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le saunda holdings ltd.

萊爾斯丹控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0738)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
RENEWAL OF 2019 PURCHASE FRAMEWORK AGREEMENT**

RENEWAL OF 2019 PURCHASE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 25 February 2019 in relation to the 2019 Purchase Framework Agreement which will expire on 29 February 2020. On 14 February 2020 (after trading hours), Changxin entered into the 2020 Purchase Framework Agreement with Xindie in relation to the renewal of the 2019 Purchase Framework Agreement.

LISTING RULES IMPLICATIONS

Xindie is a non wholly-owned subsidiary of the Company which Ms. Liao and her spouse together can control the exercise of 33.3% of the voting power at its general meeting (through a corporate shareholder of Xindie owned by Ms. Liao and her spouse), and is therefore a connected subsidiary of the Company. Xindie is also a 30%-controlled company held indirectly by Ms. Liao and her spouse and is hence an associate of Ms. Liao. Accordingly, Xindie is a connected person of the Company and the transactions contemplated under the 2020 Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Purchase Framework Agreement is more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 25 February 2019 in relation to the 2019 Purchase Framework Agreement which will expire on 29 February 2020. On 14 February 2020 (after trading hours), Changxin, an indirect wholly-owned subsidiary of the Company, entered into the 2020 Purchase Framework Agreement with Xindie, pursuant to which Changxin agreed to sell and Xindie agreed to purchase certain products (including footwear and handbags) of the Group's brands subject to the terms and conditions of the 2020 Purchase Framework Agreement. The principal terms of the 2020 Purchase Framework Agreement are set out below.

2020 PURCHASE FRAMEWORK AGREEMENT

Date

14 February 2020

Parties

- (1) Changxin
- (2) Xindie

Purchase of products

Changxin agreed to sell and Xindie agreed to purchase certain products (including footwear and handbags) of the Group's brands subject to the terms and conditions of the 2020 Purchase Framework Agreement.

The parties will enter into individual purchase orders or purchase contracts setting out the specific terms of each order including the model number, category, colour, brand, unit price, quantity, purchase price and delivery deadline of the products to be supplied by Changxin.

Consideration and payment terms

The prices for the products will be the aggregate of (a) the actual cost of the products incurred by Changxin and (b) a predetermined mark up margin of such costs. The predetermined mark up margin is in line with the industry and is at the same rate charged by Changxin to other fellow subsidiaries of the Company.

The unit price of the products is inclusive of (amongst others) labour costs, material costs, packaging fees, certification fees, delivery fees and value added tax.

The purchase price shall be paid by Xindie in full within 60 days after Xindie has received each value added tax invoice from Changxin. If Xindie fails to pay on the due date any purchase price payable by it, Changxin shall be entitled to receive from Xindie 0.1% of such purchase price per day until payment is made in full. Changxin shall be entitled to terminate the 2020 Purchase Framework Agreement if any amount due and payable by Xindie remains outstanding for more than 15 days after its due date.

Term

The term of the 2020 Purchase Framework Agreement commences on 1 March 2020 and continues until 28 February 2021.

HISTORICAL TRANSACTION AMOUNT AND CAP

The aggregate purchase price payable under the purchase orders / purchase contracts entered into pursuant to the 2020 Purchase Framework Agreement for the period ending 28 February 2021 shall not exceed RMB19,000,000. The foregoing cap is calculated and determined by (i) the historical transaction amounts between the Group and Xindie; and (ii) the expected growth of Xindie's sales volume.

The historical transaction amounts and the annual caps (if applicable) for Xindie's purchases from the Group for the last three years were set out below:

	Historical transaction amount	Annual cap
	<i>RMB</i>	<i>RMB</i>
Year ended 28 February 2018	28,253,000	N/A
Year ended 28 February 2019	25,549,000	28,000,000
Year ending 29 February 2020 (i.e. up to the date of this announcement)	22,185,000	27,000,000

REASONS FOR AND BENEFITS OF THE 2020 PURCHASE FRAMEWORK AGREEMENT

Xindie is an indirect 66.7%-owned subsidiary of the Company, and is mainly responsible for business development and retail operations in Zhejiang and Anhui provinces in the PRC. The Company entered into the 2020 Purchase Framework Agreement in consideration of the expected demand from Xindie (and its retail customers in Zhejiang and Anhui provinces) for the products (including footwear and handbags) under the Group's brands up to 28 February 2021. The 2020 Purchase Framework Agreement will facilitate the penetration of the Group's products into the market of Zhejiang and Anhui provinces and enhance the awareness of the Group's brands.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2020 Purchase Framework Agreement are fair and reasonable and that the transactions contemplated under the 2020 Purchase Framework Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Xindie is a non wholly-owned subsidiary of the Company which Ms. Liao and her spouse together can control the exercise of the 33.3% of the voting power at its general meeting (through a corporate shareholder of Xindie owned by Ms. Liao and her spouse), and is therefore a connected subsidiary of the Company. Xindie is also a 30%-controlled company held indirectly by Ms. Liao and her spouse and is hence an associate of Ms. Liao. Accordingly, Xindie is a connected person of the Company and the transactions contemplated under the 2020 Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Purchase Framework Agreement is more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Liao, who together with her spouse owns a company holding 33.3% of the equity interest in Xindie, has a material interest in the 2020 Purchase Framework Agreement and has abstained from voting on the Board resolution approving the same. Apart from the above, none of the Directors has any material interest in the transactions contemplated under the 2020 Purchase Framework Agreement or is required to abstain from voting on the board resolutions approving the 2020 Purchase Framework Agreement.

GENERAL INFORMATION

The Group is principally engaged in the manufacture and sale of footwear in Mainland China, Hong Kong and Macau.

Changxin is principally engaged in the wholesale and trading of footwear in Mainland China.

Xindie is principally engaged in the retail of footwear in Zhejiang and Anhui provinces in Mainland China.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate”	shall have the meaning ascribed to such term under the Listing Rules
“Board”	the board of Directors
“Changxin”	昶信貿易 (天津) 有限公司 (Changxin Trading (Tianjin) Limited*), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability
“Company”	Le Saunda Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 0738)
“connected person”	shall have the meaning ascribed to such term under the Listing Rules
“connected subsidiary”	shall have the meaning ascribed to such term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Liao”	Ms. Liao Jian Yu, an executive Director
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xindie”	信蝶商業（杭州）有限公司 (Xindie Commercial (Hangzhou) Limited*), a company established in the PRC with limited liability, an associate of Ms. Liao and a connected subsidiary of the Company
“2019 Purchase Framework Agreement”	the purchase agreement dated 25 February 2019 entered into between Changxin and Xindie in relation to the sale and purchase of products
“2020 Purchase Framework Agreement”	the purchase agreement dated 14 February 2020 in relation to the renewal of the 2019 Purchase Framework Agreement
“30%-controlled company”	shall have the meaning ascribed to such term under the Listing Rules
“%”	per cent

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

Hong Kong, 14 February 2020

As at the date of this announcement, the Company’s executive Directors are Ms. Chui Kwan Ho, Jacky, Ms. Liao Jian Yu and 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 and Mr. Hui Chi Kwan.

* *For identification purpose only*