprise", demonstrating that the Group does have high visibility and influence in the e-commerce sector of Guangdong Province and throughout China.

Furthermore, the new CRM system of the Group has been launched. On the one hand, the system could help the Group to analyse all aspects of its sales data, including traffic analysis, transaction analysis and consumer behaviour analysis, allowing the Group to have a more in-depth understanding of the consumption pattern of its customers and enabling the relevant departments to formulate and execute marketing plans in a more effective manner. On the other hand, members could participate in diverse promotional activities through the new CRM system, which would enrich members' consumption experience, enhance the brand loyalty of our customers and thereby encourage members to repurchase.

OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

According to the report of Global Economic Prospects released by the World Bank, global economic growth is expected to remain steady at 2.7% in 2025. However, the highly uncertain trade policies and the tension over economic and trade relations of various countries pose significant risk of decline. As for the Mainland China, the Chinese Government expects that the economy development will face challenges to various degrees. The Chinese Government will pay close attention to the changing landscape and take a dynamic approach to optimise its policies, in order to improve the foresight, specificity and effectiveness of its macroeconomic adjustment and make timely adjustment on the direction and force of its policies, which would lay a strong foundation for the 15th Five-Year Plan. The Group remains cautious on the economy of Mainland China in next year, and will closely keep track of market trends to incorporate flexible and effective marketing strategies, improve operational efficiency, and provide superior shopping experience so as to create the uniqueness of its brand.

In early 2025, the products and operation logo of the Group have been upgraded. The revitalised logo and colour of the brand visually signifies the transformation of the brand, which once again demonstrates Le Saunda's image of light luxury fashion and vibrancy to the industry. The Group has upgraded the packagings of its products to light grey gift box-style shoeboxes in contrast with the light purple brand logo, which not only present the brand's high quality and fashion power to the customers, but also provide customers with a brand new box-opening experience, making the brand more relatable to them.

Apart from improving the visual image of the brand, the Group also plans to improve its brand image, enhance product recognition among customers, and develop emotional attachment with target audiences through endorsement, so that more emotional resonance could be provoked during purchases. In March 2025, the Group entered into a contract with a famous actress that aligns with its brand positioning, Janice Wu, who has become its first ambassador after our brand upgrading. With her refreshing and elegant image, she will publicise and promote the upcoming new footwear collection. The Group believes that the brand could attract the attention of a wider customer base accordingly while brand awareness could also be driven by the fan effect associated with the endorser.

Increasing the brand's exposure to online communities is another key strategy of the Group. The Group plans to collaborate with celebrities for promotion. Through short-term collaboration with celebrities who have influence in the fashion world, we could raise brand awareness in social media matrix, accurately access target customer base and enhance the brand's youthful image and market presence. In addition, the Group plans to focus on promoting the characteristics and philosophy of its new seasonal products in the second half of 2025 by collaborating with influential KOLs. Leveraging on the fan base and appeal of such KOLs could raise brand awareness and increase sales.

On top of that, the Group will continue to optimise its offline sales channels. Based on the development of the footwear market in each region, the Group will consolidate its self-owned store network to reach the target customer base in the most accurate and effective manner. In line with the upgraded marketing strategy of the brand, the Group will launch its first countrywide flagship store in MixC Mall, Shunde. Not only will the flagship store contain the most comprehensive range of product categories and the fastest stocking, but its staff will also introduce the characteristics of our products. Through the experiential marketing in the flagship store, the Group could have in-depth communication with its customers and better understand their actual needs, allowing the Group to provide fashion solutions to them and to design products that better suit their unique demands for high quality and comfortable footwear in the future, which will eventually enhance brand loyalty among customers. Meanwhile, the Group will showcase the brand and shop image and product style in the flagship store, and identify capable companies to join the Group as the potential franchisees.

Since its establishment, the Group has insisted on the brand philosophy: building brand with heart, developing products with integrity and approaching users with honesty, for improving both craftsmanship and comfort level of its products, maintaining its relentless pursuit of quality while keeping up with market trends. The Group will continue to develop and launch new quality and stylish footwear products for its customers, presenting wonderful and pleasant wearing experience to customers and gain its place amidst the competitive operating environment.

PLEDGE OF ASSETS

As at 28 February 2025, the Group had no pledge of assets (29 February 2024: Nil).

CORPORATE GUARANTEES

The Company has given corporate guarantees in favour of banks for banking facilities granted to certain subsidiaries of the Company on letters of credit and bank loans to the extent of RMB111,500,000 (29 February 2024: RMB101,400,000), of which no credit amount was utilised as at 28 February 2025 (29 February 2024: RMB100,000 was utilised).

DIVIDEND

The Board has not recommended to declare a final dividend for the year ended 28 February 2025 (29 February 2024: Final Special Dividend of HK5.0 cents per ordinary share).

No interim dividend was paid for the six months ended 31 August 2024 (six months ended 31 August 2023: an interim special dividend of HK5.0 cents per ordinary share).

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2025, the Group had a full-time staff force of 595 people (29 February 2024: 927 people), of which 12 and 583 were based in Hong Kong and Mainland China respectively. The remuneration level of the Group's employees was in line with market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees comprised basic salaries, bonuses and long-term incentives. Total employee benefit expenses for the twelve months ended 28 February 2025, including Directors' emoluments and net pension contributions, amounted to RMB124,700,000 (2023/24: RMB121,700,000). The Group has all along organised structured and diversified training programmes for staff at different levels. External consultants will be invited to broaden the contents of the training programmes.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 28 February 2025.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, reviewed the annual results of the Group for the year ended 28 February 2025 and discussed the overall effectiveness of the internal control system of the Group with the management of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") is scheduled to be held on Monday, 14 July 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 9 July 2025 to Monday, 14 July 2025 (both days inclusive) during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Units 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 8 July 2025.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving and maintaining the highest standard of corporate governance. The Board and its management understand that it is their responsibility to establish a good corporate management system and practice and strictly comply with the principles of independence, accountability, responsibility and impartiality so as to improve the operation transparency of the Company, protect the interests of the shareholders of the Company (the "Shareholders") and create values for the Shareholders.

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

The Board will continue to enhance the Group's corporate governance practices appropriate to the conduct and growth of the Group's business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct (the "Code of Conduct") regarding securities transactions by the Directors since 4 October 2005. The terms of the Code of Conduct are no less exacting than the required standard in the Model Code, and the Code of Conduct applies to all the relevant persons as defined in the Code of Conduct, including the Directors, any employee of the Company, or a director or employee of a subsidiary or holding company of the Company, who, by reason of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Code of Conduct and the required standard set out in the Model Code during the year ended 28 February 2025 and up to the date of this announcement.

SCOPE OF WORK OF THE EXTERNAL AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 28 February 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The annual report and environmental, social and governance report of the Company for the year ended 28 February 2025 containing all the information required by the Listing Rules will be despatched to the Shareholders (if printed copy is requested) and available on the respective websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.lesaunda.com.hk) in due course on or before 30 June 2025.

ACKNOWLEDGEMENT

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

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

Hong Kong, 26 May 2025

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

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