La Chapelle

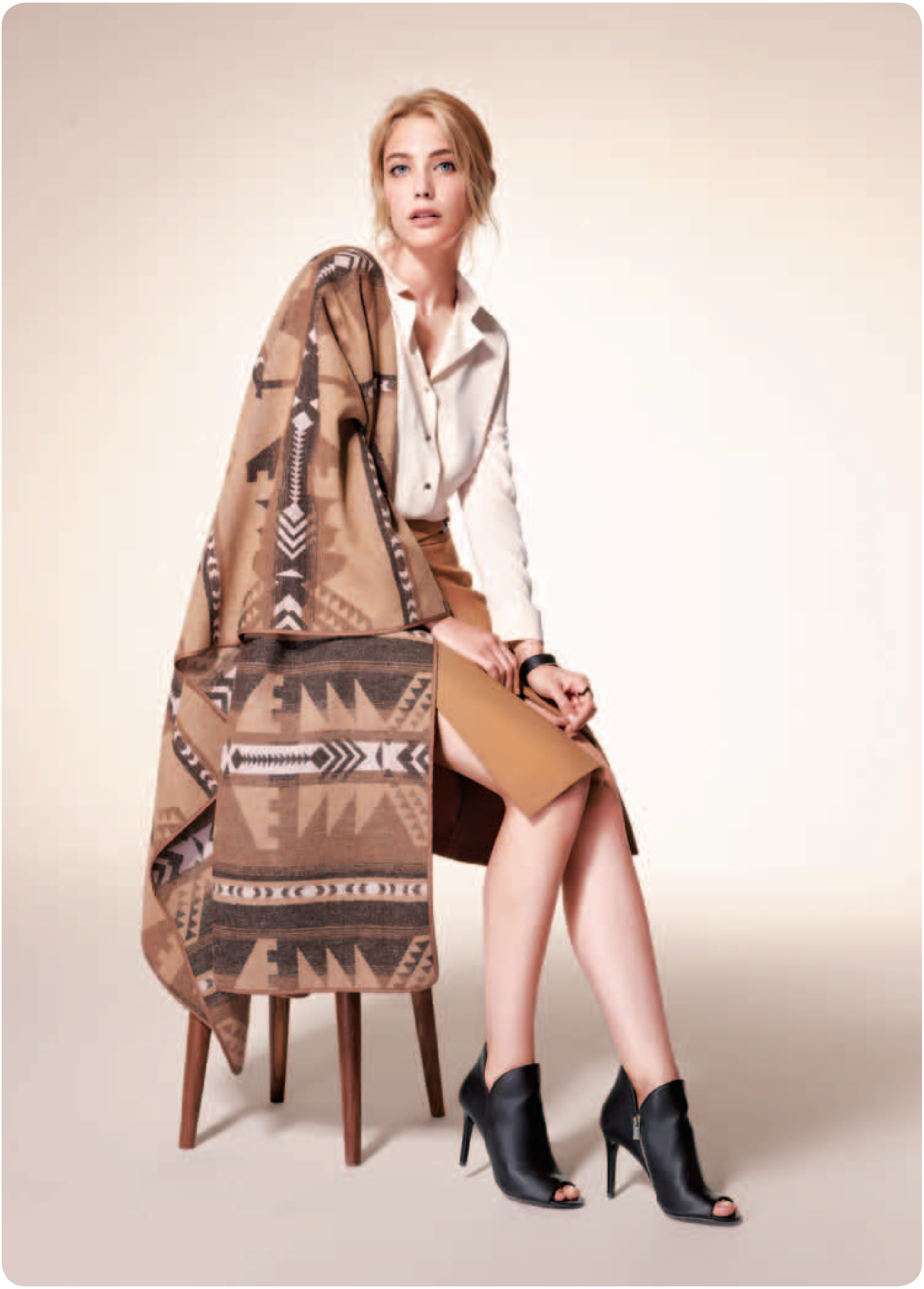
Shanghai La Chapelle Fashion Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 06116)

INTERIM REPORT 2015

CONTENTS



CORPORATE INFORMATION

REGISTERED CHINESE NAME

上海拉夏貝爾服飾股份有限公司

ENGLISH NAME

Shanghai La Chapelle Fashion Co., Ltd.

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

Room 3300, Level 3, Block 1
270 Cao Xi Road
Xuhui District, Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.lachapelle.cn

DIRECTORS

Executive Directors

Mr. Xing Jiaxing *(Chairman)*
Mr. Wang Yong
Mr. Wang Wenke

Non-executive Directors

Mr. Li Jiaqing
Mr. Lu Weiming
Mr. Cao Wenhai
Ms. Wang Haitong
Mr. Luo Bin

Independent non-executive Directors

Mr. Mao Jianong
Mr. Zhou Guoliang
Mr. Chen Wei
Professor Japhet Sebastian Law

AUDIT COMMITTEE

Mr. Zhou Guoliang *(Chairman)*
Mr. Cao Wenhai
Mr. Mao Jianong
Professor Japhet Sebastian Law

NOMINATION COMMITTEE

Mr. Mao Jianong *(Chairman)*
Mr. Xing Jiaxing
Mr. Lu Weiming
Mr. Chen Wei
Professor Japhet Sebastian Law

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Chen Wei *(Chairman)*
Mr. Li Jiaqing
Mr. Zhou Guoliang

BUDGET COMMITTEE

Mr. Wang Yong *(Chairman)*
Ms. Wang Haitong
Mr. Lu Weiming
Mr. Li Jiaqing
Mr. Zhou Guoliang

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Xing Jiaxing *(Chairman)*
Mr. Wang Yong
Mr. Li Jiaqing
Ms. Wang Haitong
Mr. Mao Jianong
Mr. Chen Wei

SUPERVISORS

Ms. Xie Hong *(Chairlady)*
Ms. Yang Lin
Mr. Zhang Xueqing
Mr. Tang Zhen
Mr. Zhang Tao

JOINT COMPANY SECRETARIES

Mr. Mao Jian
Ms. Wong Wai Ling *(ACS, ACIS)*

AUTHORIZED REPRESENTATIVES

Mr. Mao Jian
Mr. Wang Yong

LEGAL ADVISERS TO THE COMPANY

Grandall Law Firm (Shanghai) *(as to PRC Law)*
Herbert Smith Freehills *(as to Hong Kong Law)*

AUDITOR

PricewaterhouseCoopers

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPLIANCE ADVISER

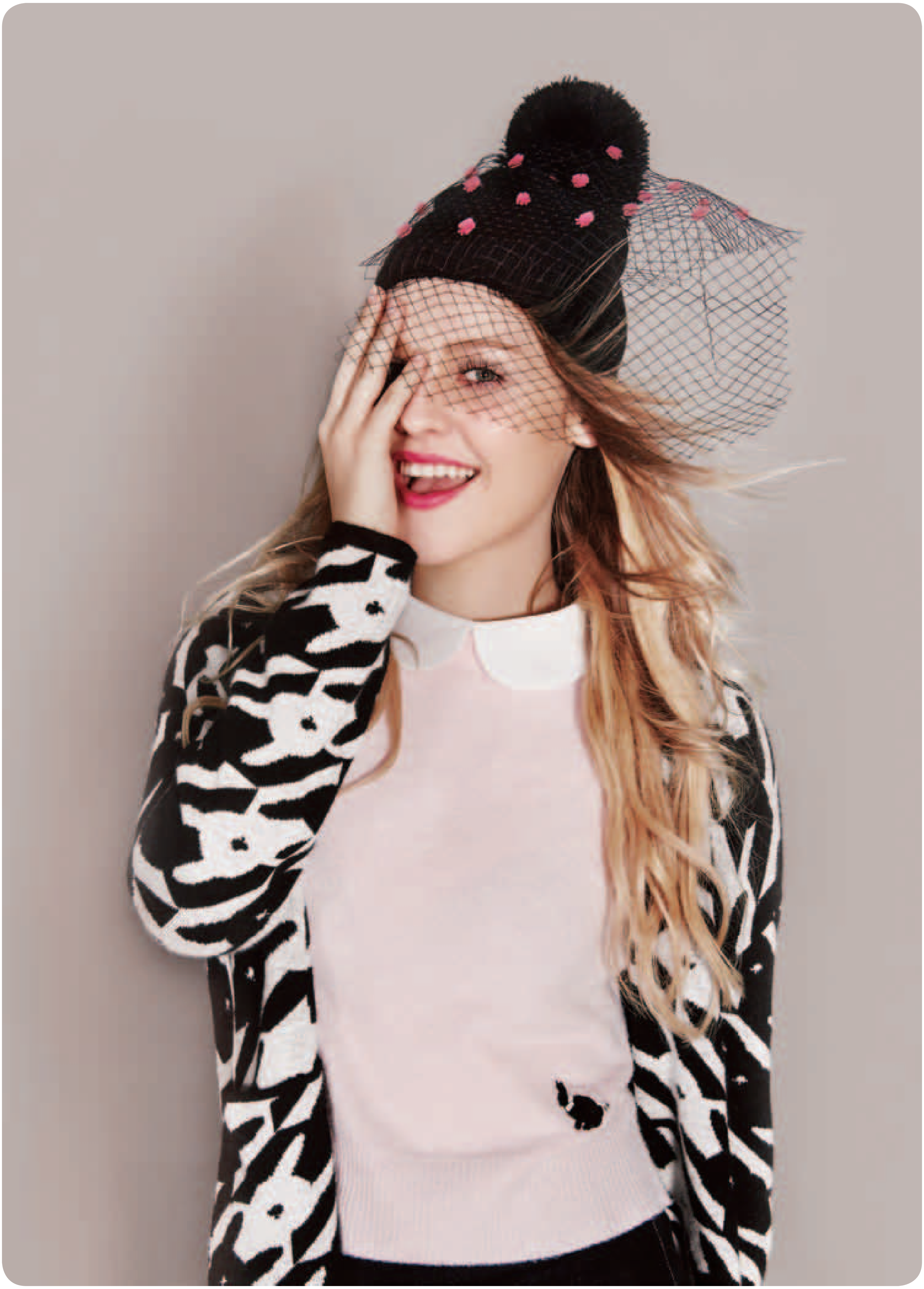
REORIENT Financial Markets Limited

PRINCIPAL BANKERS

China Everbright Bank Co., Ltd. Shanghai Branch
Bank of Communications Shanghai Zhabei Branch
China Citic Bank Shanghai Citic Pacific Plaza Branch
Shanghai Pudong Development Bank Co., Ltd. Shanghai Putuo Branch
Bank of China Shanghai Luodian Branch

STOCK CODE

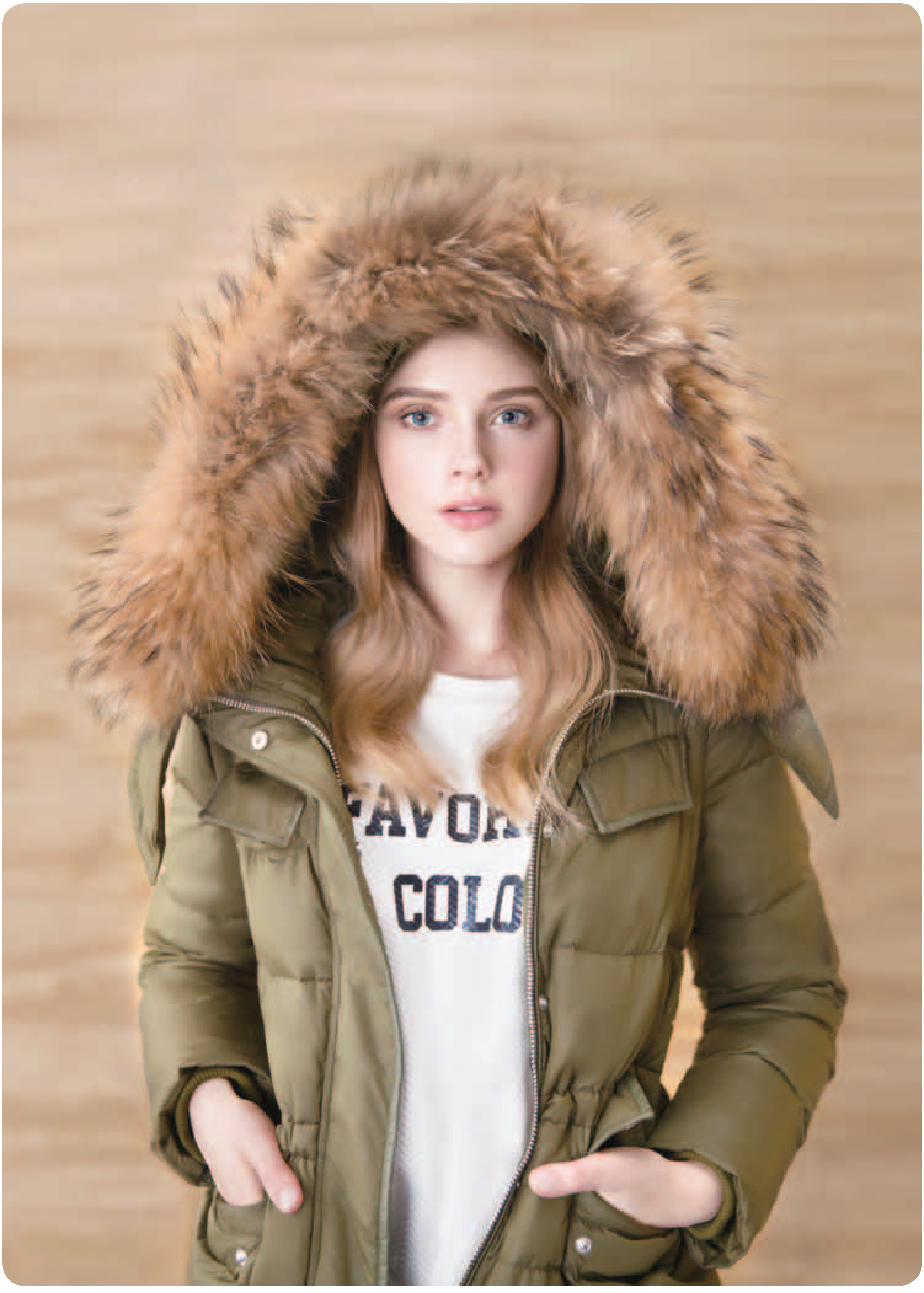
6116



FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
			Increase/
	2015	2014	(decrease)
	RMB'000	RMB'000	%
Financial highlights			
Revenue	**4,225,688**	3,510,764	20.4%
Gross profit	**2,880,249**	2,427,988	18.6%
Operating profit	**379,128**	332,804	13.9%
Profit before income tax	**387,187**	308,492	25.5%
Income tax expense	**(97,344)**	(77,877)	25.0%
Profit for the period	**289,843**	230,605	25.7%
Basic and diluted earnings per share (RMB: yuan)	**0.55**	0.62	(11.3%)
Financial Ratios			
Gross profit margin	**68.2%**	69.2%	
Operating margin	**9.0%**	9.5%	
Net profit margin	**6.9%**	6.6%	

The board of directors (the "**Board**") has recommended the payment of an interim dividend of RMB0.33 (tax inclusive) per share of Shanghai La Chapelle Fashion Co., Ltd. (the "**Company**") for the six months ended 30 June 2015, subject to approval by the shareholders of the Company at the 2015 third extraordinary general meeting of the Company to be held on 27 October 2015. (the "**EGM**")



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2015, the PRC economy started to show signs of stable growth amid a general slow-down in the growth rate. According to the National Bureau of Statistics of China, the gross domestic product (GDP) of China increased by 7.0% in the first half of 2015 as compared to the corresponding period in 2014, representing a slower year-on-year growth. In the first half of 2015, the growth in both the domestic consumer price index (CPI) and per capita disposable income of urban households in the PRC decreased compared to the corresponding period last year and nominal growth rate in consumers market continued to decrease slightly. Sales in the apparel industry did not substantially improve due to weak consumers market. Certain market participants continued to offer deep discount on apparel products and consolidation of retail points is still common phenomenon in the industry. In the first half of 2015, the Company and its subsidiaries (the "**Group**") continued to execute the multi-brand and diversification strategy by both building the Group's existing brands and developing new brands, in order to improve the brand image and market recognition of the Group. Meanwhile, the Group continued to devote more resources to inventory control and management to enhance supply chain management and shorten life cycle of products. Moreover, capitalizing on its strong marketing capability and effective management capability, Qigege (which the Group acquired in the first half of 2015) is now in charge of the operation and management of the Group's online business, which has already started to show positive effects: sale-through rate of current season products further improved from the same period of last year; conversion rate per online store and customer flow rate per online store saw a substantial growth as compared with last year; customer complaints experienced a significant decline.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group's revenue and operating profit reached RMB4,225.7 million and RMB379.1 million respectively, representing an increase of 20.4% and 13.9%, respectively, as compared with the corresponding period of last year. The profit attributable to shareholders in the first half of 2015 amounted to RMB276.4 million, representing an increase of 22.1% as compared with the corresponding period of last year.

REVENUE

The revenue of the Group in the first half of 2015 saw a steady growth, increasing from RMB3,510.8 million in the first half of 2014 to RMB4,225.7 million in the first half of 2015, representing an increase of 20.4%. The growth in revenue was mainly attributable to the expansion of the number of retails points of the Group. The number of retails points of the Group increased from 5,671 as at 30 June 2014 to 7,147 as at 30 June 2015. The Group had same store growth of -0.8% in first half of 2015, comparing to that of -3.4% in first half of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by distribution channel

The following table sets out the revenue breakdown by type of retail points for the reporting periods indicated:

	The first half of 2015			The first half of 2014		
	Revenue (RMB'000)	**% of total (%)**	**Gross profit margin (%)**	Revenue (RMB'000)	% of total (%)	Gross profit margin (%)
Concessionaire counters	**2,857,151**	**67.7%**	**70.5%**	2,499,645	71.2%	70.7%
Standalone retail outlets	**1,222,856**	**28.9%**	**63.6%**	1,011,119	28.8%	65.4%
Online platform	**145,681**	**3.4%**	**60.2%**	–	–	–
Total	**4,225,688**	**100.0%**	**68.2%**	3,510,764	100.0%	69.2%

The revenue from concessionaire counters increased from RMB2,499.6 million in the first half of 2014 to RMB2,857.2 million in the first half of 2015, representing an increase of 14.3%. The revenue from standalone retail outlets increased from RMB1,011.1 million in the first half of 2014 to RMB1,222.9 million in the first half of 2015, representing an increase of 20.9%. The growth in revenue from concessionaire counters and standalone retail outlets was mainly attributable to the increasing number of new retail points opened in the first six months of 2015. The proportion of new standalone retail outlets increased year on year, resulting in higher growth in revenue from standalone retail outlets than the growth in revenue from concessionaire counters. The online platform recorded revenue of RMB145.7 million in the first half of 2015.

Revenue by brand

The following table sets out the revenue breakdown by brand for the reporting periods indicated:

	The first half of 2015			The first half of 2014		
	Revenue (RMB'000)	**% of total (%)**	**Gross profit margin (%)**	Revenue (RMB'000)	% of total (%)	Gross profit margin (%)
La Chapelle	**1,443,744**	**34.1%**	**70.7%**	1,320,247	37.6%	70.5%
Puella	**1,195,096**	**28.3%**	**67.7%**	1,050,680	29.9%	69.7%
Candie's	**363,179**	**8.6%**	**65.6%**	290,481	8.3%	69.0%
Vougeek/Pote	**181,512**	**4.3%**	**59.2%**	137,003	3.9%	62.4%
7.Modifier	**573,942**	**13.6%**	**66.9%**	473,754	13.5%	66.5%
La Babité	**387,381**	**9.2%**	**71.3%**	228,614	6.5%	69.1%
La Chapelle Kids	**20,888**	**0.5%**	**66.5%**	9,985	0.3%	60.6%
Other mix/Other Crazy[Note 1]	**59,946**	**1.4%**	**52.6%**	–	–	–
Total	**4,225,688**	**100.0%**	**68.2%**	3,510,764	100.0%	69.2%

Note 1: Being brands owned by Hangzhou Anshe E-Commerce Company Limited ("**Hangzhou Anshe**").

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2015, all the brands of the Group recorded an increase in revenue as compared to the corresponding period of last year, mainly attributable to the newly opened retail points. The majority of revenue of the Group was contributed from the sales of La Chapelle and Puella (formerly known as La Chapelle Sport) brands in the first half of 2014 and the first half of 2015. However, the newer brands of the Group achieved faster growth in revenue than that of La Chapelle and Puella (formerly known as La Chapelle Sport) in the first half of 2015, mainly due to more retail points have been opened under the newer brands.

Revenue by tier of cities

The following table sets out the revenue breakdown by tier of cities (excluding revenue from online platform) for the reporting periods indicated:

	The first half of 2015		The first half of 2014	
	Revenue (RMB'000)	**% of total (%)**	Revenue (RMB'000)	% of total (%)
First-tier cities	**491,577**	**12.0%**	459,362	13.1%
Second-tier cities	**1,687,069**	**41.4%**	1,439,235	41.0%
Third-tier cities	**1,023,484**	**25.1%**	846,538	24.1%
Other cities	**877,877**	**21.5%**	765,629	21.8%
Total	**4,080,007**	**100.0%**	3,510,764	100.0%

Note: In respect of the classification of the tier of cities, please refer to the prospectus of the Company dated 24 September 2014 (the "**Prospectus**").

The Group recorded an increase in revenue from all tiers of cities in the first half of 2015, mainly attributable to the expansion of retail network of the Group nationwide. In the first half of 2015, the revenue from first-tier cities accounted for 12.0% of the revenue of the Group, representing an increase of 7.0% as compared to the first half of 2014. The second and third-tier and other cities saw a faster growth in revenue than first-tier cities, mainly because these cities have larger growth potential and less competition than first-tier cities.

Revenue by product type

The following table sets out the revenue breakdown by product type for the reporting periods indicated:

	The first half of 2015		The first half of 2014	
	Revenue (RMB'000)	**% of total (%)**	Revenue (RMB'000)	% of total (%)
Tops	**2,592,288**	**61.3%**	1,963,346	55.9%
Bottoms	**382,536**	**9.1%**	295,786	8.4%
Dresses	**1,244,834**	**29.5%**	1,242,104	35.4%
Accessories	**6,030**	**0.1%**	9,528	0.3%
Total	**4,225,688**	**100.0%**	3,510,764	100.0%

COST OF SALES

The cost of sales of the Group increased by 24.3% from RMB1,082.8 million in the first half of 2014 to RMB1,345.4 million in the first half of 2015. The increase was primarily attributable to sales growth.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group increased from RMB2,428.0 million in the first half of 2014 to RMB2,880.2 million in the first half of 2015, up by 18.6%, mainly attributable to the expansion of retail network.

The overall gross profit margin of the Group decreased to 68.2% in the first half of 2015 from 69.2% in the first half of 2014, mainly due to more sales activities on off-season products and decrease in the average sales price in the first half of 2015 as compared to the first half of 2014.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses in the first half of 2015 amounted to RMB2,323.9 million (the first half of 2014: RMB1,963.8 million), consisting primarily of sales staff salaries and benefits, concession and rental expenses relating to retail points, advertising and promotional expenses, transportation expenses and other expenses relating to selling and marketing activities. Administrative expenses in the first half of 2015 amounted to RMB180.0 million (the first half of 2014: RMB136.7 million), consisting primarily of administrative employee benefit expenses, rental expenses for offices, charges, amortization of the licensing of the group's computer information system, office utilities expenses and traveling expenses. Selling and marketing expenses and administrative expenses as a percentage of total revenue in the first half of 2015 were 55.0% (the first half of 2014: 55.9%) and 4.3% (the first half of 2014: 3.9%), respectively. Selling and marketing expenses as a percentage of total revenue saw a slight decrease as compared with that of the first half of 2014, mainly because (i) concession and rental expenses relating to retail points as a percentage of total revenue in the first half of 2015 slightly decreased by 0.9 percentage point as compared with that of the first half of 2014, and (ii) the compensation expense for the Group's sales staff as a percentage of revenue ascended by 0.2 percentage point. Administrative expenses as a percentage of total revenue saw a year-on-year rise, mainly because (i) the construction of the logistics centre of the Group in Taicang, Jiangsu Province was completed, resulting in corresponding depreciation and amortization charges as a percentage of revenue increasing by 0.1 percentage points, and (ii) the Group made provision for expected uncollectible receivables, resulting in expenses as a percentage of revenue ascending by 0.3 percentage points.

OTHER GAINS – NET

Other gains – net in the first half of 2015 amounted to RMB2.7 million (the first half of 2014: RMB5.3 million), consisting primarily of subsidies granted by the local governments in some cities where the Group operates and loss on disposal of certain fixed assets.

FINANCE COSTS/INCOME – NET

Finance costs/income of the Group changed from net cost of RMB24.3 million in 2014 to net income of RMB8.1 million in 2015, mainly because (i) interest expenses decreased from RMB27.0 million in the first half of 2014 to RMB14.9 million in the first half of 2015, and (ii) interest income and exchange gains increased to RMB23.0 million from RMB2.7 million in the first half in 2014.

PROFIT BEFORE INCOME TAX

Profit before income tax of the Group increased from RMB308.5 million in the first half of 2014 to RMB387.2 million in the first half of 2015, representing an increase of 25.5%. The increase was primarily attributable to growth in revenue as well as relative stability in profit margin and expense ratio. Operating profit margin in the first half of 2015 was 9.0%, while operating profit margin in the first half of 2014 was 9.5%, and the year-on-year decrease in operating profit margin is lower than decline in gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

Income tax expense amounted to RMB97.3 million in the first half of 2015 (the first half of 2014: RMB77.9 million). The effective income tax rate in the first half of 2015 was 25.1%, and the effective income tax rate in the first half of 2014 was 25.2%.

PROFIT FOR THE PERIOD AND NET PROFIT MARGIN

As a result of the foregoing, profit of the Group increased from RMB230.6 million in the first half of 2014 to RMB289.8 million in the first half of 2015, up by 25.7%. Net profit margin of the Group was 6.9% in the first half of 2015, compared to that of 6.6% in the first half of 2014.

CAPITAL EXPENDITURE

Capital expenditure of the Group primarily consisted of purchase of properties, plants, equipment, intangible assets and land use right. In the first half of 2015, the capital expenditure was RMB233.2 million (the first half of 2014: RMB234.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

During the period, net cash generated from operating activities increased from RMB266.8 million in the first half of 2014 to RMB436.5 million in the first half of 2015, mainly due to the increase in profit, changes in payment of inventory procurement and changes in receivables.

In the first half of 2015, net cash generated from investing activities was RMB522.4 million (the first half of 2014: net cash used in investing activities of RMB233.4 million). Major investment activities in the first half of 2015 were: 1) net cash flow of RMB106.5 million for acquisition of Hangzhou Anshe; 2) prepayment of RMB35.0 million for investment in Jack Walk (as defined hereafter); 3) net cash flow of RMB233.2 million for purchase of properties, plants and equipment, land use rights, and intangible assets; and 4) collection of term deposits and interest of RMB897.0 million.

During the period, net cash used in financing activities was RMB496.1 million (net cash generated from financing activities in the first half of 2014: RMB83.8 million). Major financing activities were: 1) repayment of net bank borrowings amounting to RMB141.2 million; 2) payment for repurchase of shares held by the public in Hong Kong in cash of RMB68.9 million; and 3) payment of dividends amounting to RMB286.0 million.

As at 30 June 2015, the Group held cash, cash equivalents and term deposits in the total amount of RMB1,563.5 million (31 December 2014: RMB1,983.4 million). After deducting borrowings of RMB500.0 million (31 December 2014: RMB641.3 million), net cash amounted to RMB1,063.5 million (31 December 2014: net cash of RMB1,342.1 million).

In the first half of 2015, average inventory turnover of the Group was 160 days (the first half of 2014: 212 days), and average receivables turnover days of the Group was 39 days (the first half of 2014: 41 days).

The Group's financial position remained solid. As at 30 June 2015, net current assets of the Group amounted to RMB2,011.8 million, down by 2.5% as compared to that as at 31 December 2014. As at 30 June 2015, gearing ratio of the Group (the following formula is used in gearing ratio: interest-bearing debts/total equity) was 15.8% (31 December 2014: 20.6%).

As the Group carries out its operations in mainland China, most of the transactions are settled in Renminbi. The Group has a portion of term deposits and cash and cash equivalents dominated in Hong Kong dollar. The Group also declares dividends and repurchase share capital in Hong Kong dollar. The Group manages foreign exchange risk by monitoring foreign exchange rates on a regular basis. Please refer to Note 5.1 to the condensed consolidated interim financial statements for details.

BANK LOANS AND OTHER BORROWINGS

As at 30 June 2015, bank borrowings of the Group amounted to RMB500.0 million (31 December 2014: RMB641.3 million), which was repayable on demand or within one year and no borrowings was repayable after one year. (As at 31 December 2014, RMB620.0 million was repayable within one year and RMB21.3 million was repayable after one year).

PLEDGE OF ASSETS

As at 30 June 2015, no properties, plants and equipments, land use rights and investment properties was pledged by the Group in respect of any available bank credit (31 December 2014: aggregate carrying amount of RMB184.3 million).

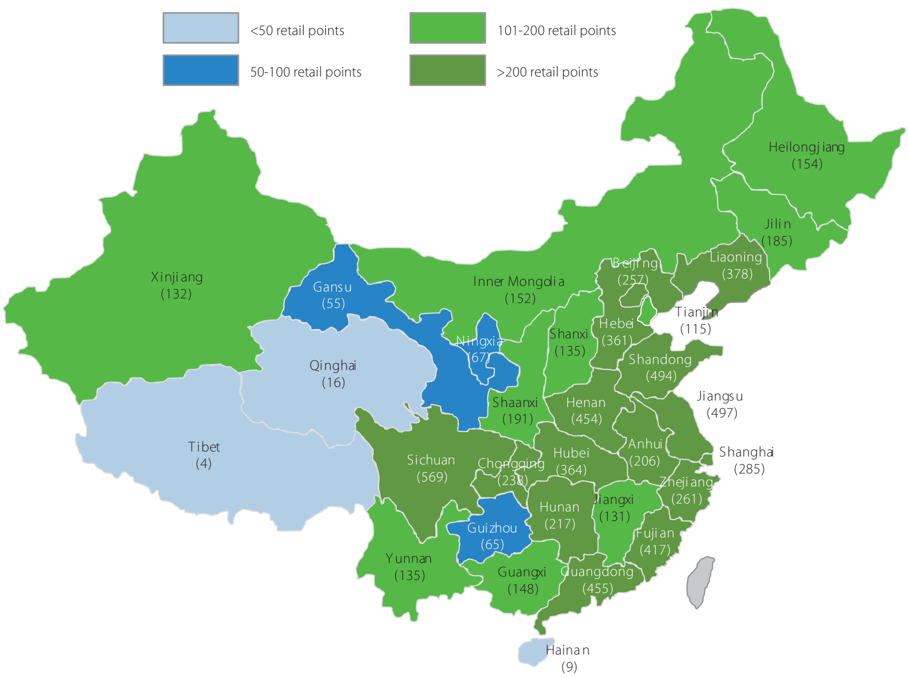
CONTINGENT LIABILITIES

As at 30 June 2015, the Group made provision for contingent liabilities of RMB8.0 million in respect of other payables, accruals and other current liabilities, to pay for the minority shareholders of Hangzhou Anshe (31 December 2014: nil). Please refer to note 14 and note 23 to the condensed consolidated interim financial statements for details.

BUSINESS REVIEW

Retail Network

The map below shows the geographical distribution of the Group's retail points in the PRC as at 30 June 2015.



For the six months ended 30 June 2015, our retail network expanded considerably, with the number of retail points increasing from 5,671 as at 30 June 2014 to 7,147 as at 30 June 2015. These retail points were situated at approximately 2,230 physical locations.

The table below sets out the distribution of the Group's retail points in the PRC as at 30 June 2015 and 2014 by tier of cities.

MANAGEMENT DISCUSSION AND ANALYSIS

	As at 30 June			
	2015		2014	
	Number of retail points	**% of the total**	Number of retail points	% of the total
First-tier cities	**713**	**10.0%**	591	10.4%
Second-tier cities	**2,672**	**37.4%**	2,158	38.0%
Third-tier cities	**1,890**	**26.4%**	1,387	24.5%
Other cities	**1,872**	**26.2%**	1,535	27.1%
Total	**7,147**	**100.0%**	5,671	100.0%

Note: In respect of the classification of the tier of cities, please refer to the Prospectus.

The table below sets out the distribution of the Group's retail points in the PRC as at 30 June 2015 and 2014 by type of the retail points.

	As at 30 June			
	2015		2014	
	Number of retail points	**% of the total**	Number of retail points	% of the total
Concessionaire counter	**5,088**	**71%**	4,129	73%
Standalone retail outlet	**2,059**	**29%**	1,542	27%
Total	**7,147**	**100%**	5,671	100%

The table below sets out the distribution of the Group's retail points in the PRC as at 30 June 2015 and 2014 by brand.

Number of brand counters	As at 30 June			
	2015		2014	
	Number of retail points	**% of the total**	Number of retail points	% of the total
La Chapelle	**1,786**	**25.0%**	1,747	30.8%
Puella	**1,855**	**26.0%**	1,604	28.3%
Candie's	**751**	**10.5%**	564	9.9%
Vougeek/Pote	**397**	**5.6%**	286	5.0%
7.Modifier	**1,208**	**16.8%**	865	15.3%
La Babité	**750**	**10.5%**	502	8.9%
La Chapelle Kids	**189**	**2.6%**	103	1.8%
UlifeStyle	**211**	**3.0%**	–	0.0%
Total	**7,147**	**100.0%**	5,671	100.0%

Note: La Chapelle Sport changed its name to Puella and La Chapelle Homme changed its name to Vougeek in the first half of 2015. The Group also launched a new brand UlifeStyle in the first half of 2015. As the products are currently selected from other brands, the number of retail points of brand "UlifeStyle" is calculated in the same method with that other brands adopt.

The table below sets out the distribution of the Group's net additional retail points in the PRC in the first half of 2015 and 2014 by brand.

Net additional retail points	**For the period ended 30 June**			
	2015		2014	
	Number of net additional retail points	**% of the total**	Number of net additional retail points	% of the total
La Chapelle	**-62**	**-23.8%**	-26	-9.1%
Puella	**50**	**19.2%**	77	26.9%
Candie's	**37**	**14.2%**	68	23.7%
Vougeek/Pote	**30**	**11.5%**	11	3.9%
7.Modifier	**88**	**33.8%**	110	38.3%
La Babité	**81**	**31.2%**	34	11.8%
La Chapelle Kids	**25**	**9.7%**	13	4.5%
UlifeStyle	**11**	**4.2%**	–	0.0%
Total	**260**	**100.0%**	287	100.0%

Note: La Chapelle Sport changed its name to Puella and La Chapelle Homme changed its name to Vougeek in the first half of 2015. The Group also launched a new brand UlifeStyle in the first half of 2015. As the products are currently selected from other brands, the number of retail points of brand "UlifeStyle" is calculated in the same method with that other brands adopt.

The Group had a net increase in the number of retail points for all of its brands, except for La Chapelle, in the first half of 2015. The decrease in the number of retail points of La Chapelle in the first half of 2015 was mainly due to the group's business strategy to focus on the opening of new retail outlets under the newer brands with a view to increasing the share of income from newer brands.

Same store sales

Due to the general slow-down of the economy in the PRC and diversion impact of online operations on our offline sales channels, same store sales for physical stores of the Group for the first half of 2015 decreased by 0.8% as compared to that of the first half of 2014.

Multi-brand strategy and brand-differentiation strategy

During the six months ended 30 June 2015, the Group continued to execute its multi-brand strategy. In addition to the wide range of apparel products under the existing eight brands of the Group, namely La Chapelle, Puella, 7. Modifier, Candie's, Vougeek, La Babité, La Chapelle Kids and Pote, the Group launched new brand through the expansion of the Group's internal teams. The Group is also actively looking for opportunities to invest in quality apparel brands in domestic and overseas markets including Korea and Japan.

In May 2015, the Group invested in a quality men's casual wear fashion company in the PRC – Jack Walk (Shanghai) Fashion Limited (傑克沃克(上海)服飾有限公司) ("**Jack Walk**"), by way of capital injection of a total of RMB75,000,000 into the Jack Walk. After the transaction, the Company directly holds 69.12% of the shares of Jack Walk. Each of the key members of Jack Walk's management team has many years of working experience in fast-fashion apparel market. Leveraging on Jack Walk's experienced management team, strong design capacity and responsive supply chain management capability, the Group can further strengthen its ability in designing and marketing of male apparel products and is well positioned to capture the growth potential in the PRC menswear market.

MANAGEMENT DISCUSSION AND ANALYSIS

In June 2015, the Group launched its first store for the new collection store brand Ulifestyle in Suzhou. As the first step to implement the collection store strategy, the Group has started renovating various existing large collection stores (with a floor area of 500 square meters or more) in the retail network across the country. The renovation is being carried out in accordance with the Speciality Retailer of Private Label Apparel model, with a more open and transparent product display layout designed to increase the interaction between different functional areas and enhance customer experience in selecting, mixing and matching apparel products. At the current stage, the products of these collection stores are still selected from the existing brands of the Group. The Group plans to gradually introduce designer products developed by an independent designer team for UlifeStyle this winter or next spring, thus making the UlifeStyle brand a real Speciality Retailer of Private Label Apparel.

In addition, in order to further enhance the reputation and characteristics of the brands and strengthen the connections between the consumers and the brands, the Group initiated the brand differentiation strategy in the first half of 2015 with a view to improving the positioning of the current brands with more clarity, distinctiveness and individualization.

In May 2015, the Group launched a brand upgrading initiative for the La Chapelle brand, which has the longest history amongst all of the brands in the Group. The upgrading initiative includes the introduction of a new logo, new product designs and a novel decoration style to demonstrate the brand concept of "Elegance, Classics, and Romanticism". In terms of store decorations, the Group designed a new logo especially for La Chapelle to highlight the exquisite and elegant style that La Chapelle presents. The classic arch element of French architectures was used in the new decoration of the stores. As for the products, to better incorporate the brand's concept of "Elegance, Classics, and Romanticism", the designer team of La Chapelle has launched a series of new apparel products covering women's wear, men's wear, kids' wear and accessories. The Group has also started to cooperate with new suppliers for the production of the La Chapelle brand products with a view to providing high quality products to the customers. Currently, the brand upgrading initiative is being carried out throughout the retail network across the country by way of opening new retail outlets and renovating existing retail outlets.

Immediately after the launch of the upgrading initiative for the La Chapelle brand, La Chapelle Sport, another major brand of the Group, changed its name to Puella in June 2015, aiming to become the "wardrobe for girls next door" and incorporating the concept of "fashionable yet comfy wear". Furthermore, in order to incorporate the fun element of the brand, Shanghai Weile Fashion Co., Ltd* (上海微樂服飾有限公司), one of the subsidiaries of the Group, signed a license agreement with Guangzhou Art-land Human Being Culture Communication Co., Ltd.*(廣州藝洲人文化傳播有限公司) (the "**Licensor**"), the exclusive authorized agent for SpongeBob in China, whereby the Group obtained the license for the use of the SpongeBob image within China. The Group and the Licensor will start cooperation in areas of product design and brand promotion to launch an apparel collection with SpongeBob elements. The first batch of cartoon images to be used in product designs include SpongeBob and Patrick, and they will appear on coats, dresses, pants, and accessories, etc. The Group plans to launch a series of theme campaigns for Puella throughout its over 1,800 stores nationwide and the online retail platforms, which include on-site interaction, theme decorations, and promotions on related theme products, in order to increase popularity of the brand amongst consumers to increase sales opportunities and elevate brand recognition.

Aside from the above two brands which have the longest history within the Group, two younger brands of the Group, namely La Babité and 7. Modifier, also initiated a series of promotion campaigns to improve publicity and boost sales. In March 2015, the Group signed a license agreement with Walt Disney (Shanghai) Co., Ltd. and obtained the image usage license for the Disney characters. The first batch of cartoon characters used include Cinderella, Frozen, and Disney Princess series, covering coats, dresses, pants, and accessories, etc. Since the establishment of La Babité in 2012, the brand has endeavored to convey the brand image of "Innocence, Bravery, and Self-confidence" to its customers, which matches the image of Walt Disney characters. In July 2015, 7. Modifier invited Hong Kong actress Kelly Fu to be the image model to promote the limited edition of autumn trendy mix collection. As a new brand launched in 2011 by the Group, 7. Modifier specializes in providing fashion wears for young ladies aged between 18 and 35. The brand aims to spread the positive concept of "Variety makes beauty", and to promote a joyful and confident lifestyle through comfy and easy-match looks.

Efficient supply chain management

The Group remains dedicated to continuously improving the quick reaction capability of its supply chain in order to provide support to the execution of the multi-brand strategy of the Group. With the help of the supply chain collaboration platform system, the Group is able to further strengthen cost control and quality improvement.

The quick reaction capability of the supply chain of the Group improved substantially in the first half of 2015, primarily due to effective supplier capacity planning and order matching, the launch of the supply chain management system last year and the implementation of the strategy of centralized procurement of conventional fabric and accessories since last year. The Group expects that the quick reaction capability of the supply chain of the Group still has potential for further improvement.

The supply chain of the Group has provided dedicated support to the development of various brands since the implementation of the brand differentiation strategy this year. For the single-brand large store (UlifeStyle), the Group selected dozens of specialized suppliers upon assessment and categorized them by production lines, so as to ensure the production capacity and scale of the relevant suppliers fully meet the requirements of a quick reaction supply chain. In the meantime, in order to reduce quick reaction time and meet the demand for orders in this winter season and next spring and summer seasons, the Group signed contracts regarding conventional fabric and accessories ahead of schedule and set aside sufficient capacity to fully prepare for the launch of new products in the single-brand large store. In support of the brand upgrading initiative of the La Chapelle brand, the Group selected and designated high-end ODM (Original Design Manufacturer) apparel suppliers and fabric and accessories suppliers for the La Chapelle brand and started to field a centralized procurement team to control the cost of procurement. Aside from the La Chapelle brand, the Group has also established different centralized procurement teams, centralized cost control teams and quick order delivery teams for the other brands in order to cater to the different positioning and style of different brands.

To further enhance the capability to control product quality and cost, the Group has established an information system for cost analysis to control cost. In the meantime, the Group has now implemented a centralized procurement strategy whereby all apparel suppliers should procure fabric and accessories from those fabric and accessories suppliers designated by the Group. The Group also continues to enhance its new supply chain management collaboration system and optimize the composition of suppliers. An information system for warehouse inspection and quality statistics analysis at the retail points has been set up to allow the Group to select quality apparel products suppliers and fabric and accessories suppliers.

Warehouse and logistics centre

Amid the constant expansion of its retail network nationwide, the Group further expanded warehouse and logistic centres in the first half of this year in order to further enhance its operation efficiency. As of 30 June 2015, the construction of warehouse and logistic centres in Tianjin and Taicang Phase II has already commenced and both projects are estimated to be completed and commence operation in 2016. The warehouse and logistic centre in Chengdu is still at the preparatory stage.

The utilized capacity of the Group's warehouses improved substantially since the automatic equipment was put into operation at Taicang Phase I warehouse last year. In the first half of this year, the Company further upgraded the warehouse and logistics management system in order to support the Company's growing e-commerce business.

Management information system

To support the expansion of the Group's business and to increase the Group's operation efficiency, the Group launched several new information management systems to improve the management of business operation throughout the business cycle.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of enhancing supply chain management capability, the first half of 2015 has witnessed the rolling out of the supply chain collaboration management system and its implementation by suppliers, which provides system support to sample garment development, monitoring of order production progress, quality inspection, suppliers' shipment and delivery to warehouse, and account reconciliation.

In terms of retail management capability, the new retail management system platform was launched in May 2015 in order to support the large scale expansion of retail network of the Group, support the refined and standardized management of retail points, support the flexible operation model for retail business with multiple brands. At present, the headquarters, regional branch offices and retail outlets can, therefore, carry out real-time business management of retail outlets.

In terms of consumer service capability, the Group continued to improve and optimize the services of all channels, develop various online purchasing methods, and enhance the product distribution planning system in order to support the rapid business expansion of the online platform of the Group. The Group also has plan to construct an integral platform for online orders and customers, which, upon completion, will allow the Group to have access to and analyze data collected from customers in order to increase interaction with customers and improve customer loyalty.

In terms of corporate costs and budgetary control, with the help of the production planning system and the real-time order management system, the Group has further optimized its production cost control operation. The use of a rolling budget expense report also allowed the Group and entities at different levels to closely monitor the costs and budgets during the business operation cycle.

In terms of corporate decision-making and analysis, the Group also established a corporate database and decision-making support system to facilitate the day-to-day management of the business of the Group.

Partnership incentive programme

The partnership incentive programme of the Group enables each staff member at the retail points to become a "store partner" so that they can share the success of the Group based on their performance of the relevant store. Their payroll calculation was changed from the original "fixed salary + commission" mode to a "sales-performance-directly-linked" mode. All staff within a retail point will share a remuneration pool, the amount of which will be determined by multiplying the total sales of the relevant retail point by a percentage (which will be determined with reference to historic sales of the relevant retail point). In addition, provided that sales targets set by the Group have been met, the store manager will be given more discretion to determine the number of staff required of a retail point and the shift system according to the actual conditions of the store to maximize the store's performance.

As an important measure of the Group's employee incentives policy, as at 30 June 2015, the partnership system for stores has been implemented in approximately 35% of existing retail outlets of the Group nationwide (the "**Pilot Retail Points**") since the pilot system was launched in December 2014. The Pilot Retail Points spread across the nation's 31 provinces, municipalities and autonomous regions, including both concessionaire counters and standalone retail outlets and stores with a different length of operation history. The Group aims to ultimately roll out the partnership incentive programme for stores to all retail points of the Group in the future.

The Group adopts four indicators, namely year-on-year sales growth, proportion of staff salary costs to sales volume of the relevant store, average salary of staff members and staff turnover rate, to evaluate and measure the effect of the implementation of the partnership incentive programme for stores. During the six months ended 30 June 2015, total year on year sales growth of the Pilot Retail Points was approximately 5% higher than the non-participating stores; proportion of total salary of Pilot Retail Points to their sales volumes was 0.7% lower than the same period of last year; average salary of Pilot Retail Points increased by approximately 15% compared with the same period last year; and staff turnover rate of Pilot Retail Points decreased by about 7% compared with the same period last year.

Through feedbacks from employees and further analysis by the management, the Group is also making certain further improvements to the existing partnership incentive programme for stores.

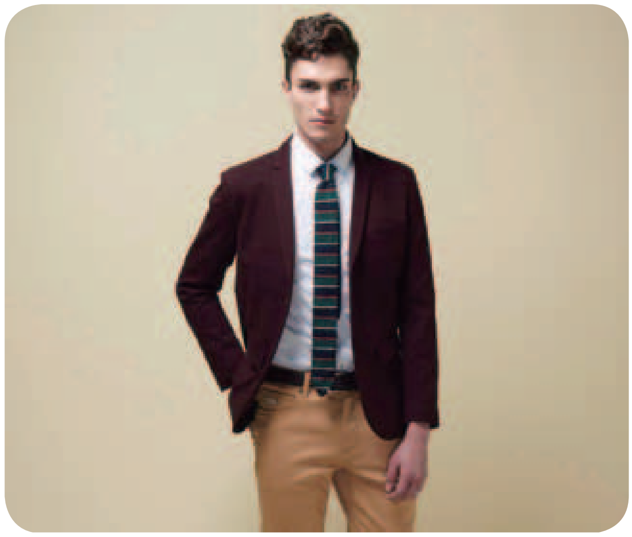
As a whole, the Group considers the implementation of the partnership incentive programme has enhanced the enthusiasm of the staff force, strengthened their sense of belonging, enhanced their creativity and sense of responsibility. The Group will continue to implement the partnership incentive programme in more stores and plans to implement the system in 80% of the retail outlets nationwide before the end of 2015.

O2O business

The Group made a strategic investment in February this year in Hangzhou Anshe (hereinafter referred to as "Qigege", a brand that Hangzhou Anshe is known for). Capitalizing on its strong marketing capability and effective management capability, Qigege was put in charge of the operation and management of the Group's online business. As a result, the Group's online business has achieved a substantial growth in the conversion rate per online store and customer flow rate per online store, while there is a considerable decrease in customer complaints.

Furthermore, taking into account the impact of the changes in market structure on the consumer habits, the Group also established strategic cooperation with three online business operators, namely JD.COM, Dangdang, and Tencent in order to grasp more market opportunities. In early April 2015, the Group signed a comprehensive strategic cooperation agreement with JD.COM, and opened La Chapelle flagship stores in JD.COM flash sales platform, JD.COM's POP open platform. Service support such as distribution service for the pay-on-delivery orders of these flagship stores is provided by JD.COM. Apart from this, the Group also established cooperative relations with Tencent, and initiated the community micro-shop mode on the Wechat platform. The manager of the Group's retail points at the local shopping center will start a Wechat group with customers in the local community, with a view to boosting sales through precision marketing resulting from increased interactions with customers.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS OUTLOOK

In the short run, as affected by macro economic conditions, industry outlook and consumer behaviors, clothing retailers including the Group are still facing certain challenges. That said, the Group will continue to execute various established strategic measures, mainly focusing on the following areas:

- The Group will continue to strategically expand its retail network and increase its penetration into the Group's existing markets;

- The Group will continue to execute its brand differentiation strategy by upgrading the retail points of the La Chapelle brand throughout the PRC and further elevating the product quality while improving the brand positioning of the current brands with more clarity, distinctiveness and individualization;

- The Group will also selectively pursue acquisition and strategic alliance opportunities to complement the Group's existing business and further solidify our market position;

- The Group will further upgrade and construct management information system to support the refined operation of the retail business of the Group and the management of the supply chain; and

- The Group will continue to provide competitive incentive programme for the management team and dedicated employees.

In addition, the Group will continue to prepare for the listing in the domestic A-share market.

SUBSEQUENT EVENTS

(a) On 28 May 2015, the Company entered into an agreement with the existing shareholder of Jack Walk to purchase the equity interest of 69.12% with a consideration of RMB75,000,000. The Company obtained the control of Jack Walk on 1 August 2015.

(b) From 1 July 2015 to 16 July 2015, the Company bought back 6,920,000 ordinary shares through The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at a consideration of HKD99,634,000.

(c) Pursuant to a resolution of the Board of Directors on 28 August 2015, a dividend of RMB0.33 (tax inclusive) per share for the six months ended 30 June 2015 was proposed.

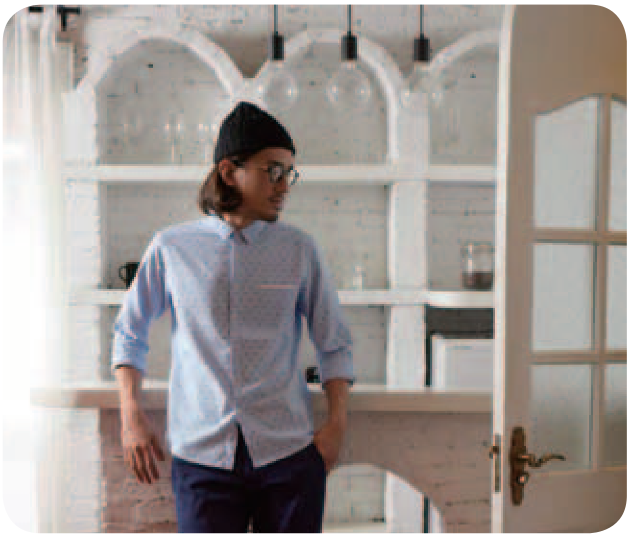
HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 30,583 full-time employees (30 June 2014: 29,437 full-time employees). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated staff.

USE OF PROCEEDS

The H shares of the Company have been listed on the main board of the Stock Exchange on 9 October 2014 with net proceeds from the global offering of approximately HK$1,830.12 million (after deducting underwriting commissions and related expenses actually incurred).

Reference is made to the circular despatched to the shareholders of the Company on 27 August 2015 in respect of the Group's latest progress on the use of proceeds from the global offering. As at 31 July 2015, approximately RMB934.02 million of the net proceeds from the global offering has been utilized.



The remaining net proceeds are intended to be applied in the manner consistent with that set out in the circular dated 1 June 2015 as approved by the shareholders of the Company in the extraordinary general meeting held on 17 July 2015.

* For identification purposes only

OTHER INFORMATION

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

As at 30 June 2015, the interests and short positions of the directors (the "**Directors**"), supervisors (the "**Supervisor(s)**") and the chief executive of the Company in the shares, underlying shares or debentures of the Company or 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 (i) required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such positions of the SFO; or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Model Code**") were as follows:

Long position in the shares of the Company

Name of Director, Supervisor and chief executive	Nature of interest and capacity	Number of shares interested	Approximate percentage of shareholding in the relevant class of shares as at 30 June 2015	Approximate percentage of shareholding in the total issued share capital of the Company at 30 June 2015
Mr. Xing Jiaxing[1]	Beneficial owner, interest in a controlled corporation, deemed interest pursuant to section 318 of the SFO	187,078,815 Domestic Shares	72.32%	37.19%

Note 1:

Mr. Xing Jiaxing was the beneficial owner of 141,874,425 Domestic Shares, which represent approximately 28.20% of the total issued share capital of the Company as at 30 June 2015. As Mr. Xing Jiaxing holds more than one-third of the equity interest in the registered capital of Shanghai Hexia Investment Co., Ltd. (上海合夏投資有限公司) ("**Shanghai Hexia**"), he is deemed, pursuant to section 316 of the SFO, to be interested in the Company's shares in which Shanghai Hexia is interested (being 45,204,390 Domestic Shares), which represented approximately 8.99% of the total issued share capital of the Company as at 30 June 2015. In addition, Mr. Xing Jiaxing and Shanghai Hexia entered into an Act-in-Concert Agreement (the "**New Concert Agreement**") on 9 January 2014. As the New Concert Agreement is an agreement to which section 317 of the SFO applies, Mr. Xing Jiaxing is also deemed, pursuant to section 318 of the SFO, to be interested in the Company's shares in which Shanghai Hexia is interested (being the 45,204,390 Domestic Shares mentioned above), which represents approximately 8.99% of the total issued share capital of the Company as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, so far as is known to any Director, Supervisor or the chief executive of the Company, none of the Directors, Supervisors, or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such positions of the SFO; or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30 June 2015, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Director, Supervisor or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Nature of interest and capacity	Number of shares interested	Approximate percentage of shareholding in the relevant class of shares as at 30 June 2015	Approximate percentage of shareholding in the total issued share capital of the Company at 30 June 2015
Shanghai Hexia[1]	Beneficial owner, deemed interest pursuant to section 318 of the SFO	187,078,815 Domestic Shares	72.32%	37.19%
The Goldman Sachs Group Inc[2]	Interest in controlled corporation	18,236,842 Domestic Shares	7.05%	3.62%
Gabriel Li[3]	Interest in controlled corporation	21,655,200 H shares	9.63%	4.3%
Lam Lai Ming[3]	Interest in controlled corporation	21,655,200 H shares	9.63%	4.3%
Zhejiang Longsheng Group Co., Ltd[4]	Interest in controlled corporation	20,396,400 H shares	9.07%	4.05%
LC Fund IV GP Limited[5]	Interest in controlled corporation	86,625,000 H shares	38.50%	17.22%

1 Shanghai Hexia was interested 45,204,390 Domestic Shares, which represented approximately 8.99% of the total issued share capital of the Company as at 30 June 2015. In addition, Shanghai Hexia and Mr. Xing Jiaxing entered into the New Concert Agreement on 9 January 2014, which is an agreement to which section 317 of the SFO applies. As a result, Shanghai Hexia is also deemed, pursuant to section 318 of the SFO, to be interested in the Company's shares in which Mr. Xing is interested (being the 141,874,425 Domestic Shares, representing approximately 28.20% of the total issued share capital as at 30 June 2015 held by Mr. Xing Jiaxing as at 30 June 2015).

2 The Goldman Sachs Group, Inc is a company listed on the New York Stock Exchange. The Goldman Sachs Group, through its various entities, namely Goldman Sachs Global Holdings L.L.C., GS Asian Venture (Delaware) L.L.C., Broad Street (Hong Kong) Investor Limited, Broad Street (Cayman) LP Limited, Broad Street (Cayman) GP Limited, Broad Street (Beijing) Investment Management Centre (Limited Partnership), Broad Street (Beijing) 2011 Investment Center (Limited Partnership), controls Beijing Goldman Sachs Investment Center (Limited Partnership), which was beneficially interested in 18,236,842 Domestic Shares and The Goldman Sachs Group, Inc was deemed to be interested in such shares by virtue of the SFO.

3 Mr. Gabriel Li was deemed to be interested in an aggregate of 21,655,200 H shares of the Company by virtue of the SFO. Those interests held through Areo Holdings Limited comprised deemed interests in 20,574,800 H shares of the Company held by Orchid Asia V Group, Limited through its various entities, namely Orchid Asia V Group Management, Limited, Orchid Asia VI GP, Limited, Oavi Holdings, L.P., Orchid Asia VI, L.P. and 1,080,400 H shares of the Company held by Orchid Asia V Co-Investment, Limited. As a spouse of Mr. Gabriel Li, Ms. Lam Lai Ming was deemed to be interested in an aggregate of 21,655,200 H shares of the Company held by Mr. Gabriel Li by virtue of the SFO.

4 Zhejiang Longsheng Group Co., Ltd. wholly owned Well Prospering Limited and Senda International Capital Limited, which in turn were interested in 3,765,600 and 16,630,800 H shares of the Company, respectively.

5 These H shares of the Company were held by Good Factor Limited, the equity interest of which is owned by LC Fund IV L.P. as to 55.4%. LC Fund IV L.P. is controlled by LC Fund IV GP Limited.

Other than as disclosed above, as at 30 June 2015, the Directors have not been notified by any person (not being the Directors, Supervisors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall 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 as recorded in the register required to be kept pursuant to Section 336 of the SFO.

INTERIM DIVIDEND

According to the interim results announcement of the Company for the six months ended 30 June 2015, the Board has proposed the payment of an interim dividend of RMB0.33 (tax inclusive) per share for the six months ended 30 June 2015 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 5 November 2015 (the "**2015 Interim Dividend**"). Based on the number of issued Shares as at the date of this interim report, the 2015 Interim Dividend, if declared and paid, will amount to an aggregate amount of RMB162,657,541.86 (tax inclusive). For distribution of 2015 Interim Dividend, dividends on Domestic Shares and Unlisted Foreign Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong Dollars (at the average exchange rate of the medium rate of converting Renminbi into Hong Kong Dollars as quoted by the People's Bank of China for 5 business days immediately prior to the date of EGM). The proposed payment of 2015 Interim Dividend is subject to the approval by the shareholders of the Company at the EGM.

Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules and other relevant rules, where the Company distributes the 2015 Interim Dividend to non-resident enterprise shareholders whose names appear on the register of members for H Shares, it is required to withhold corporate income tax. The applicable tax rate is generally 10% and can be reduced to 5%, depending on the tax treaties between the PRC and those countries or regions where the non-resident enterprises reside if certain criteria are met. Any H Shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the corporate income tax.

Pursuant to the PRC Individual Income Tax Law, the Implementation Regulations of the Individual Income Tax Law, the Tentative Measures on Withholding and Payment of Individual Income Tax and other relevant laws and regulations, the foreign individuals who are the holders of H shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H shares, which shall be withheld and paid by such domestic enterprises on behalf of the such individual H shareholders. Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H Shares. Dividends and other payments payable by the Company to foreign shareholders shall follow relevant requirements on foreign exchange stipulated by the Country.

For details of the dates of closure of H share register of members of the Company and the record dates for both EGM and 2015 Interim Dividend and other relevant details, please refer to the circular and the notice of EGM of the Company both dated 11 September 2015.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2015, the Board repurchased a total of 3,558,400 H shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$50,160,436.00 (before expenses) in accordance with the repurchase mandate granted by the shareholders of the Company in the 2014 annual general meeting, the class meeting for the holders of domestic shares and unlisted foreign shares and the class meeting for the holders of H shares held on 5 May 2015. The H shares mentioned above were repurchased by the Company and were subsequently cancelled. Particulars of the repurchases were as follows:

Month of the repurchases	Number of H shares repurchased	Purchase price per share Highest	Lowest	Aggregate consideration paid (before expenses)
		HK$	HK$	HK$
June 2015	3,558,400	14.52	13.74	50,160,436.00
Total	3,558,400			50,160,436.00

Other than the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2015. For further details relating to the Company's subsequent repurchase of its shares after 30 June 2015, please refer to the voluntary announcement published by the Company on 16 July 2015.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value. In the opinion of the Board, the Company has been in compliance with the code provisions of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2015, save as to the deviation from the code provision A.2.1.

Code A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Xing Jiaxing ("**Mr. Xing**") is currently the chairman and chief executive officer of the Company, responsible for the overall management of the Group. The Directors consider that vesting the roles of both chairman and chief executive officer in the same person facilitates the execution of the business strategies, decision-making and maximises the effectiveness of the Group's operations. The Directors also believe that the presence of four independent non-executive Directors provides added independence to the Board. Therefore, the Board considers that it is in the best interest of the Group to have Mr. Xing taking up both roles for continuous effective management and business development of the Group.

Save as disclosed above, there has been no deviation from the code provisions of the Corporate Governance Code as set forth in the Appendix 14 to the Listing Rules for the six months ended 30 June 2015.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted its own policies for securities transactions (the "**Company Code**") by Directors, Supervisors and relevant employees on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Supervisors and all Directors and Supervisors have confirmed that they have complied with the Model Code and the Company Code for the six months ended 30 June 2015.

CHANGE IN INFORMATION REGARDING DIRECTORS AND SUPERVISORS ACCORDING TO RULE 13.51B(1) OF THE LISTING RULES

Change of information in respect of the Supervisor pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. Zhang Xueqing has served as the director of Beijing Sanyuan Foods Co., Ltd.* (北京三元食品股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600429) since March 2015.

Save as disclosed above and having all reasonable enquiry made, the Company is not aware of any other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2014 annual report to the date of 2015 interim report of the Company.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited interim results of the Group for the six months ended 30 June 2015 and has discussed with the management on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters. The Audit Committee comprises one non-executive Director, namely Mr. CAO Wenhai and three independent non-executive Directors, namely Prof. ZHOU Guoliang, Mr. MAO Jianong and Prof. Japhet Sebastian LAW.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed herein, there was no other material event that may possibly affect the Group since the end of the reporting period.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group.

By Order of the Board
Shanghai La Chapelle Fashion Co., Ltd.
Xing Jiaxing
Chairman

Shanghai, the PRC, 28 August 2015

* For identification purposes only

Interim condensed consolidated balance sheet

As at 30 June 2015

	Note	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**711,983**	793,791
Land use rights	7	**159,432**	136,346
Intangible assets	7	**157,739**	32,593
Deferred income tax assets		**158,487**	132,831
		1,187,641	1,095,561
Current assets			
Inventories		**1,029,954**	1,327,442
Trade receivables	8	**757,749**	1,028,901
Deposits, prepayments and other receivables	9	**477,894**	295,444
Prepaid current income tax		**3,233**	335
Term deposits		**490,072**	1,372,777
Cash and cash equivalents		**1,073,382**	610,607
		3,832,284	4,635,506
Total assets		**5,019,925**	5,731,067
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	**499,821**	503,380
Other reserves	11	**1,771,455**	1,805,447
Retained earnings		**758,804**	784,481
		3,030,080	3,093,308
Non-controlling interests		**125,653**	13,834
Total equity		**3,155,733**	3,107,142

Interim condensed consolidated balance sheet

As at 30 June 2015

	Note	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**35,462**	29,776
Deferred income tax liabilities		**8,261**	–
Borrowings	12	**–**	21,266
		43,723	51,042
Current liabilities			
Deferred income		**20,236**	19,454
Trade and bill payables	13	**417,896**	911,041
Other payables, accruals and other current liabilities	14	**748,252**	866,753
Current income tax liabilities		**134,085**	155,635
Borrowings	12	**500,000**	620,000
		1,820,469	2,572,883
Total liabilities		**1,864,192**	2,623,925
Total equity and liabilities		**5,019,925**	5,731,067
Net current assets		**2,011,815**	2,062,623
Total assets less current liabilities		**3,199,456**	3,158,184

The notes on page 35 to 50 are an integral part of this condensed consolidated interim financial statements.

Approved by the Board of Directors on 28 August 2015.

Xing Jiaxing	**Wang Yong**
Director	*Director*

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2015

	Note	(Unaudited) Six months ended 30 June 2015 RMB'000	2014 RMB'000
Revenue	15	**4,225,688**	3,510,764
Cost of sales		**(1,345,439)**	(1,082,776)
Gross profit		**2,880,249**	2,427,988
Selling and marketing expenses		**(2,323,877)**	(1,963,762)
Administrative expenses		**(179,979)**	(136,728)
Other gains – net	16	**2,735**	5,306
Operating profit		**379,128**	332,804
Finance income		**22,993**	2,650
Finance costs		**(14,934)**	(26,962)
Finance income/(costs) – net	17	**8,059**	(24,312)
Profit before income tax		**387,187**	308,492
Income tax expense	18	**(97,344)**	(77,887)
Profit for the period		**289,843**	230,605
Other comprehensive income		**–**	–
Total comprehensive income for the period		**289,843**	230,605
Profit attributable to:			
Equity owners of the Company		**276,351**	226,335
Non-controlling interests		**13,492**	4,270
Profit for the period		**289,843**	230,605
Total comprehensive income attributable to:			
Equity owners of the Company		**276,351**	226,335
Non-controlling interests		**13,492**	4,270
Total comprehensive income for the period		**289,843**	230,605
Earnings per share for profit attributable to the equity owners of the Company during the period (expressed in RMB per share)			
– Basic and diluted earnings per share	19	**0.55**	0.62
Dividends	20	**302,028**	142,247

The notes on page 35 to 50 are an integral part of this condensed consolidated interim financial statements.

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

		(Unaudited)					
		Equity attributable to owners of the Company					
	Note	Share capital	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015		**503,380**	**1,805,447**	**784,481**	**3,093,308**	**13,834**	**3,107,142**
Comprehensive income							
Profit for the period		**–**	**–**	**276,351**	**276,351**	**13,492**	**289,843**
Total comprehensive income for the period		**–**	**–**	**276,351**	**276,351**	**13,492**	**289,843**
Transactions with owners							
Dividends	20	**–**	**–**	**(302,028)**	**(302,028)**	**–**	**(302,028)**
Buy-back of shares	10,11	**(3,559)**	**(36,004)**	**–**	**(39,563)**	**–**	**(39,563)**
Acquisition of a subsidiary	23	**–**	**–**	**–**	**–**	**98,327**	**98,327**
Contributions from a shareholder by awarding its equity instruments to the employees	11	**–**	**2,012**	**–**	**2,012**	**–**	**2,012**
Total transactions with owners		**(3,559)**	**(33,992)**	**(302,028)**	**(339,579)**	**98,327**	**(241,252)**
As at 30 June 2015		**499,821**	**1,771,455**	**758,804**	**3,030,080**	**125,653**	**3,155,733**
As at 1 January 2014		364,737	386,174	506,362	1,257,273	6,075	1,263,348
Comprehensive income							
Profit for the period		–	–	226,335	226,335	4,270	230,605
Total comprehensive income for the period		–	–	226,335	226,335	4,270	230,605
Transactions with owners							
Dividends	20	–	–	(142,247)	(142,247)	–	(142,247)
Contributions from a shareholder by awarding its equity instruments to the employees	11	–	3,019	–	3,019	–	3,019
Total transactions with owners		–	3,019	(142,247)	(139,228)	–	(139,228)
As at 30 June 2014		364,737	389,193	590,450	1,344,380	10,345	1,354,725

The notes on page 35 to 50 are an integral part of this condensed consolidated interim financial statements.

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2015

		(Unaudited) Six months ended 30 June	
	Note	**2015**	2014
		RMB'000	RMB'000
Cash flow from operating activities			
Cash generated from operations		**595,943**	404,639
Interest paid		**(15,310)**	(26,584)
Income tax paid		**(144,146)**	(111,242)
Net cash generated from operating activities		**436,487**	266,813
Cash flow from investing activities			
Acquisition of a subsidiary, net of cash acquired	23	**(106,478)**	–
Prepayments made for a business acquisition		**(35,000)**	–
Purchase of property, plant and equipment		**(221,419)**	(231,790)
Proceeds from disposal of property, plant and equipment		**155**	961
Purchase of land use rights		**(24,675)**	–
Decrease in bidding deposit for purchase of land use rights		**17,900**	–
Purchase of intangible assets		**(5,041)**	(2,682)
Net decrease in bank deposits secured for issuance of bills payable		**–**	161
Net decrease of term deposits		**887,954**	–
Interest received from banks		**9,027**	–
Net cash generated from/(used in) investing activities		**522,423**	(233,350)
Cash flows from financing activities			
Prepayment for listing expenses		**–**	(6,206)
Proceeds from borrowings	12	**500,000**	654,900
Repayments of borrowings	12	**(641,266)**	(417,300)
Buy-back of shares		**(39,563)**	–
Prepayments for buy-back of shares		**(29,323)**	–
Dividends paid to the Company's shareholders		**(285,983)**	(147,591)
Net cash (used in)/generated from financing activities		**(496,135)**	83,803
Net increase in cash and cash equivalents		**462,775**	117,266
Cash and cash equivalents at beginning of the period		**610,607**	520,550
Cash and cash equivalents at end of the period		**1,073,382**	637,816

The notes on page 35 to 50 are an integral part of this condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

1 GENERAL INFORMATION OF THE GROUP

The Company, initially known as Shanghai Xuhui La Chapelle Fashion Limited (上海徐匯拉夏貝爾服飾有限公司), was incorporated in the People's Republic of China (the "PRC") on 14 March 2001 as a limited liability company. On 26 February 2004, the Company changed its name to Shanghai La Chapelle Fashion Limited (上海拉夏貝爾服飾有限公司). On 23 May 2011, the Company was converted into a joint stock company with limited liabilities under the Company Law of the PRC and changed its name to Shanghai La Chapelle Fashion Co., Ltd. (上海拉夏貝爾服飾股份有限公司).

The Company and its subsidiaries (together the "Group") is principally engaged in designing, marketing and selling apparel products in the PRC.

The registered address of the Company is Room 3300, Block 1, Level 3, 270 Cao Xi Road, Shanghai, the PRC.

The English names of companies mentioned in this report represented the best effort by directors of the Company in translating their Chinese names as they may not have official English names.

The Company completed its global initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 October 2014 (the "Listing").

The condensed consolidated interim financial statements was presented in Renminbi thousand (RMB'000), unless otherwise stated. This condensed consolidated interim financial statements was approved for issue on 28 August 2015.

This condensed consolidated interim financial statements has not been audited.

Key events

The operational highlight of the period was the acquisition of Hangzhou Anshe E-Commerce Company Limited ("Hangzhou Anshe"), a company that designs, markets and sells apparel products directly to retail customers through the third-party online shopping platform. Further details are given in Note 23.

2 BASIS OF PREPARATION

This condensed consolidated interim financial statements for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its cashflow from ordinary course of business and bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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

(a) New standards and amendments to standards effective for accounting period beginning on or after 1 January 2015 have been adopted by the Group in the interim periods:

- Some amendments included in Annual Improvements 2012 and 2013. The adoption of this amendment has no material impact on the unaudited condensed consolidated interim financial statements. The amendments including:

  – Amendment to IFRS 2 "Share-based payment" clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".

  – Amendments to IFRS 3 "Business combinations", IFRS 9 "Financial instruments", IAS 37 "Provisions, contingent liabilities and contingent assets", and IAS 39 "Financial instruments – Recognition and measurement" clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, "Financial instruments: Presentation".

  – Amendments to IFRS 8 "Operating segments" require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

  – Amendments to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

  – Amendments to IAS 24 "Related Party Disclosures" required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  – Amendment to IFRS 3 "Business combinations" clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement.

  – Amendment to IFRS 13 "Fair value measurement" clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

  The adoption of the above mentioned new standards and amendments did not result in any significant change to the Group's significant accounting policies and presentation of this condensed consolidated interim financial statements.

3 ACCOUNTING POLICIES (CONTINUED)

(b) Amendment to existing standard effective for the accounting period beginning on or after 1 January 2015 but not relevant to the Group:

- Amendment to IAS 19 regarding defined benefit plans: employee contributions.
- Amendment to IAS 40 "Investment property".

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

(c) New standards and amendments to standards have been issued but are not effective in 2015 and have not been early adopted by the Group:

- IFRS 14 "Regulatory Deferral Accounts", effective for the accounting period beginning on or after 1 January 2016.
- Amendment to IFRS 11 on accounting for acquisitions of interests in joint operation, effective for the accounting period beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortization, effective for the accounting period beginning on or after 1 January 2016.
- Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture, effective for the accounting period beginning on or after 1 January 2016.
- Amendment to IAS 27 on the equity method, effective for the accounting period beginning on or after 1 January 2016.
- Some amendments included in Annual Improvements 2014 which are effective for the accounting period on or after 1 January 2016, including:
  - Amendment to IFRS 5 "Non-current assets held for sale and discontinued operations"
  - Amendment to IFRS 7 "Financial instruments: Disclosures"
  - Amendment to IAS 19 "Employee benefits"
  - Amendment to IAS 34 "Interim financial reporting"

3 ACCOUNTING POLICIES (CONTINUED)

(c) New standards and amendments to standards have been issued but are not effective in 2015 and have not been early adopted by the Group: (continued)

- Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities: applying the consolidation exception, effective for the accounting period beginning on or after 1 January 2016.

- Amendments to IAS 1 for the disclosure initiative, effective for the accounting period beginning on or after 1 January 2016.

- IAS 15 "Revenue from Contracts with Customers", effective for the accounting period beginning on or after 1 January 2018.

- IFRS 9 "Financial Instruments" replace the whole of IAS 39, effective for the accounting period beginning on or after 1 January 2018.

There are no other IFRSs or IASs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

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 statements, 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 Group's annual financial statements for the year ended 31 December 2014.

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 exchange risk, cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no change in the risk management department or in any risk management policies since the year end.

5.2 Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

The Group adopts the amendment to IFRS 7 for financial instruments that are measured in the consolidated balance sheets at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Group did not have any significant financial assets or liabilities that are measured at fair value for the six months ended 30 June 2015 and 2014.

5.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables;
- Deposits, prepayments and other receivables (except for prepayments);
- Cash and cash equivalents (including term deposits);
- Trade and bill payables;
- Other payables, accruals and other current liabilities (except for staff salaries and welfare payables and accrued taxes other than income tax);
- Borrowings.

6 SEGMENT INFORMATION

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that makes strategic decisions.

The Group is principally engaged in designing, marketing and selling apparel products and 100% of its revenue are derived in the PRC for the six months ended 30 June 2015 and 2014.

None of the revenue derived from any single external customer amounted to more than 10% of the Group's revenue for the six months ended 30 June 2015 and 2014.

7 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

	(Unaudited)		
	Property, plant and equipment	**Land use rights**	**Intangible assets**
	RMB'000	RMB'000	RMB'000
At 1 January 2015			
Cost	**1,553,252**	**137,020**	**53,978**
Accumulated depreciation/amortization	**(759,461)**	**(674)**	**(21,385)**
Net book amount	**793,791**	**136,346**	**32,593**
Six months ended 30 June 2015			
Opening net book amount	**793,791**	**136,346**	**32,593**
Additions	**96,708**	**24,675**	**5,041**
Acquisition of a subsidiary (Note 23)	**7,326**	**–**	**127,519**
Disposals	**(227)**	**–**	**–**
Depreciation/amortization	**(185,615)**	**(1,589)**	**(7,414)**
Closing net book amount	**711,983**	**159,432**	**157,739**
At 30 June 2015			
Cost	**1,656,077**	**161,695**	**186,538**
Accumulated depreciation/amortization	**(944,094)**	**(2,263)**	**(28,799)**
Net book amount	**711,983**	**159,432**	**157,739**
At 1 January 2014			
Cost	1,280,979	16,184	47,024
Accumulated depreciation/amortization	(489,486)	(243)	(10,705)
Net book amount	791,493	15,941	36,319
Six months ended 30 June 2014			
Opening net book amount	791,493	15,941	36,319
Additions	127,220	–	724
Disposals	(1,809)	–	–
Depreciation/amortization	(164,758)	(162)	(5,034)
Closing net book amount	752,146	15,779	32,009
At 30 June 2014			
Cost	1,381,581	16,184	47,748
Accumulated depreciation/amortization	(629,435)	(405)	(15,739)
Net book amount	752,146	15,779	32,009

During the six months ended 30 June 2015, the Group has no capitalised borrowing costs.

During the six months ended 30 June 2014, the Group capitalised borrowing costs amounting to RMB2,821,000 on construction in progress (Note 17). Borrowing costs were capitalised at the weighted average interest rate of its general borrowings of 5.99%.

8 TRADE RECEIVABLES

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Trade receivables (a)	**768,554**	1,028,901
Less: provision for impairment of receivables	**(10,805)**	–
Trade receivables – net	**757,749**	1,028,901

(a) The aging analysis of trade receivables, before provision for impairment, based on invoice date, as at 30 June 2015 and 31 December 2014 was as follows:

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Trade receivables, gross		
– Within 30 days	**628,532**	919,761
– Over 30 days and within 60 days	**59,307**	53,807
– Over 60 days and within 90 days	**25,564**	16,694
– Over 90 days and within 180 days	**27,169**	20,263
– Over 180 days and within 360 days	**12,910**	12,992
– Over 360 days	**15,072**	5,384
	768,554	1,028,901

The Group's trade receivables are primarily derived from sales through concessionaire stores and are generally collectible within 90 days from the invoice date. As at 30 June 2015, trade receivables of RMB44,346,000 (31 December 2014: RMB38,639,000) were past due but not impaired. Provision for impairment of trade receivables has been made for estimated irrecoverable amounts from the sales of goods. The Group does not hold any collateral as security over these debtors.

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Prepayments for purchases of inventories	**212,552**	136,776
Deposits	**144,642**	134,990
Due from non-controlling interests	**39,300**	–
Prepayments for a business acquisition	**35,000**	–
Prepayments for buy-back of shares	**29,323**	–
Staff advance	**7,719**	1,935
Interest receivable	**7,537**	2,845
Bidding deposit for purchase of land use rights	**–**	17,900
Others	**1,821**	998
	477,894	295,444

10 SHARE CAPITAL

	(Unaudited)	
	Number of ordinary shares (thousands)	**Nominal value of ordinary shares of RMB1.00 each** RMB'000
As at 1 January 2014 and 30 June 2014	364,737	364,737
As at 1 January 2015	503,380	503,380
Buy-back of shares (a)	(3,559)	(3,559)
As at 30 June 2015	499,821	499,821

(a) During the six months ended 30 June 2015, 3,559,000 shares of a nominal value of RMB3,559,000 were bought back at total consideration of HK$50,160,000 (equivalent to RMB39,563,000). Details refer to Note 11(a)(ii).

11 OTHER RESERVES

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Statutory reserve	**177,109**	177,109
Capital reserve (a)	**1,594,346**	1,628,338
Excess of the cash consideration received or paid over the share capital	**1,573,788**	1,609,792
Contributions from a shareholder by awarding its equity instruments to the employees	**20,558**	18,546
	1,771,455	1,805,447

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

11 OTHER RESERVES (CONTINUED)

(a) Capital reserve

	(Unaudited)		
	Excess of the cash consideration received or paid over the share capital	**Contributions from a shareholder by awarding its equity instruments to the employees (i)**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 January 2015	**1,609,792**	**18,546**	**1,628,338**
Shanghai Hexia Investment Co., Ltd. (上海合夏投資有限公司, hereinafter referred to as "Shanghai Hexia") granted its equity instruments to the employees of the Group (i)	**–**	**2,012**	**2,012**
Buy-back of shares (ii)	**(36,004)**	**–**	**(36,004)**
As at 30 June 2015	**1,573,788**	**20,558**	**1,594,346**
As at 1 January 2014	281,763	10,388	292,151
Shanghai Hexia granted its equity instruments to the employees of the Group	–	3,019	3,019
As at 30 June 2014	281,763	13,407	295,170

(i) Contributions from a shareholder by awarding its equity instruments to the employees

Shanghai Hexia, a company which was set up for the benefits of the Group's employees and holds certain equity interests in the Company, operates a series of share-based compensation plans in exchange for employee services to the Group.

As the Group received the benefits associated with the services of these employees, the share-based compensation charges were pushed down to the Group and recorded as an expense in the condensed consolidated interim statement of comprehensive income, with a corresponding contribution from Shanghai Hexia which increased the capital reserve of the Company.

(ii) According to the resolution of 2014 annual general meeting, the directors of the Company are authorised to approve the buy-back of the Company's H shares through the Stock Exchange of Hong Kong Limited, with an aggregate number not exceeding 22,526,800 shares. During the six months ended 30 June 2015, the Company bought back 3,559,000 ordinary shares through the Stock Exchange of Hong Kong Limited at an aggregated consideration of HK$50,160,000 (equivalent to RMB39,563,000). All of the shares bought back during the period were cancelled and the nominal value of such cancelled shares of RMB3,559,000 was debited to share capital (Note 10(a)). The relevant premium of RMB36,004,000 was paid out from the Company's capital reserve.

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

12 BORROWINGS

	(Unaudited)	(Audited)
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Non-Current		
Bank borrowings – secured or guaranteed (a)	**–**	21,266
Current		
Bank borrowings – unsecured	**500,000**	600,000
Bank borrowings – secured or guaranteed (a)	**–**	20,000
	500,000	620,000
	500,000	641,266

Movement in borrowings is analysed as follows:

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
As at 1 January 2015	**641,266**	780,000
Additions of borrowings	**500,000**	654,900
Repayments of borrowings	**(641,266)**	(417,300)
As at 30 June 2015	**500,000**	1,017,600

(a) As at 30 June 2015 and 31 December 2014, bank borrowings were secured or guaranteed by:

	(Unaudited)	(Audited)
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Secured by property, plant and equipment (i)	**–**	29,266
Secured by land use rights (ii)	**–**	12,000
	–	41,266

(i) As at 31 December 2014, the bank borrowings of RMB29,266,000 were secured by certain buildings and facilities of the Group, with a carrying amount of RMB168,636,000;

(ii) As at 31 December 2014, the bank borrowings of RMB12,000,000 were secured by certain land use rights of the Group, with a carrying amount of RMB15,617,000;

13 TRADE AND BILL PAYABLES

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Bills payable (a)	**106,584**	402,373
Trade payables (b)	**311,312**	508,668
	417,896	911,041

(a) The aging of bills payable was normally 60 days.

(b) The aging analysis of the trade payables was as follows:

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Trade payables		
– Within 30 days	**76,216**	46,507
– Over 30 days and within 60 days	**81,356**	199,070
– Over 60 days and within 90 days	**98,016**	192,138
– Over 90 days and within 180 days	**38,542**	58,590
– Over 180 days and within 360 days	**10,787**	4,475
– Over 360 days	**6,395**	7,888
	311,312	508,668

14 OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES

	(Unaudited) 30 June 2015 RMB'000	(Audited) 31 December 2014 RMB'000
Payables for purchases of properties, plant and equipment	**164,821**	289,532
Liabilities linked to operating leases	**182,247**	188,695
Staff salaries and welfare payables	**194,300**	194,180
Accrued taxes other than income tax	**95,479**	89,388
Interest payables	**736**	1,112
Deposit from department stores	**38,569**	44,282
Bidding deposit for the construction of warehouse	**–**	10,000
Other accrued expenses and payables	**46,228**	49,564
Other liabilities – contingent consideration (Notes 23)	**8,000**	–
Dividends payable	**17,872**	–
	748,252	866,753

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

15 REVENUE

	(Unaudited) Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Retail Points	**4,080,007**	3,510,764
Online Sales	**145,681**	–
	4,225,688	3,510,764

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for products supplied, stated net of discounts, returns and value added taxes. The retail points are operated in the form of concessionaire counters and standalone retail outlets. The concessionaire counters are located within department stores. During the six months ended 30 June 2015, for the revenue generated from concessionaire counters, value added taxes are calculated on the basis of the revenue earned from the end customers being net of concessionaire fees charged by the department stores amounting to RMB732,298,000 (six months ended 30 June 2014: RMB641,128,000). The concessionaire fees are recorded as selling expenses.

16 OTHER GAINS – NET

	(Unaudited) Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment – net	**(72)**	(848)
Government grants	**1,767**	6,111
Others	**1,040**	43
	2,735	5,306

17 FINANCE INCOME/(COSTS) – NET

	(Unaudited) Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Finance income:		
– Exchange gains	**5,909**	–
– Interest income derived from bank deposits	**17,084**	2,650
	22,993	2,650
Finance cost:		
– Interest on bank borrowings	**(14,934)**	(29,783)
Less: capitalised interest during the period	**–**	2,821
– Interest expense on bank borrowings	**(14,934)**	(26,962)
Finance income/(costs) – net	**8,059**	(24,312)

18 INCOME TAX EXPENSES

	(Unaudited) Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax	**118,862**	84,180
Deferred income tax	**(21,518)**	(6,293)
	97,344	77,887

The income tax provision of the Company and its subsidiaries was calculated at the tax rate of 25% on the estimated assessable profits for the six months ended 30 June 2015 and 2014, based on the existing legislation, interpretations and practices in respect thereof.

19 EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing the profit attributable to the equity owners of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited) Six months ended 30 June	
	2015	2014
Profit attributable to equity owners of the Company (RMB'000)	**276,351**	226,335
Weighted average number of ordinary shares in issue (thousands of shares)	**503,380**	364,737
Basic earnings per share (RMB per share)	**0.55**	0.62

(b) Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no category of dilutive potential ordinary shares.

20 DIVIDENDS

The dividend of RMB0.60 (tax inclusive) per share in respect of the year ended 31 December 2014, amounting to RMB302,028,000 was approved at the annual general meeting of the Company on 5 May 2015. It has been reflected as an appropriation of retained earnings for the six months ended 30 June 2015.

The dividend of RMB0.39 per share in respect of the year ended 31 December 2013, amounting to RMB142,247,000 was approved at the shareholders' meeting of the Company on 16 February 2014. It has been reflected as an appropriation of retained earnings for the six months ended 30 June 2014.

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

21 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2015 and 2014, and balances arising from related party transactions as at 30 June 2015 and 31 December 2014.

(a) Name and relationship with related parties

Mr. Xing Jiaxing — *Founder and one of the controlling shareholders*

(b) Transactions with related parties

Save as disclosed in elsewhere in this report, during the six months ended 30 June 2015 and 2014, the Group had no other significant transactions with related parties.

(c) Balances with related parties

	(Unaudited) **30 June 2015** **RMB'000**	(Audited) 31 December 2014 RMB'000
Dividends payable due to:		
Mr. Xing Jiaxing	**17,025**	–

The dividends payable due to related parties were unsecured, non-interest bearing and repayable on demand.

22 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at each balance sheet date, but not yet incurred is as follows:

	(Unaudited) **30 June 2015** **RMB'000**	(Audited) 31 December 2014 RMB'000
Property, plant and equipment	**18,159**	44,515

The Group's capital commitments with respect to purchase of property, plant and equipment mainly related to the decorating of the new retail points and our contractual obligations relating to the development of the warehousing and logistics centre in Taicang, Jiangsu Province.

22 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

As at 30 June 2015 and 31 December 2014, the future aggregate minimum lease payments in respect of buildings under non-cancellable operating leases were as follows:

	(Unaudited) **30 June 2015** **RMB'000**	(Audited) 31 December 2014 RMB'000
No later than 1 year	**455,369**	447,369
Later than 1 year and no later than 5 years	**1,250,282**	1,228,779
Later than 5 years	**363,912**	397,341
	2,069,563	2,073,489

Generally, the Group's operating leases are for terms of 2 to 8 years.

23 BUSINESS COMBINATION

On 13 February 2015, the Company entered into two contractual agreements with Hangzhou Anshe and its existing shareholders, namely, Mr. Shen Qinhua, Ms. Cao Qing and Marix Partners China II Hong Kong Limited for the purpose of obtaining 54.05% equity interest of Hangzhou Anshe. Pursuant to the agreements, the Company acquired 45% equity interest from the existing shareholders of Hangzhou Anshe at the consideration of RMB135,000,000. In addition, after the completion of the above equity transfer, the Company injected cash of RMB65,000,000 to obtain newly issued share capital of Hangzhou Anshe. After the capital injection, the Company's equity interest in Hangzhou Anshe increased to 54.05% and obtained the control of Hangzhou Anshe on 1 April 2015. Hangzhou Anshe designs, markets and sells apparel products directly to retail customers through the third-party online shopping platform.

As a result of the acquisition, the Group is expected to increase its presence in the online market. It also expects to enhance the Group's online sales and marketing capabilities. The goodwill of RMB92,339,000 arising from the acquisition is attributable to the unique opportunity for the Group to capitalize on the talents of Hangzhou Anshe to further strengthen the Group's online sales channels and to improve the Group's online sales capabilities. None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2015

23 BUSINESS COMBINATION (CONTINUED)

The following table summarises the total consideration paid, the fair value of assets acquired and liabilities assumed from Hangzhou Anshe at the acquisition date:

	RMB'000
Consideration:	
– Cash consideration paid to existing shareholders	135,000
– Cash injection	65,000
– Contingent consideration	8,000
Total consideration	208,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 7)	7,326
Intangible assets (Note 7)	35,180
Deferred income tax assets	4,405
Inventories	46,141
Trade receivables	5,303
Deposits, prepayments and other receivables	61,556
Cash and cash equivalents	93,522
Deferred income tax liabilities	(8,528)
Trade and bill payables	(11,788)
Other payables, accruals and other current liabilities	(18,293)
Current income tax liabilities	(836)
Total identifiable net assets	213,988
Non-controlling interests	(98,327)
Goodwill (Note 7)	92,339
	208,000

	RMB'000
Cash outflow to acquire Hangzhou Anshe, net of cash acquired	
– Cash consideration	200,000
– Cash and banks of Hangzhou Anshe at acquisition date	(93,522)
Net cash outflow on acquisition	106,478

The contingent consideration arrangement requires the Group to pay cash of RMB8,000,000 to the non-controlling interests of Hangzhou Anshe if the net profit of Hangzhou Anshe for the year ending 31 December 2015 exceeds RMB20,000,000.

For the period from 1 April 2015 to 30 June 2015, the revenue of Hangzhou Anshe is RMB82,659,000 and the net profit of Hangzhou Anshe is RMB18,471,000. For the six months ended 30 June 2015, the revenue of Hangzhou Anshe is RMB140,993,000 and the net profit of Hangzhou Anshe is RMB22,252,000.

24 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) On 28 May 2015, the Company entered into an agreement with the existing shareholder of Jack Walk (Shanghai) Fashion Limited ("**Jack Walk**") to purchase the equity interest of 69.12% with a consideration of RMB75,000,000. The Company obtained the control of Jack Walk on 1 August 2015.

(b) From 1 July 2015 to 16 July 2015, the Company bought back 6,920,000 ordinary shares through The Stock Exchange of Hong Kong Limited at a consideration of HKD99,634,000.

(c) Pursuant to a resolution of the Board of Directors on 28 August 2015, a dividend of RMB0.33 (tax inclusive) per share for the six months ended 30 June 2015 was proposed in respect of the six months ended 30 June 2015.