Belle International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1880)

2015/16 Interim Report

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Board of Directors

Chairman

Mr. Tang Yiu
(Non-executive Director)

Executive Directors

Mr. Sheng Baijiao
(Chief Executive Officer)
Mr. Tang King Loy
Mr. Sheng Fang
Mr. Yu Wu

Non-executive Directors

Mr. Tang Wai Lam
Ms. Hu Xiaoling

Independent Non-executive Directors

Mr. Ho Kwok Wah, George
Mr. Chan Yu Ling, Abraham
Dr. Xue Qiuzhi
Mr. Gao Yu

Authorized Representatives

Mr. Tang King Loy
Mr. Leung Kam Kwan

Audit Committee

Mr. Ho Kwok Wah, George
(Chairman)
Mr. Chan Yu Ling, Abraham
Dr. Xue Qiuzhi
Mr. Gao Yu

Remuneration Committee

Mr. Chan Yu Ling, Abraham
(Chairman)
Mr. Sheng Baijiao
Dr. Xue Qiuzhi
Mr. Gao Yu

Nomination Committee

Dr. Xue Qiuzhi *(Chairman)*
Mr. Sheng Baijiao
Mr. Chan Yu Ling, Abraham

Company Secretary

Mr. Leung Kam Kwan, FCPA

Registered Office

Offshore Incorporation
(Cayman) Limited
Floor 4, Willow House
Cricket Square, P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

9/F Belle Tower
918 Cheung Sha Wan Road
Cheung Sha Wan
Hong Kong

Stock Code

1880

Website

www.belleintl.com

Legal Advisor

Cleary Gottlieb Steen &
Hamilton (Hong Kong)
37th Floor, Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22/F Prince's Building
Central
Hong Kong

Principal Share Registrar

Royal Bank of Canada Trust
Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar

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

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (HK) Limited
China Merchants Bank Co., Ltd.
Bank of Communications Co., Ltd.

FINANCIAL HIGHLIGHTS

		Six months ended 31 August 2015	2014
Revenue	RMB million	**19,359.6**	18,556.1
Operating profit	RMB million	**2,839.7**	2,729.2
Income tax expense	RMB million	**832.8**	883.9
Profit attributable to the Company's equity holders	RMB million	**2,158.1**	2,077.9
Gross profit margin	%	**56.7**	56.3
Operating profit margin	%	**14.7**	14.7
Profit margin attributable to the Company's equity holders	%	**11.1**	11.2
Earnings per share			
– basic	RMB cents	**26.38**	24.90
– diluted	RMB cents	**25.59**	24.56
Interim dividend per share	RMB cents	**16.00**	15.00
Special dividend per share	RMB cents	**–**	25.00
Average trade receivables turnover period	days	**39.4**	33.2
Average trade payables turnover period	days	**26.0**	20.5
Average inventory turnover period	days	**146.7**	153.3

		As at 31 August 2015	As at 28 February 2015
Gearing ratio	%	**11.3**	8.2
Current ratio	times	**2.7**	2.9

Dear Shareholders,

In recent years the retail environment in China has been full of challenges. At the macro level the economy continues to lose growth momentum. At the channel level we have observed continued diversion of consumer foot traffic. At the consumer level there have been rapid changes in their behavioral patterns. As a result most fashion footwear and apparel brands and retailers are facing enormous pressure. In a challenging environment, all my colleagues continued to work hard as one united team, achieving positive growth of both revenue and operating profit. I would like to take this opportunity to thank all my colleagues for their effort and achievement.

For the six months ended 31 August 2015 (the "first half of Financial Year 2015/16") the Group grew revenues by 4.3%, operating profits by 4.0%, profit attributable to equity holders of the Company by 3.9%, as compared with the same period of last year. Most key business metrics remain healthy.

During the first half of Financial Year 2015/16, there was a net decline of 424 company-managed retail outlets in the footwear business, while in the sportswear and apparel business there were 95 net additions. As at 31 August 2015, the total number of company-managed retail outlets was 20,375, of which 20,228 were in Mainland China, 147 in Hong Kong and Macau.

We are fully aware of the challenges and difficulties in the business environment in the foreseeable future. The transition of China's economy will be long and painful. Adaptive changes to the channel model will also take time to evolve. And the Chinese consumers continue to move on, increasingly demanding much more in terms of product quality, personality, style, and occasions of consumption, challenging manufacturers, brand operators, and retailers to keep up. Proven models from the past cannot automatically become future successes. Only with continued innovation and change can we adapt to this new environment and find a path to sustainable growth.

Fortunately our Belle team is never afraid of challenges. Over more than twenty years in the history of the Group, we have experienced more than once bottlenecks and even fights for survival. With resilience, self-awareness, and diligence, we not only overcame difficulties but also became stronger and more competitive along the way. I believe, with all of our associates remaining passionate in business creation, open to new ideas and fresh perspectives, and continuing to learn and improve, we will be able to continue to innovate and achieve long-term sustainable growth.

Tang Yiu
Chairman

26 October 2015

Dear Shareholders,

On behalf of the board of directors (the "Board") of the company and all employees of the Group, I hereby report the results for the six months ended 31 August 2015 (the "first half of Financial Year 2015/16") as follows:

RESULTS FOR THE FIRST HALF OF FINANCIAL YEAR 2015/16

The Group's revenue increased by 4.3% to RMB19,359.6 million in the first half of Financial Year 2015/16 compared with the same period of last year. Revenue of the footwear business decreased by 5.0% to RMB9,835.7 million. Revenue of the sportswear and apparel business increased by 16.1% to RMB9,523.9 million. The relatively fast growth of the sportswear and apparel business was mainly due to strong same store sales growth. The footwear business contributed 50.8% of the revenue of the Group, lower than the 55.9% level in the same period of last year.

The Group's operating profit was RMB2,839.7 million, an increase of 4.0% from the same period of last year. Operating profit margin was broadly in line with the same period of last year.

Profit attributable to the equity holders of the Company amounted to RMB2,158.1 million, an increase of 3.9% from the same period of last year. Basic earnings per share amounted to RMB26.38 cents, an increase of 5.9% from the RMB24.90 cents of the same period last year. Diluted earnings per share amounted to RMB25.59 cents, an increase of 4.2% from the RMB24.56 cents of the same period last year.

The Board has resolved to declare an interim dividend of RMB16.0 cents per ordinary share for the first half of Financial Year 2015/16 (Financial Year 2014/15 interim dividend RMB15.0 cents per ordinary share and a special dividend of RMB25.0 cents per ordinary share, a total of RMB40.0 cents per ordinary share).

SUMMARY OF THE OVERALL BUSINESS DEVELOPMENT STRATEGY OF THE GROUP

The Group's business is divided into two main segments – the footwear business and the sportswear and apparel business.

Footwear business

Company-owned brands of the footwear business mainly include Belle, Teenmix, Tata, Staccato, Senda, Basto, Joy & Peace, Millie's, SKAP,:15MINS, Jipi Japa, Mirabell, etc. Distribution brands mainly include Bata, Clarks, Hush Puppies, Mephisto, Merrell, Caterpillar, etc.

For company-owned brands, the Group mainly adopts a vertically integrated business model which covers product research and development, procurement, manufacturing, distribution and retailing. For distribution brands, the Group operates the business mainly in two different models, brand licensing and retail distribution.

The table below sets out the revenue of the footwear business from the company-owned brands, distribution brands as well as international trade of the Group, and their respective percentages of total revenue and comparative growth rates for the periods indicated.

	Six months ended 31 August				
	2015		2014		
	Revenue	**% of total**	Revenue	% of total	Growth rate
Company-owned brands	**8,761.7**	**89.1%**	9,340.6	90.2%	(6.2%)
Distribution brands	**934.3**	**9.5%**	847.8	8.2%	10.2%
Sub-total	**9,696.0**	**98.6%**	10,188.4	98.4%	(4.8%)
International trade	**139.7**	**1.4%**	166.6	1.6%	(16.1%)
Total	**9,835.7**	**100.0%**	10,355.0	100.0%	(5.0%)

Unit: RMB million

Sportswear and apparel business

The majority of the sportswear and apparel business is in the form of retail distribution, including first-tier sportswear brands Nike and Adidas, second-tier sportswear brands PUMA, Converse, Mizuno, etc. and apparel brands moussy, SLY, etc.

The table below sets out the revenue of the sportswear and apparel business from the first-tier sportswear brands, second-tier sportswear brands as well as other sportswear and apparel business of the Group, and their respective percentages of total revenue and comparative growth rates for the periods indicated.

	Six months ended 31 August				
	2015		2014		
	Revenue	**% of total**	Revenue	% of total	Growth rate
First-tier sportswear brands	8,309.6	87.3%	7,226.4	88.1%	15.0%
Second-tier sportswear brands	879.9	9.2%	787.3	9.6%	11.8%
Other sportswear and apparel business	334.4	3.5%	187.4	2.3%	78.4%
Total	9,523.9	100.0%	8,201.1	100.0%	16.1%

Unit: RMB million

Expansion of company-managed retail outlets network

The following map shows the geographical distribution of company-managed retail outlets of the Group in Mainland China as at 31 August 2015.

The following table sets out the distribution of company-managed retail outlets of the Group by region and by business segment in Mainland China as at 31 August 2015.

	Number of Company-managed Retail Outlets							
	Footwear			Sportswear and Apparel				
Region	Company-owned brands	Distribution brands	Sub-total	First-tier brands	Second-tier brands	Apparel	Sub-total	Total
Eastern China	2,067	315	2,382	707	194	31	932	3,314
Northern China	1,920	243	2,163	898	166	20	1,084	3,247
Southern China	2,126	156	2,282	756	174	12	942	3,224
Shandong and Henan	1,127	46	1,173	1,083	282	–	1,365	2,538
North-eastern China	1,167	95	1,262	659	64	4	727	1,989
North-western China	1,077	123	1,200	309	50	2	361	1,561
South-western China	1,040	78	1,118	385	17	9	411	1,529
Central China	920	113	1,033	366	41	5	412	1,445
Yunnan and Guizhou	610	15	625	228	59	3	290	915
Guangzhou	449	17	466	–	–	–	–	466
Total	12,503	1,201	13,704	5,391	1,047	86	6,524	20,228

Note: In addition, the Group operates 147 company-managed retail outlets in Hong Kong and Macau.

OVERVIEW OF THE MARKET AND MANAGEMENT DISCUSSIONS

Impact of the macroenvironment on the Group's business development

Coming into 2015 China's macroeconomic environment continued to show weakness. Most major growth indicators continued to trend down. In the six months from January to June, GDP grew by 7.0% and the average nominal disposable income of urban residents grew by 8.1% from the same period of last year. In the eight months from January to August, the consumer price index was up by 1.4% from the same period of last year, while the aggregate retail value of social consumer goods increased by 10.5%. The downturn pressure in the economy continued to shadow consumer expectations and consumer psychology, which is not likely to improve in the near future.

Since May and June this year there has been considerable turmoil in the financial markets, both domestic and abroad, creating further uncertainties in the economy. The evaporation of enormous wealth in the capital markets is likely to inhibit the consumer retail market in a fairly significant manner.

Although the Chinese government had decided to formulate policy measures to promote domestic consumption, step up nurturing Chinese brands, and support the development of physical shops, the actual implementation naturally will take time.

Based on the discussions above, the Group is relatively cautious on the business environment in the coming years.

Review of the footwear business

In the first half of Financial Year 2015/16, the footwear business of the Group recorded a decrease in revenue of 5.0% compared with the same period of last year. The main driver was a decline in same store sales. The rationalization of certain stores with subpar productivity had very little impact on the top line of the footwear business.

In the review period, the footwear business recorded a high single digit same store sales decline. This was mainly due to overall weakness in the market sector. Within same store sales, average selling price was up slightly and volume was down in a more significant way.

In the review period, there was a small decline in the number of footwear retail outlets. From March to August there were 424 net closures of footwear retail outlets in Mainland China. The main reason was that certain department stores started to make business adjustments which resulted in store closures or business interruptions. Another reason was because the Group held a more cautious stance reviewing low-productivity stores in a weak market environment, and chose to close down certain stores without favourable outlook.

In the current economic environment, most channel operators are going to be more cautious in business expansion. Some existing department stores are going to undertake business adjustments or even transitions. As such the Group expects continued headwinds in the development of the footwear retail network. The Group, however, will be more focused on improving the productivity of existing stores, as well as developing new retail formats.

Despite enormous challenges in business expansion, the Group does not hold the view that there is a significant risk of large-scale contraction in the footwear store network. First, the vast majority of department stores are still the channel of choice because of consumer habit, location, and retail efficiency. There is not yet another retail format with higher productivity to replace the department stores. Second, footwear, as a non-standardized, trial-and-error based fashion category, still commands intrinsic consumer demand and relevance that deserves a space in mainstream brick and mortar channels. Third, footwear brands are clearly underpenetrated in the shopping mall channel. In the past few years a large number of shopping malls were completed in Mainland China. A fair portion of these malls are still in an early stage of the growth curve, indicating significant potential for developing the footwear business in this channel.

The gross profit margin of the footwear business was slightly higher than the same period of last year. This was not due to arbitrary price raised by the Group, but because of the choices made by channel operators and retailers to cut back on promotions in an environment of weak consumer sentiment and slow traffic.

Selling and distribution expenses of the footwear business, as a percentage of revenue, were higher than the same period of last year. This was mainly because of a decline in same store sales, while certain expenses were largely fixed in nature, especially wages and benefits. Rent and concessionaire fees, mostly variable in nature, remained stable as a percentage of revenue.

General and administrative expenses, as a percentage of revenue, were higher than the same period of last year. This was mainly due to the decline in footwear sales as well as a same store sales decline, resulting in negative operating leverage.

In the first half of Financial Year 2015/16, the profit margin of segment results for the footwear business was 19.3%, lower than the 21.0% margin of the same period of last year by more than one percentage point. As discussed above, the decline was mainly due to higher expenses as a percentage of revenue, as a result of a same store sales decline. In the near future if same store sales fail to improve there will be a risk of further erosion to the profit margin of segment results for the footwear business.

Review of the sportswear and apparel business

In the first half of Financial Year 2015/16, the sportswear and apparel business recorded revenue growth of 16.1%, mainly driven by strong same store sales growth of high single digit.

In the first half of Financial Year 2015/16, there were 95 net additions to the network of sportswear and apparel retail outlets. Despite strong performance in the sportswear and apparel business, the pace of new store opening will be relatively slow in the near future, reflecting a cautious outlook in the channels and economic environment.

The gross profit margin of the sportswear and apparel business was significantly higher than the same period of last year. The main reason was because of tight inventory of the Group due to stronger than expected sales performance. As a result there was less discounting and a higher realized price as a percentage of tag price. Average selling price was up by more than 5% from the same period of last year.

Various expenses of the sportswear and apparel business, as a percentage of revenue, were slightly down from the same period of last year due to strong same store sales growth, which was more than enough to offset increases in relevant expenses.

The profit margin of segment results for the sportswear and apparel business was 10.5% during the review period, a significant improvement from the 7.4% level in the same period of last year. Such an improvement can be attributed to a positive operating leverage on the back of strong same store sales growth, as well as a very high level of gross profit margin due to inventory scarcity and unwillingness to mark down. As such this level of profit margin is relatively higher and likely temporary in nature.

Since the beginning of 2014 we have observed a significant improvement in the overall sporting goods market in China. To a large extent this was due to cyclical reasons, including the transition in the inventory cycle, and increased consumer preference of the athletic style. There is a more fundamental reason, however, which is increasing participation in sports by Chinese consumers. Real changes in consumer behavior support real demand for high quality sporting goods, driving long term growth of this market sector.

Changes in the Group's business mix

Due to the significant differences in business model and profitability between the footwear segment and the sportswear and apparel segment, changes in the business mix i.e. the relative revenue contribution by the two business segments would usually drive changes in the blended financial metrics and operational metrics of the Group. In the first half of Financial Year 2015/16, the sportswear and apparel business experienced faster growth and increased its percentage contribution to the Group's overall revenue to 49.2%, from 44.1% in the same period last year.

In the sportswear and apparel business we are only involved in distribution and retailing, while in the footwear business we operate along the whole value chain. Accordingly the sportswear and apparel business segment has significantly lower profitability, including gross profit margins and operating profit margins. Meanwhile without involvement in manufacturing the sportswear and apparel business has faster inventory turnover than the footwear business. The store format and location is also different in the sportswear and apparel business as compared with the footwear business. Generally speaking the sportswear stores are located on higher floors in department stores, with larger size and higher sales turnover on a per store basis. As a result the concessionaire rate is usually lower for sportswear stores and expenses such as staff expenses are also lower as a percentage of revenue. Currently the sportswear and apparel business is growing at a relatively faster pace, increasing its relative revenue contribution to the Group. This will have a negative impact on blended profitability metrics of the Group, and a positive impact on certain operational metrics including the expense ratios and the average inventory turnover days.

In the near term, due to changes in consumer taste and cyclical shifts in style preference, the two business segments may exhibit different growth profiles, resulting in fluctuations in the business mix. In the long run, we expect the footwear business and the sportswear and apparel business to maintain relatively balanced growth, due to shared characteristics in sales channels, market penetration, and customer base.

Changes in income tax rate

The Group's effective income tax rate was 27.8% for the first half of Financial Year 2015/16, slightly lower than the same period of last year. This was mainly because that the Company's subsidiaries in Mainland China declared or distributed more dividends to foreign holding companies during the same period of last year, thus increasing relevant withholding taxes.

Since 2013, in Mainland China, the income tax rate for the footwear businesses as well as the sportswear and apparel business has stabilized around 25%. The income tax rate for the Hong Kong business is 16.5%. The withholding tax rate applicable to the Company's subsidiaries in Mainland China on declaration or distribution of dividends to foreign holding companies is 5%.

According to the current business structure and target dividend payout ratio, the normalized effective tax rate of the Group should be around a level at 27% to 28% in the near future.

Inventory turnover

The average inventory turnover days of the Group were 146.7 days in the first half of Financial Year 2015/16, lower than the 153.3 days of the same period last year. The inventory balance as at 31 August 2015 was RMB7,016.4 million, largely on par with the balance of RMB6,945.5 million as at 31 August 2014.

The average inventory turnover days for the footwear business were 247.9 days, higher than the 220.1 days of the same period last year, due to the following reasons. First, same store sales declined during the period, negatively impacting inventory turnover efficiency. Second, the Group made incremental adjustments to the timing of the product cycle including order placing and manufacturing, resulting in slightly earlier fulfillment of first orders for the winter collection. As such at the end of August 2015 the number of finished products was higher than historical levels.

For the sportswear and apparel business, the average inventory turnover days were 86.7 days, lower than the 106.4 days of the same period last year. This was mainly due to stronger than expected same store sales growth. Unlike company-owned footwear brands of the Group, the sportswear and apparel business usually takes a longer period of time to replenish inventory.

The overall inventory level for the footwear business and the sportswear and apparel business was still within the normal range. The Group is taking proactive measures on an ongoing basis to make timely adjustments to product mix and inventory balance.

Development of the new apparel business

The Group has been partnering with Baroque to develop the China business together. On the back of business transition and integration last year, we continued to achieve promising results this year. First, we continued to expand the business into new regions and lower tier markets. Already operating in more than 20 cities, the apparel business not only covered second tier cities in the Central China and Western China including Xi'an and Chengdu, but also penetrated third tier cities in the coastal areas including Wuxi and Wenzhou. The channel model continued to diversify, expanding into shopping malls, department stores, outlets, and eCommerce. Second, we continued to improve quality of operations. In a weak environment in 2015 for fashion retail, our apparel business not only achieved double digit same store sales growth, but also improved most key performance indicators and strengthened profitability. Third, team building is well under way. We not only strengthened our team in retail management and business development, but also started to cultivate skill and talent in the areas of supply chain and merchandise planning. Within the apparel team there is a cooperative spirit among members and morale is high.

In the next two years, the focus of the apparel business will still be market development, aiming at further market penetration. We will strive to strengthen market leadership of the core brand and improve quality of operations for the second tier brands. We will introduce new brands under the Baroque portfolio that are proven successful in the Japan market. Meanwhile we will work on cultivating a localized team capable of product assortment and product design, improving the supply chain model aimed at reducing cost and increasing flexibility and responsiveness.

As a fashion retail company, the Group has strong market development capabilities, as well as a national retail management platform. With such a skill set and core capabilities, the Group remains open to strategic partnership opportunities in the apparel business. Under the context of complementary skills and mutually beneficial arrangements, the Group is willing to collaborate with international brands and local brands which are well-known to consumers, strong in product development, and well supported in the supply chain, to develop the China market together.

Prospects

The footwear business of the Group is struggling with a bottleneck in growth, which is closely related to evolving channels and changes in consumer behavior. Consumer behavior in the fashion footwear and apparel product category is in many cases impulsive and very different from planned purchases. In traditional occasions of consumption, fashion footwear and apparel brands usually aggregated towards central locations where consumers loiter, especially department stores that are well located with heavy foot traffic. In recent years a large number of shopping malls and mixed-use complexes were completed. Foot traffic in department stores is getting diluted, hurting sales in product categories that are driven by consumer impulse. Moreover, the fast adoption of eCommerce and mobile internet tools has also helped bring more focus into consumer behavior, reducing the amount of loitering time, which is good for product categories featured by planned purchases but detrimental to product categories featured by impulsive purchases.

To reestablish the connection with target customers and increase opportunities for effective interaction, the Group is actively utilizing information technology to help with brand marketing through a variety of platforms. With integrated customer data and transaction data we aim at customized promotions and services on a one on one basis. In the meantime, we are in the process of setting up virtual shops on the popular wechat platform as an interface for each and every of our brick and mortar stores, with a goal to provide seamless services from online to offline.

Of course, the interaction and communication with potential customers does not mean the completion of sales, but rather a basis on which we have the opportunity to present our products. We must be able to provide customers with compelling products that serve their specific needs in order to complete the conversion of transactions. In this sense, we need to learn from leading global sportswear brands which are not only strong in brand building, sponsorship and marketing but also keenly invested in technological innovation and product development. They offer competitive products that not only serve customers' existing needs but also in many cases discover and shape potential needs. We need to further improve on the product replenishment mechanism that is at the core of the demand driven supply chain system of the Group. The objective should not be limited to satisfying explicit demands from customers in a passive manner. We should strive to make cutting-edge breakthroughs in product development, technology, quality and craftsmanship, which potentially could lead and reshape consumer demand that is not yet expressed.

At the moment industry participants are mostly cautious towards the economy and consumer retail. Pessimism is not uncommon. Some are expecting the beginning of a long harsh winter. It is my personal view that current predicaments of slow growth are only temporary difficulties and will not last forever. The urbanization process in China is far from over, which has the potential to support continued economic growth for at least another ten years. As a great nation with more than 1.3 billion people, a country full of entrepreneurial individuals, China's potential, resilience and economic vigor should not be underestimated.

Four to five years ago the sportswear and apparel business of the Group was also under continued pressure. Our team did not lose faith. On the contrary they were vigilant and passionate, constantly pushing for change and improvement. With their efforts over the past few years, the sportswear and apparel business is back on a growth trajectory with continued efficiency gains. We were also able to consolidate market share and strengthen our leadership position. Today the footwear business is also faced with temporary bottlenecks and difficulties. I believe that, as long as all my colleagues keep their faith, continue to work hard, and remain innovative, we will be able to overcome difficulties and achieve a turn around. We will also be able to strengthen our capabilities along the way, creating a solid foundation for sustainable growth in the long run.

Sheng Baijiao
CEO and Executive Director

26 October 2015

FINANCIAL REVIEW

The Group continued to benefit from steady growth. During the six months ended 31 August 2015, the Group recorded revenue and operating profit of RMB19,359.6 million and RMB2,839.7 million respectively, achieving growth rate of 4.3% and 4.0% respectively, when compared with the same period of last year. The profit attributable to the Company's equity holders during the period under review amounted to RMB2,158.1 million, representing an increase of 3.9% when compared with the same period of last year.

REVENUE

The Group's revenue increased by 4.3%, from RMB18,556.1 million for the six months ended 31 August 2014 to RMB19,359.6 million for the six months ended 31 August 2015. Revenue of the footwear business decreased by 5.0%, from RMB10,355.0 million for the six months ended 31 August 2014 to RMB9,835.7 million for the six months ended 31 August 2015. It is mainly due to the decline in the same store sales. Revenue of the sportswear and apparel business increased by 16.1%, from RMB8,201.1 million for the six months ended 31 August 2014 to RMB9,523.9 million for the six months ended 31 August 2015. The relatively fast growth of the sportswear and apparel business was mainly due to relatively higher same store sales growth.

	Six months ended 31 August				
	2015		2014		
	Revenue	**% of total**	Revenue	% of total	Growth rate
Footwear					
Company-owned brands	**8,761.7**	**45.3%**	9,340.6	50.4%	(6.2%)
Distribution brands	**934.3**	**4.8%**	847.8	4.6%	10.2%
International trade	**139.7**	**0.7%**	166.6	0.9%	(16.1%)
Sub-total	**9,835.7**	**50.8%**	10,355.0	55.9%	(5.0%)
Sportswear and apparel					
First-tier sportswear brands*	**8,309.6**	**42.9%**	7,226.4	38.9%	15.0%
Second-tier sportswear brands*	**879.9**	**4.6%**	787.3	4.2%	11.8%
Other sportswear and apparel business	**334.4**	**1.7%**	187.4	1.0%	78.4%
Sub-total	**9,523.9**	**49.2%**	8,201.1	44.1%	16.1%
Total	**19,359.6**	**100.0%**	18,556.1	100.0%	4.3%

Unit: RMB million

* *The first-tier sportswear brands include Nike and Adidas. The second-tier sportswear brands include PUMA, Converse, Mizuno, etc. The first-tier sportswear brands and second-tier sportswear brands are classified according to the Group's relative revenue.*

PROFITABILITY

On account of the continuous growth of the Group's business, operating profit increased by 4.0% to RMB2,839.7 million for the six months ended 31 August 2015. The profit attributable to the Company's equity holders increased by 3.9% to RMB2,158.1 million for the six months ended 31 August 2015.

	Six months ended 31 August					
	2015		2014		Growth rate	
	Footwear	**Sportswear and apparel**	Footwear	Sportswear and apparel	Footwear	Sportswear and apparel
Revenue	**9,835.7**	**9,523.9**	10,355.0	8,201.1	(5.0%)	16.1%
Costs of sales	**(3,119.8)**	**(5,263.6)**	(3,346.5)	(4,766.5)	(6.8%)	10.4%
Gross profit	**6,715.9**	**4,260.3**	7,008.5	3,434.6	(4.2%)	24.0%
Gross profit margin	**68.3%**	**44.7%**	67.7%	41.9%		

Unit: RMB million

Costs of sales increased by 3.3% from RMB8,113.0 million for the six months ended 31 August 2014 to RMB8,383.4 million for the six months ended 31 August 2015. Gross profit in the Group's footwear segment decreased by 4.2% to RMB6,715.9 million for the six months ended 31 August 2015 from RMB7,008.5 million for the six months ended 31 August 2014. Gross profit in the sportswear and apparel segment increased by 24.0% to RMB4,260.3 million for the six months ended 31 August 2015 from RMB3,434.6 million for the six months ended 31 August 2014.

During the period under review, the gross profit margins of the footwear business and the sportswear and apparel business were 68.3% and 44.7% respectively. The gross profit margin of the footwear business was slightly higher than that of the six months ended 31 August 2014. This was not due to arbitrary price raised by the Group, but because of the choices made by channel operators and retailers to cut back on promotions in an environment of weak consumer sentiment and slow traffic. The gross profit margin of the sportswear and apparel business was significantly higher than the same period of last year. The main reason was because of tight inventory of the Group due to stronger than expected sales performance. As a result there was less discounting and a higher realized price as a percentage of tag price. Average selling price had increased when compared with the same period of last year. Owing to differences in the respective business models, sportswear and apparel products generally have lower gross profit margin than footwear products, therefore there is a negative impact to the Group's gross profit margin as a result of the increase in the relevant revenue contribution from the sportswear and apparel business to the Group. However, as a result of the slight increase in the gross profit margin of footwear business and significant increase in the gross profit margin of the sportswear and apparel business when compared with the same period of last year, the above mentioned negative impact has been offset, the Group's gross profit margin as a whole increased slightly from 56.3% for the six months ended 31 August 2014 to 56.7% for the six months ended 31 August 2015.

Selling and distribution expenses for the six months ended 31 August 2015 amounted to RMB6,615.7 million (six months ended 31 August 2014: RMB6,360.0 million), primarily consisting of concessionaire fees and rental expenses, sales personnel salaries and commissions, depreciation charges on retails outlet decorations, and advertising and promotional expenses. In terms of percentage, the ratio of selling and distribution expenses to revenue was 34.2% (six months ended 31 August 2014: 34.3%). Selling and distribution expenses of the footwear business, as a percentage of revenue, were higher than the same period of last year. This was mainly because of a decline in same store sales, while certain expenses were largely fixed in nature, especially wages and benefits. Rent and concessionaire fees, mostly variable in nature, remained stable as a percentage of revenue. Selling and distribution expenses of the sportswear and apparel business, as a percentage of revenue, were slightly decreased when compared with the same period of last year, due to strong same store sales growth, which was more than enough to offset increases in relevant expenses.

General and administrative expenses for the six months ended 31 August 2015 amounted to RMB1,701.2 million (six months ended 31 August 2014: RMB1,549.0 million), primarily consisting of management and administrative personnel salaries, depreciation charges on office premises and office equipment, and business surtaxes. In terms of percentage, the ratio of general and administrative expenses to revenue was 8.8% (six months ended 31 August 2014: 8.3%). General and administrative expenses of the footwear business, as a percentage of revenue, were higher than the same period of last year. This was mainly due to the decline in footwear sales as well as a same store sales decline, resulting in negative operating leverage. General and administrative expenses of the sportswear and apparel business, as a percentage of revenue, were fairly stable when compared with the same period of last year.

Interest income decreased from RMB251.3 million for the six months ended 31 August 2014 to RMB228.1 million for the six months ended 31 August 2015. It is mainly due to the decrease in the Group's deposit rates of structured bank deposits (with higher proportion of the Group's deposit balance) during the period under review.

Interest expense increased from RMB17.8 million for the six months ended 31 August 2014 to RMB28.4 million for the six months ended 31 August 2015. Despite the decrease in the Group's average bank borrowings interest rates during the period under review, the average balance of bank borrowings was higher for the six months ended 31 August 2015, which resulted in an increase in interest expense for the six months ended 31 August 2015.

During the six months ended 31 August 2015, Renminbi depreciated against Hong Kong dollars, together with the fact that the Group's bank borrowings are denominated in Hong Kong dollars, the Group recorded net foreign exchange losses of RMB65.8 million (six months ended 31 August 2014: RMB8.8 million) as a result.

Income tax expense for the six months ended 31 August 2015 amounted to RMB832.8 million (six months ended 31 August 2014: RMB883.9 million). The effective income tax rate decreased by 2.1 percentage points to 27.8% for the six months ended 31 August 2015 from 29.9% for the six months ended 31 August 2014, it is mainly due to the Company's subsidiaries in Mainland China declared or distributed more dividends to foreign holding companies during the same period of last year, thus the relevant withholding taxes increased. The income tax rate for the footwear business and the sportswear and apparel business is approximately 25%. The income tax rate for the Hong Kong business is 16.5%.

OTHER INCOME

Other income amounted to RMB193.3 million for the six months ended 31 August 2015 (six months ended 31 August 2014: RMB205.1 million) consists mainly of government incentives and rental income.

CAPITAL EXPENDITURE

The Group's capital expenditures primarily comprised of payments and deposits for purchase of property, plant and equipment, land use rights and intangible assets. During the six months ended 31 August 2015, the total capital expenditure was RMB518.2 million (six months ended 31 August 2014: RMB573.8 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a strong and healthy balance sheet. As at 31 August 2015, the net working capital of the Group was RMB14,649.6 million, representing an increase of 7.9% or RMB1,078.2 million as compared with 28 February 2015. As at 31 August 2015, the Group's gearing ratio was 11.3% (28 February 2015: 8.2%) (Gearing ratio is calculated by using the following formula: Total Borrowings/Total Assets). As at 31 August 2015, the Group's current ratio was 2.7 times (28 February 2015: 2.9 times) (Current ratio is calculated by using the following formula: Current Assets/Current Liabilities).

During the period under review, net cash generated from operations increased by RMB806.8 million to RMB4,088.6 million for the six months ended 31 August 2015 from RMB3,281.8 million for the six months ended 31 August 2014.

Net cash used in investing activities for the six months ended 31 August 2015 was RMB2,810.0 million (six months ended 31 August 2014: RMB1,887.6 million). During the period under review, the Group invested RMB1,385.2 million, RMB1,104.7 million and RMB518.2 million on net increase in term deposits with initial terms of over three months, net deposit in structured bank deposits and payments and deposits for purchases of property, plant and equipment (including retail outlets' decorations), land use rights and intangible assets, partly offset by RMB186.6 million of interest received.

During the period under review, net cash used in financing activities was RMB440.1 million (six months ended 31 August 2014: RMB2,710.8 million), mainly attributable to the payments of the 2014/15 final dividend of RMB1,602.5 million, partly offset by net proceeds of borrowings of RMB1,190.8 million by the Group.

As at 31 August 2015, the Group held bank balances and cash, structured bank deposits and term deposits with initial terms of over three months totaling RMB11,333.0 million (28 February 2015: RMB8,916.0 million), after netting off the short-term borrowings of RMB3,905.9 million (28 February 2015: RMB2,658.2 million), was in a net cash position of RMB7,427.1 million (28 February 2015: RMB6,257.8 million).

PLEDGE OF ASSETS

As at 31 August 2015, structured bank deposits of RMB215.0 million (28 February 2015: Nil) were pledged for other short-term borrowings of the same amount. Apart from that, no other assets such as property, plant and equipment, land use rights and investment properties were pledged as security for banking facilities available to the Group (28 February 2015: Nil).

CONTINGENT LIABILITIES

As at 31 August 2015, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 August 2015, the Group had a total of 123,500 employees (28 February 2015: 115,657 employees). During the six months ended 31 August 2015, total staff cost was RMB3,367.9 million (six months ended 31 August 2014: RMB3,046.1 million), accounting for 17.4% (six months ended 31 August 2014: 16.4%) of the revenue of the Group. The Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus and awarded shares may be granted to eligible employees based on the Group's and individual's performance. The Group also allocated resources for providing continuing education and training for management and employees so as to improve their skills and knowledge.

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has resolved to declare an interim dividend of RMB16.0 cents (2014/15 interim dividend: RMB15.0 cents; 2014/15 special dividend: RMB25.0 cents) per ordinary share, totaling RMB1,349.5 million (2014/15 interim dividend: totaling RMB1,265.1 million; 2014/15 special dividend: totaling RMB2,108.6 million) for the six months ended 31 August 2015. The interim dividend will be paid on or about Friday, 27 November 2015 to members whose names appear on the register of members of the Company on Thursday, 12 November 2015.

The actual exchange rate for the purpose of dividend payment in Hong Kong dollars is the offshore exchange rate (Buying TT) of RMB against Hong Kong dollars (RMB1.00 = HK$1.1994) as quoted by the Hong Kong Association of Banks on Monday, 26 October 2015, being the date on which the interim dividend is declared by the Board. Accordingly, the amount of the interim dividend is HK19.19 cents per ordinary share.

CLOSURE OF REGISTER OF MEMBERS

The interim dividend will be paid on or about Friday, 27 November 2015 to the shareholders whose names appear on the register of members of the Company on Thursday, 12 November 2015. The register of members of the Company will be closed from Tuesday, 10 November 2015 to Thursday, 12 November 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the above mentioned interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Monday, 9 November 2015.

羅兵咸永道

TO THE BOARD OF DIRECTORS OF BELLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 51, which comprises the condensed consolidated balance sheet of Belle International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 August 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 October 2015

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2015

	Note	Unaudited Six months ended 31 August 2015 RMB million	 2014 RMB million
Revenue	4	**19,359.6**	18,556.1
Costs of sales		**(8,383.4)**	(8,113.0)
Gross profit		**10,976.2**	10,443.1
Selling and distribution expenses		**(6,615.7)**	(6,360.0)
General and administrative expenses		**(1,701.2)**	(1,549.0)
Other income	5	**193.3**	205.1
Other expenses		**(12.9)**	(10.0)
Operating profit	6	**2,839.7**	2,729.2
Finance income		**228.1**	251.3
Finance costs		**(94.2)**	(26.6)
Finance income, net	7	**133.9**	224.7
Share of results of associates and a joint venture		**22.6**	2.9
Profit before income tax		**2,996.2**	2,956.8
Income tax expense	8	**(832.8)**	(883.9)
Profit for the period		**2,163.4**	2,072.9
Attributable to:			
Equity holders of the Company		**2,158.1**	2,077.9
Non-controlling interests		**5.3**	(5.0)
		2,163.4	2,072.9
Earnings per share attributable to equity holders of the Company during the period	9	***RMB cents***	*RMB cents*
– basic		**26.38**	24.90
– diluted		**25.59**	24.56

The notes on pages 32 to 51 are an integral part of this condensed consolidated interim financial information.

Details of dividends payable to equity holders of the Company for the period are set out in Note 10.

	Unaudited Six months ended 31 August 2015 RMB million	2014 RMB million
Profit for the period	**2,163.4**	2,072.9
Other comprehensive (loss)/income		
Items that may be subsequently reclassified to income statement:		
Exchange differences	**(55.8)**	3.7
Other comprehensive (loss)/income for the period	**(55.8)**	3.7
Total comprehensive income for the period	**2,107.6**	2,076.6
Attributable to:		
Equity holders of the Company	**2,102.3**	2,081.6
Non-controlling interests	**5.3**	(5.0)
	2,107.6	2,076.6

The notes on pages 32 to 51 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2015

	Note	**Unaudited As at 31 August 2015** *RMB million*	Audited As at 28 February 2015 *RMB million*
ASSETS			
Non-current assets			
Property, plant and equipment	11	**4,176.6**	4,141.5
Land use rights	11	**1,542.5**	1,557.8
Investment properties	11	**314.1**	317.1
Intangible assets	11	**3,775.0**	3,812.2
Interests in associates and a joint venture		**651.4**	633.1
Long-term deposits, prepayments and other assets	12	**383.4**	368.4
Deferred income tax assets		**451.2**	442.5
Structured bank deposits	13	**–**	530.0
		11,294.2	11,802.6
Current assets			
Inventories		**7,016.4**	6,349.4
Trade receivables	14	**3,491.3**	4,798.2
Deposits, prepayments and other receivables	12	**1,281.2**	1,200.3
Structured bank deposits	13	**7,332.5**	5,658.3
Term deposits with initial terms of over three months	13	**1,405.2**	20.0
Bank balances and cash	13	**2,595.3**	2,707.7
		23,121.9	20,733.9
Total assets		**34,416.1**	32,536.5

The notes on pages 32 to 51 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2015

	Note	Unaudited As at 31 August 2015 *RMB million*	Audited As at 28 February 2015 *RMB million*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	**83.1**	83.1
Share premium	17	**9,214.1**	9,214.1
Reserves		**16,202.5**	15,626.0
		25,499.7	24,923.2
Non-controlling interests		**204.2**	198.9
Total equity		**25,703.9**	25,122.1
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**186.0**	195.2
Deferred income		**53.9**	56.7
		239.9	251.9
Current liabilities			
Trade payables	15	**1,352.6**	1,012.5
Other payables, accruals and other liabilities		**1,707.4**	1,881.1
Short-term borrowings	16	**3,905.9**	2,658.2
Current income tax liabilities		**1,506.4**	1,610.7
		8,472.3	7,162.5
Total liabilities		**8,712.2**	7,414.4
Total equity and liabilities		**34,416.1**	32,536.5
Net current assets		**14,649.6**	13,571.4
Total assets less current liabilities		**25,943.8**	25,374.0

The notes on pages 32 to 51 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2015

	Unaudited											
	Capital and reserves attributable to equity holders of the Company											
	Share capital RMB million (Note 17)	Share premium RMB million (Note 17)	Shares held for share award scheme RMB million (Note 17)	Share-based compensation reserve RMB million (Note 18)	Merger reserve RMB million	Statutory reserves RMB million	Capital redemption reserve RMB million	Exchange reserve RMB million	Retained earnings RMB million	Sub-total RMB million	Non-controlling interests RMB million	Total RMB million
For the six months ended 31 August 2015												
As at 1 March 2015	**83.1**	**9,214.1**	**(1,716.1)**	**153.3**	**3.5**	**1,209.0**	**0.1**	**(189.5)**	**16,165.7**	**24,923.2**	**198.9**	**25,122.1**
Comprehensive income:												
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,158.1**	**2,158.1**	**5.3**	**2,163.4**
Other comprehensive loss:												
Exchange differences	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55.8)**	**-**	**(55.8)**	**-**	**(55.8)**
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55.8)**	**2,158.1**	**2,102.3**	**5.3**	**2,107.6**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,602.5)**	**(1,602.5)**	**-**	**(1,602.5)**
Employee share award scheme												
– Value of employee services	**-**	**-**	**-**	**76.7**	**-**	**-**	**-**	**-**	**-**	**76.7**	**-**	**76.7**
Transfer to reserves	**-**	**-**	**-**	**-**	**-**	**85.0**	**-**	**-**	**(85.0)**	**-**	**-**	**-**
	-	**-**	**-**	**76.7**	**-**	**85.0**	**-**	**-**	**(1,687.5)**	**(1,525.8)**	**-**	**(1,525.8)**
As at 31 August 2015	**83.1**	**9,214.1**	**(1,716.1)**	**230.0**	**3.5**	**1,294.0**	**0.1**	**(245.3)**	**16,636.3**	**25,499.7**	**204.2**	**25,703.9**
For the six months ended 31 August 2014												
As at 1 March 2014	83.1	9,214.1	-	-	3.5	1,088.3	0.1	(108.2)	15,908.3	26,189.2	146.1	26,335.3
Comprehensive income/(loss):												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	2,077.9	2,077.9	(5.0)	2,072.9
Other comprehensive income:												
Exchange differences	-	-	-	-	-	-	-	3.7	-	3.7	-	3.7
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	3.7	2,077.9	2,081.6	(5.0)	2,076.6
Dividends	-	-	-	-	-	-	-	-	(1,012.1)	(1,012.1)	-	(1,012.1)
Employee share award scheme												
– Value of employee services	-	-	-	38.5	-	-	-	-	-	38.5	-	38.5
– Shares purchased for share award scheme	-	-	(1,545.0)	-	-	-	-	-	-	(1,545.0)	-	(1,545.0)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	49.1	49.1
Transfer to reserves	-	-	-	-	-	23.9	-	-	(23.9)	-	-	-
	-	-	(1,545.0)	38.5	-	23.9	-	-	(1,036.0)	(2,518.6)	49.1	(2,469.5)
As at 31 August 2014	83.1	9,214.1	(1,545.0)	38.5	3.5	1,112.2	0.1	(104.5)	16,950.2	25,752.2	190.2	25,942.4

The notes on pages 32 to 51 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2015

	Note	Unaudited Six months ended 31 August 2015 RMB million	2014 RMB million
Cash flows from operating activities			
Net cash generated from operations		**4,088.6**	3,281.8
Income tax paid		**(955.0)**	(771.3)
Net cash generated from operating activities		**3,133.6**	2,510.5
Cash flows from investing activities			
Cash acquired in acquisition of subsidiaries		**–**	37.6
Payments and deposits for purchase of property, plant and equipment, land use rights and intangible assets		**(518.2)**	(573.8)
Proceeds from disposal of property, plant and equipment and land use rights		**11.5**	5.3
Placement of structured bank deposits		**(9,913.0)**	(13,799.3)
Proceeds from maturity of structured bank deposits		**8,808.3**	12,504.7
Increase in term deposits with initial terms of over three months		**(1,385.2)**	(242.5)
Interest received		**186.6**	180.4
Net cash used in investing activities		**(2,810.0)**	(1,887.6)
Cash flows from financing activities			
Dividends paid		**(1,602.5)**	(1,012.1)
Interest paid		**(28.4)**	(17.8)
Capital contribution from non-controlling interests		**–**	49.1
Proceeds from borrowings		**3,667.8**	2,707.2
Repayments of borrowings		**(2,477.0)**	(2,892.2)
Payments for purchase of shares for share award scheme		**–**	(1,545.0)
Net cash used in financing activities		**(440.1)**	(2,710.8)
Net decrease in cash and cash equivalents		**(116.5)**	(2,087.9)
Cash and cash equivalents at beginning of the period		**2,730.7**	3,705.0
Exchange gains on cash and cash equivalents		**2.1**	0.1
Cash and cash equivalents at end of the period	13(d)	**2,616.3**	1,617.2

The notes on pages 32 to 51 are an integral part of this condensed consolidated interim financial information.

1 GENERAL INFORMATION

Belle International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the manufacturing, distribution and retailing of shoes and footwear products, and the sales of sportswear and apparel products. The Group has manufacturing plants in the People's Republic of China (the "PRC") for the production of shoes and footwear products, and sells mainly in the PRC, Hong Kong and Macau.

The Company was incorporated in the Cayman Islands on 19 May 2004 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 31 August 2015 is unaudited and has been reviewed by the audit committee and the external auditor of the Company. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 26 October 2015.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 31 August 2015 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and should be read in conjunction with the annual consolidated financial statements for the year ended 28 February 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments 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 annual consolidated financial statements for the year ended 28 February 2015.

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 28 February 2015, except as mentioned below.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(a) Effect of adopting amendments to standards

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

IAS 19 (2011) (amendment)	Defined benefit plans: employee contributions
IFRSs (amendment)	Annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle

(b) New standards and amendments to standards that have been issued but are not yet effective

The following new standards and amendments to standards have been issued but are not effective for the period and have not been early adopted by the Group:

IFRSs (amendment)	Annual improvements to IFRSs 2012-2014 cycle(1)
IAS 1 (amendment)	Disclosure initiative(1)
IAS 16 and IAS 38 (amendment)	Classification of acceptable methods of depreciation and amortisation(1)
IAS 16 and IAS 41 (amendment)	Agriculture: bearer plants(1)
IAS 27 (2011) (amendment)	Equity method in separate financial statements(1)
IFRS 9 (2014)	Financial instruments(2)
IFRS 10, IFRS 12 and IAS 28 (2011) (amendment)	Investment entities: applying the consolidation exception(1)
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture(1)
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations(1)
IFRS 14	Regulatory deferral accounts(1)
IFRS 15	Revenue from contracts with customers(2)

(1) Effective for the Group for annual period beginning on 1 March 2016.
(2) Effective for the Group for annual period beginning on 1 March 2018.

Management is still assessing the impact on adoption of the above new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

(c) Tax

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

3 FINANCIAL RISK MANAGEMENT

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

The condensed consolidated interim financial information 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 consolidated financial statements for the year ended 28 February 2015.

There have been no changes in the risk management policies since 28 February 2015.

As at 31 August 2015 and 28 February 2015, the Group did not have any significant financial assets or financial liabilities in the balance sheet which is measured at fair value.

4 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing, distribution and retailing of shoes and footwear products, and the sales of sportswear and apparel products.

The chief operating decision-maker ("CODM") has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses the performance of the business from a product perspective, i.e. by shoes and footwear products and sportswear and apparel products.

CODM assesses the performance of the operating segments based on a measure of the results of reportable segments. Finance income and costs, share of results of associates and a joint venture, corporate income and expenses, and amortization of intangible assets are not included in the results for each operating segment that is reviewed by the CODM. Other information provided to the CODM is measured in a manner consistent with that in the financial information.

Revenue from external customers is after elimination of inter-segment revenue. Sales between segments are carried out on mutually agreed terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

Assets of reportable segments exclude deferred income tax assets, interests in associates and a joint venture, investment properties, term deposits with initial terms of over three months, structured bank deposits and other corporate assets (including certain corporate property, plant and equipment, and bank balances and cash), all of which are managed on a central basis. Liabilities of reportable segments exclude current and deferred income tax liabilities, short-term borrowings and other corporate liabilities. These are part of the reconciliation to total balance sheet assets and liabilities.

4 SEGMENT INFORMATION (continued)

	Six months ended 31 August 2015				
	Shoes and footwear products *RMB million*	Sportswear and apparel products *RMB million*	Total reportable segments *RMB million*	Unallocated *RMB million*	Total *RMB million*
Revenue					
Sales of goods	9,835.7	9,413.5	19,249.2	–	19,249.2
Commissions from concessionaire sales	–	110.4	110.4	–	110.4
	9,835.7	9,523.9	19,359.6	–	19,359.6
Results of reportable segments	1,899.7	1,001.4	2,901.1	–	2,901.1

Reconciliation of results of reportable segments to profit for the period

Results of reportable segments	2,901.1
Amortization of intangible assets	(46.2)
Unallocated income	22.3
Unallocated expenses	(37.5)
Operating profit	2,839.7
Finance income	228.1
Finance costs	(94.2)
Share of results of associates and a joint venture	22.6
Profit before income tax	2,996.2
Income tax expense	(832.8)
Profit for the period	2,163.4

Other segment information	Shoes and footwear products *RMB million*	Sportswear and apparel products *RMB million*	Total reportable segments *RMB million*	Unallocated *RMB million*	Total *RMB million*
Depreciation on property, plant and equipment	299.1	140.2	439.3	18.4	457.7
Amortization of land use rights	3.2	2.8	6.0	8.0	14.0
Depreciation on investment properties	–	–	–	4.1	4.1
Amortization of intangible assets	27.1	19.1	46.2	–	46.2
Loss on disposal of property, plant and equipment and land use rights	0.4	0.5	0.9	–	0.9
Write-off of property, plant and equipment	9.9	2.9	12.8	–	12.8
Impairment losses of inventories	0.3	7.8	8.1	–	8.1
Employee share-based compensation expense	42.2	34.5	76.7	–	76.7
Additions to non-current assets	236.8	149.7	386.5	131.7	518.2

4 SEGMENT INFORMATION (continued)

	Six months ended 31 August 2014				
	Shoes and footwear products *RMB million*	Sportswear and apparel products *RMB million*	Total reportable segments *RMB million*	Unallocated *RMB million*	Total *RMB million*
Revenue					
Sales of goods	10,355.0	8,100.2	18,455.2	–	18,455.2
Commissions from concessionaire sales	–	100.9	100.9	–	100.9
	10,355.0	8,201.1	18,556.1	–	18,556.1
Results of reportable segments	2,170.8	609.4	2,780.2	–	2,780.2
Reconciliation of results of reportable segments to profit for the period					
Results of reportable segments					2,780.2
Amortization of intangible assets					(43.0)
Unallocated income					20.8
Unallocated expenses					(28.8)
Operating profit					2,729.2
Finance income					251.3
Finance costs					(26.6)
Share of results of associates and a joint venture					2.9
Profit before income tax					2,956.8
Income tax expense					(883.9)
Profit for the period					2,072.9
Other segment information					
Depreciation on property, plant and equipment	301.6	156.6	458.2	14.7	472.9
Amortization of land use rights	3.2	2.8	6.0	7.9	13.9
Depreciation on investment properties	–	–	–	4.1	4.1
Amortization of intangible assets	24.1	18.9	43.0	–	43.0
Loss on disposal of property, plant and equipment	1.0	0.3	1.3	–	1.3
Write-off of property, plant and equipment	2.5	0.4	2.9	–	2.9
Employee share-based compensation expense	21.0	17.5	38.5	–	38.5
Additions to non-current assets (excluding acquisitions of subsidiaries)	438.0	99.6	537.6	36.2	573.8

4 SEGMENT INFORMATION (continued)

	As at 31 August 2015				
	Shoes and footwear products	Sportswear and apparel products	Total reportable segments	Unallocated	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment assets	**12,561.1**	**6,158.1**	**18,719.2**	**–**	**18,719.2**
Goodwill	**1,909.6**	**1,020.6**	**2,930.2**	**–**	**2,930.2**
Other intangible assets	**631.9**	**212.6**	**844.5**	**0.3**	**844.8**
Inter-segment balances elimination	**(987.0)**	**–**	**(987.0)**	**–**	**(987.0)**
	14,115.6	**7,391.3**	**21,506.9**	**0.3**	**21,507.2**
Investment properties	**–**	**–**	**–**	**314.1**	**314.1**
Term deposits with initial terms of over three months	**–**	**–**	**–**	**1,405.2**	**1,405.2**
Structured bank deposits	**–**	**–**	**–**	**7,332.5**	**7,332.5**
Deferred income tax assets	**–**	**–**	**–**	**451.2**	**451.2**
Interests in associates and a joint venture	**–**	**–**	**–**	**651.4**	**651.4**
Other corporate assets	**–**	**–**	**–**	**2,754.5**	**2,754.5**
Total assets per condensed consolidated balance sheet	**14,115.6**	**7,391.3**	**21,506.9**	**12,909.2**	**34,416.1**
Segment liabilities	**2,007.8**	**2,048.5**	**4,056.3**	**–**	**4,056.3**
Inter-segment balances elimination	**–**	**(987.0)**	**(987.0)**	**–**	**(987.0)**
	2,007.8	**1,061.5**	**3,069.3**	**–**	**3,069.3**
Short-term borrowings	**–**	**–**	**–**	**3,905.9**	**3,905.9**
Current income tax liabilities	**–**	**–**	**–**	**1,506.4**	**1,506.4**
Deferred income tax liabilities	**–**	**–**	**–**	**186.0**	**186.0**
Other corporate liabilities	**–**	**–**	**–**	**44.6**	**44.6**
Total liabilities per condensed consolidated balance sheet	**2,007.8**	**1,061.5**	**3,069.3**	**5,642.9**	**8,712.2**

4 SEGMENT INFORMATION (continued)

	As at 28 February 2015				
	Shoes and footwear products *RMB million*	Sportswear and apparel products *RMB million*	Total reportable segments *RMB million*	Unallocated *RMB million*	Total *RMB million*
Segment assets	13,829.4	7,206.0	21,035.4	–	21,035.4
Goodwill	1,909.6	1,020.6	2,930.2	–	2,930.2
Other intangible assets	650.0	232.0	882.0	–	882.0
Inter-segment balances elimination	(2,052.8)	–	(2,052.8)	–	(2,052.8)
	14,336.2	8,458.6	22,794.8	–	22,794.8
Investment properties	–	–	–	317.1	317.1
Term deposits with initial terms of over three months	–	–	–	20.0	20.0
Structured bank deposits	–	–	–	6,188.3	6,188.3
Deferred income tax assets	–	–	–	442.5	442.5
Interests in associates and a joint venture	–	–	–	633.1	633.1
Other corporate assets	–	–	–	2,140.7	2,140.7
Total assets per condensed consolidated balance sheet	14,336.2	8,458.6	22,794.8	9,741.7	32,536.5
Segment liabilities	1,934.6	3,046.2	4,980.8	–	4,980.8
Inter-segment balances elimination	–	(2,052.8)	(2,052.8)	–	(2,052.8)
	1,934.6	993.4	2,928.0	–	2,928.0
Short-term borrowings	–	–	–	2,658.2	2,658.2
Current income tax liabilities	–	–	–	1,610.7	1,610.7
Deferred income tax liabilities	–	–	–	195.2	195.2
Other corporate liabilities	–	–	–	22.3	22.3
Total liabilities per condensed consolidated balance sheet	1,934.6	993.4	2,928.0	4,486.4	7,414.4

4 SEGMENT INFORMATION (continued)

The Group's revenue is mainly derived from customers located in the PRC. An analysis of the Group's revenue by location of customers is as follows:

	Six months ended 31 August	
	2015	2014
	RMB million	*RMB million*
Revenue		
The PRC	**18,733.6**	17,882.2
Hong Kong and Macau	**486.3**	507.3
Other locations	**139.7**	166.6
	19,359.6	18,556.1

An analysis of the Group's non-current assets (other than deferred income tax assets and structured bank deposits) by location of assets is as follows:

	The PRC	**Hong Kong and Macau**	**Other locations**	**Total**
	RMB million	*RMB million*	*RMB million*	*RMB million*
As at 31 August 2015				
Non-current assets				
Property, plant and equipment	**3,870.7**	**305.9**	**–**	**4,176.6**
Land use rights	**1,542.5**	**–**	**–**	**1,542.5**
Investment properties	**267.8**	**46.3**	**–**	**314.1**
Intangible assets	**3,703.2**	**71.8**	**–**	**3,775.0**
Interests in associates and a joint venture	**115.6**	**–**	**535.8**	**651.4**
Long-term deposits, prepayments and other assets	**301.1**	**46.6**	**35.7**	**383.4**
As at 28 February 2015				
Non-current assets				
Property, plant and equipment	3,833.2	308.3	–	4,141.5
Land use rights	1,557.8	–	–	1,557.8
Investment properties	271.0	46.1	–	317.1
Intangible assets	3,740.4	71.8	–	3,812.2
Interests in associates and a joint venture	114.4	–	518.7	633.1
Long-term deposits, prepayments and other assets	287.1	45.6	35.7	368.4

5 OTHER INCOME

	Six months ended 31 August	
	2015	2014
	RMB million	*RMB million*
Rental income	**22.3**	20.8
Government incentives *(note)*	**171.0**	184.3
	193.3	205.1

Note: Government incentives comprise subsidies received from various local governments in the PRC.

6 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 31 August	
	2015	2014
	RMB million	*RMB million*
Costs of inventories recognized as expenses included in costs of sales	**8,373.3**	8,112.0
Depreciation on property, plant and equipment	**457.7**	472.9
Amortization of land use rights	**14.0**	13.9
Depreciation on investment properties	**4.1**	4.1
Amortization of intangible assets	**46.2**	43.0
Operating lease rentals (mainly including concessionaire fees) in respect of land and buildings	**3,727.3**	3,746.0
Staff costs (including directors' emoluments)	**3,367.9**	3,046.1
Loss on disposal of property, plant and equipment and land use rights	**0.9**	1.3
Write-off of property, plant and equipment	**12.8**	2.9
Impairment losses of inventories	**8.1**	–

Costs of inventories recognized as expenses mainly include purchases, direct employee compensation costs, subcontracting costs and manufacturing overheads.

7 FINANCE INCOME, NET

	Six months ended 31 August	
	2015	2014
	RMB million	*RMB million*
Interest income from bank deposits	**21.4**	15.7
Interest income from structured bank deposits	**206.7**	235.6
	228.1	251.3
Interest expense on short-term bank borrowings	**(28.4)**	(17.8)
Net foreign exchange losses	**(65.8)**	(8.8)
	(94.2)	(26.6)
Finance income, net	**133.9**	224.7

8 INCOME TAX EXPENSE

	Six months ended 31 August	
	2015	2014
	RMB million	*RMB million*
Current income tax		
– PRC corporate income tax	**854.1**	845.1
– Hong Kong profits tax	**2.1**	5.1
– Macau income tax	**1.6**	3.1
(Over)/under-provision in prior years		
– PRC corporate income tax	**(7.8)**	(1.0)
– Hong Kong profits tax	**0.7**	0.3
Deferred income tax	**(17.9)**	31.3
	832.8	883.9

During the period, substantially all of the PRC established subsidiaries of the Company are subject to the PRC corporate income tax rate of 25% (six months ended 31 August 2014: 25%) except that certain subsidiaries are subject to a preferential tax rate of 15% (six months ended 31 August 2014: 15%). Hong Kong profits tax and Macau income tax have been provided for at the rate of 16.5% (six months ended 31 August 2014: 16.5%) and at the tax rates prevailing in Macau respectively on the estimated assessable profit for the period.

9 EARNINGS PER SHARE

Basic

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

		Six months ended 31 August	
		2015	2014
Profit for the period attributable to equity holders of the Company	*RMB million*	**2,158.1**	2,077.9
Weighted average number of ordinary shares for the purpose of basic earnings per share	*thousand of shares*	**8,181,233**	8,346,355
Basic earnings per share	*RMB cents*	**26.38**	24.90

Diluted

The awarded shares granted by the Company (Note 18) have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all potential dilutive ordinary shares arising from awarded shares granted by the Company. No adjustment is made to earnings for the period.

		Six months ended 31 August	
		2015	2014
Profit for the period attributable to equity holders of the Company	*RMB million*	**2,158.1**	2,077.9
Weighted average number of ordinary shares for the purpose of basic earnings per share	*thousand of shares*	**8,181,233**	8,346,355
Adjustment for awarded shares granted	*thousand of shares*	**253,000**	115,500
Weighted average number of ordinary shares for the purpose of diluted earnings per share	*thousand of shares*	**8,434,233**	8,461,855
Diluted earnings per share	*RMB cents*	**25.59**	24.56

10 DIVIDENDS

(a) At a meeting held on 26 October 2015, the directors declared an interim dividend of RMB16.0 cents per ordinary share (totaling RMB1,349.5 million) for the year ending 28 February 2016. The dividend is not reflected as dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 28 February 2016.

(b) At a meeting held on 26 May 2015, the directors recommended a final dividend of RMB19.0 cents per ordinary share (totaling RMB1,602.5 million) for the year ended 28 February 2015, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 31 August 2015.

(c) At a meeting held on 27 October 2014, the directors declared an interim dividend of RMB15.0 cents per ordinary share (totaling RMB1,265.1 million) and a special dividend of RMB25.0 cents per ordinary share (totaling RMB2,108.6 million) for the year ended 28 February 2015, which was paid and had been reflected as an appropriation of retained earnings for the year ended 28 February 2015.

11 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Property, plant and equipment	Land use rights	Investment properties	Goodwill	Other intangible assets	Total intangible assets	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million* (*note*)	*RMB million*	*RMB million*
Net book value as at 1 March 2015	**4,141.5**	**1,557.8**	**317.1**	**2,930.2**	**882.0**	**3,812.2**	**9,828.6**
Additions	**510.1**	**0.1**	**–**	**–**	**9.0**	**9.0**	**519.2**
Depreciation/amortization	**(457.7)**	**(14.0)**	**(4.1)**	**–**	**(46.2)**	**(46.2)**	**(522.0)**
Disposals/write-off	**(23.8)**	**(1.4)**	**–**	**–**	**–**	**–**	**(25.2)**
Exchange differences	**6.5**	**–**	**1.1**	**–**	**–**	**–**	**7.6**
Net book value as at 31 August 2015	**4,176.6**	**1,542.5**	**314.1**	**2,930.2**	**844.8**	**3,775.0**	**9,808.2**
Net book value as at 1 March 2014	3,691.1	1,557.0	324.5	2,730.9	738.4	3,469.3	9,041.9
Acquisition of subsidiaries	26.2	15.1	–	232.9	222.0	454.9	496.2
Additions	575.3	–	–	–	0.9	0.9	576.2
Depreciation/amortization	(472.9)	(13.9)	(4.1)	–	(43.0)	(43.0)	(533.9)
Disposals/write-off	(9.5)	–	–	–	–	–	(9.5)
Exchange differences	1.0	–	0.1	–	–	–	1.1
Net book value as at 31 August 2014	3,811.2	1,558.2	320.5	2,963.8	918.3	3,882.1	9,572.0

Note: Other intangible assets include trademarks, distribution and license contracts, and computer software.

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 August 2015	As at 28 February 2015
	RMB million	*RMB million*
Non-current		
Rental deposits and prepayments	**228.6**	212.5
Prepayments for capital expenditures	**118.3**	119.3
Others	**36.5**	36.6
	383.4	368.4
Current		
Rental deposits and prepayments	**769.6**	754.2
Value-added tax recoverables	**90.2**	58.4
Other receivables	**144.4**	133.3
Other prepayments	**182.5**	190.7
Advance to an associate *(Note 20)*	**0.5**	1.7
Advance to a joint venture *(Note 20)*	**94.0**	62.0
	1,281.2	1,200.3

The carrying amounts of deposits and other receivables approximate their fair values.

13 STRUCTURED BANK DEPOSITS, TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS AND BANK BALANCES AND CASH

(a) Structured bank deposits

The Group's structured bank deposits were placed with major state-owned banks in the PRC and international banks with presence in the PRC, with fixed maturities and fixed interest rates or fixed plus floating interest rates. As at 31 August 2015, structured bank deposits of RMB215.0 million (28 February 2015: Nil) were pledged for other short-term borrowings of the same amount (Note 16).

As at 31 August 2015, approximately 90% (28 February 2015: 52%) of the Group's structured bank deposits will mature within 6 months, of which RMB21.0 million (28 February 2015: RMB23.0 million) was qualified as cash and cash equivalents. The weighted average effective interest rate of the Group's structured bank deposits as at 31 August 2015 was 5.69% (28 February 2015: 5.86%) per annum. These balances are denominated in RMB.

(b) Term deposits with initial terms of over three months

The weighted average effective interest rate of the Group's term deposits with initial terms of over three months as at 31 August 2015 was 3.36% (28 February 2015: 3.30%) per annum. These balances are denominated in RMB.

13 STRUCTURED BANK DEPOSITS, TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS AND BANK BALANCES AND CASH (continued)

(c) Bank balances and cash

	As at 31 August 2015 *RMB million*	As at 28 February 2015 *RMB million*
Bank balances and cash	**2,270.7**	2,175.0
Term deposits with initial terms of less than three months	**324.6**	532.7
	2,595.3	2,707.7
Denominated in:		
RMB	**2,021.4**	2,532.3
HK$	**564.2**	150.4
Other currencies	**9.7**	25.0
	2,595.3	2,707.7

As at 31 August 2015, the weighted average effective interest rate of the Group's term deposits with initial terms of less than three months was 2.50% (28 February 2015: 3.56%) per annum.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(d) Cash and cash equivalents

Cash and cash equivalents comprise:

	As at 31 August 2015 *RMB million*	As at 28 February 2015 *RMB million*
Bank balances and cash	**2,595.3**	2,707.7
Structured bank deposits	**21.0**	23.0
	2,616.3	2,730.7

14 TRADE RECEIVABLES

The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally on credit terms ranging from 0 to 30 days. As at 31 August 2015, the aging analysis of trade receivables, based on invoice date, is as follows:

	As at 31 August 2015	As at 28 February 2015
	RMB million	*RMB million*
0 to 30 days	**3,296.1**	4,632.5
31 to 60 days	**82.4**	77.3
61 to 90 days	**60.2**	32.1
Over 90 days	**52.6**	56.3
	3,491.3	4,798.2

The carrying amounts of trade receivables approximate their fair values.

15 TRADE PAYABLES

The normal credit period granted by suppliers generally ranges from 0 to 60 days. As at 31 August 2015, the aging analysis of trade payables, based on invoice date, is as follows:

	As at 31 August 2015	As at 28 February 2015
	RMB million	*RMB million*
0 to 30 days	**1,099.5**	852.3
31 to 60 days	**231.1**	137.8
Over 60 days	**22.0**	22.4
	1,352.6	1,012.5

The carrying amounts of trade payables approximate their fair values.

16 SHORT-TERM BORROWINGS

As at 31 August 2015, the Group's short-term borrowings comprised short-term bank borrowings and other short-term borrowings of RMB3,690.9 million (28 February 2015: RMB2,658.2 million) and RMB215.0 million (28 February 2015: Nil), which are denominated in Hong Kong dollars and Renminbi, respectively.

As at 31 August 2015, the weighted average effective interest rate of the Group's short-term borrowings was 1.14% (28 February 2015: 1.46%) per annum.

As at 31 August 2015, the Group's short-term bank borrowings were unsecured and the Group's other short-term borrowings were secured by certain structured bank deposits of RMB215.0 million (28 February 2015: Nil) (Note 13(a)).

The carrying amounts of the Group's short-term borrowings approximate their fair values.

17 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME

Share capital

	Ordinary shares of HK$0.01 each	**Nominal amount**
	Number of shares	*RMB million*
Authorized:		
As at 1 March 2014, 28 February 2015 and 31 August 2015	30,000,000,000	296.0
Issued and fully paid:		
As at 1 March 2014, 28 February 2015 and 31 August 2015	8,434,233,000	83.1

Share premium

Under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

17 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME (continued)

Shares held for Share Award Scheme

A share award scheme (the "Share Award Scheme") is managed by a share scheme trustee, a structured entity (the "Share Scheme Trustee") established by the Company for the purpose of administrating and holding the Company's share acquired for the Share Award Scheme. According to the Share Award Scheme adopted by the Board of Directors on 26 May 2014 (the "Adoption Date"), the Board of Directors may from time to time determine the maximum number of ordinary shares of the Company which may be purchased by the Share Scheme Trustee in the open market on the Stock Exchange. At the initial stage, the maximum number of shares which may be purchased by the Share Scheme Trustee is 3% (equivalent to 253,026,990 shares) of the issued share capital of the Company at the Adoption Date.

As at 31 August 2015 and 28 February 2015, the Share Scheme Trustee had acquired and withheld 252,999,832 ordinary shares of the Company from the open market with funds provided by the Company by way of contributions, which does not exceed the maximum number of shares that may be purchased as stated above.

18 SHARE-BASED COMPENSATION

Share Option Scheme

Pursuant to a shareholders resolution passed on 27 April 2007, the Company has adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide an incentive for Qualified Participants (defined below) to work with commitment towards enhancing the value of the Company and its shares for the benefit of the shareholders of the Company and to retain and attract high caliber and working partners whose contributions are or may be beneficial to the growth and development of the Group.

Pursuant to the Share Option Scheme, the Board of Directors may at its discretion grant options to (i) any executive director or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive directors (including independent non-executive directors) of the Company, any member of the Group or any Invested Entity ((i) and (ii) collectively referred to as "Eligible Employees"); (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any such persons (including but not limited to consultant, adviser, contractor, business partner or service provider of the Company or any member of the Group or any Invested Entity) who in the absolute discretion of the Board of Directors has contributed or will contribute to the Group (collectively referred to as "Qualified Participants").

18 SHARE-BASED COMPENSATION (continued)

Share Option Scheme (continued)

The Share Option Scheme shall be valid and effective for 10 years from the date on which the shares of the Company first commenced trading on the Stock Exchange (the "Listing Date"). The maximum number of shares of the Company in which options may be granted under the Share Option Scheme or any other share option schemes as may be adopted by the Company shall not in aggregate exceed the number of shares that shall represent 10% (equivalent to 823,190,000 shares) of the total number of shares in issue of the Listing Date, unless such scheme mandate limit is renewed by shareholders of the Company in a general meeting.

No options have been granted under the Share Option Scheme by the Group since its adoption and up to 31 August 2015.

Share Award Scheme

The Share Award Scheme was adopted by the Board of Directors on 26 May 2014. The purpose of the Share Award Scheme is to recognize and motivate the contribution of certain members of management of the Group and to provide incentives and help the Group in retaining its existing members of management and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. The maximum number of shares which can be awarded under the Share Award Scheme is 3% (equivalent to 253,026,990 shares) of the issued share capital of the Company at the Adoption Date and the maximum number of shares which may be awarded to a selected member of management of the Group (the "Selected Participants") in the Share Award Scheme is 0.1% of the issued share capital of the Company at the date of such award. The vesting period of the awarded shares shall be determined by the Board of Directors.

On 9 June 2014 (the "Grant Date"), the Group granted 253,000,000 awarded shares to the Selected Participants, which are to be vested after the Selected Participants having completed a period of services in the Group of 10 years from the Grant Date. The awarded shares will be transferred to the Selected Participants at nil consideration upon vested. No other awarded shares have been granted since the Adoption Date up to 31 August 2015, and none of these awarded shares had lapsed up to 31 August 2015.

The fair value of the awarded shares was determined with reference to the market price of the Company's shares at the Grant Date of approximately HK$7.6 (equivalent to approximately RMB6.1) per share.

19 CAPITAL COMMITMENTS

As at 31 August 2015, the Group had the following capital commitments not provided for:

	As at 31 August 2015	As at 28 February 2015
	RMB million	*RMB million*
Construction commitments:		
– Contracted but not provided for	**616.3**	524.8
Purchase of property, plant and equipment:		
– Contracted but not provided for	**0.1**	–

20 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in these condensed consolidated interim financial information:

Transactions for the period

	Six months ended 31 August	
	2015	2014
	RMB million	*RMB million*
Transactions with associates *(note (a))*		
– Sales of goods	**8.0**	22.3
– Processing fee income	**5.3**	13.1
– Processing fee charges	**4.2**	7.0
– Purchases of goods	**219.5**	157.6
– Royalty expense	**13.3**	–
Key management compensation		
– Salaries, bonuses and other welfare *(note (b))*	**9.5**	7.3

20 RELATED PARTY TRANSACTIONS (continued)

Period-end balances

	As at 31 August 2015	As at 28 February 2015
	RMB million	*RMB million*
Receivables from/(payables to) associates		
– Trade receivables *(note (c))*	**13.9**	11.5
– Other receivables *(note (d))*	**0.5**	1.7
– Trade payables *(note (c))*	**(94.6)**	(107.1)
– Other payable *(note (c))*	**(12.4)**	–
Other receivable from a joint venture *(note (e))*	**94.0**	62.0

Notes:

(a) Processing fee income and purchases of goods from the associates and sales of goods, processing fee and royalty expense to the associates are based on terms mutually agreed amongst the parties.

(b) Key management includes directors and certain executives who have important roles in making operational and financial decisions.

(c) The receivables from/payables to associates arise mainly from transactions as described above which are unsecured, interest free and are due for settlement according to the relevant business terms which generally range from 30 to 180 days. Except for other payable to an associate which is denominated in Japanese Yen, balances with associates are denominated in RMB.

(d) The balances with associates are unsecured, interest free, repayable on demand and denominated in RMB.

(e) The balance represents advance made to the joint venture, which is unsecured, interest free, repayable on demand and denominated in RMB.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(i) Interests in issued shares of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares *(Note 1)*	Approximate percentage of interest in the Company
Mr. Tang Yiu	Interest in controlled corporation *(Note 2)*	1,751,125,000 (L)	20.76%
Mr. Sheng Baijiao	Founder of a discretionary trust *(Note 3)*	345,237,000 (L)	4.09%
	Interest in controlled corporation *(Note 4)*	75,000,000 (L)	0.89%
Mr. Sheng Fang	Founder of a discretionary trust *(Note 5)*	38,975,000 (L)	0.46%
Mr. Yu Wu	Founder of a discretionary trust *(Note 6)*	185,625,000 (L)	2.20%
Mr. Tang Wai Lam	Interest in controlled corporation *(Note 7)*	1,752,519,000 (L)	20.78%

Notes:

(1) The letter "L" denotes a long position in shares.

(2) These ordinary shares of HK$0.01 each in the share capital of Company ("Shares") were held by Merry Century Investments Limited ("Merry Century"). Mr. Tang Yiu was beneficially interested in 100.00% of the issued shares of Dazzle Best Limited ("Dazzle Best"), which was interested in 54.33% of the issued shares of Merry Century.

(3) Mr. Sheng Baijiao is interested in the Shares through a trust, of which he is a founder and a beneficiary.

(4) These Shares were held by Winning Business Holdings Limited ("Winning Business"). Mr. Sheng Baijiao was beneficially interested in 100.00% of the issued shares of Winning Business.

(5) Mr. Sheng Fang is interested in the Shares through a trust, of which he is a founder and a beneficiary.

(6) Mr. Yu Wu is interested in the Shares through a trust, of which he is a founder and a beneficiary.

(7) Mr. Tang Wai Lam was deemed to be interested in 1,752,519,000 Shares, comprising (i) 1,751,125,000 Shares directly held by Merry Century, which is owned as to 45.67% by Jing Yuan Holdings Limited ("Jing Yuan"); Mr. Tang Wai Lam was beneficially interested in 100.00% of the issued shares of Jing Yuan; (ii) 757,000 Shares directly held by Tang's Investment Limited, of which Mr. Tang Wai Lam was beneficially interested in 33.33% of its issued shares; and (iii) 637,000 Shares directly held by Tang's Enterprise Limited, which is owned as to 33.33% by Vanward Enterprise Limited ("Vanward Enterprise"); Mr. Tang Wai Lam was beneficially interested in 100.00% of the issued shares of Vanward Enterprise.

(ii) Interests in underlying shares of the Company

None of the Directors of the Company has been granted options under the Company's share option scheme, details of which are set out in the section "Share Option Scheme" of Note 18 to the Condensed Consolidated Interim Financial Information.

Apart from the foregoing, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code as at 31 August 2015.

GENERAL INFORMATION

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

As at 31 August 2015, the interests or short positions of the persons, other than Directors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of shareholder	**Capacity/ Nature of interest**	**Number of Shares *(Note 1)***	**Approximate percentage of interest in the Company**
Credit Suisse Trust Limited	Trustee	1,808,399,041 (L)	21.44%
Merry Century	Beneficial interest	1,751,125,000 (L)	20.76%
Dazzle Best	Interest in controlled corporation *(Note 2)*	1,751,125,000 (L)	20.76%
Jing Yuan	Interest in controlled corporation *(Note 2)*	1,751,125,000 (L)	20.76%
Schroders Plc	Investment manager *(Note 3)*	505,411,718 (L)	5.99%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) These Shares were held by Merry Century. Dazzle Best was interested in 54.33% of the issued shares of Merry Century. Jing Yuan was interested in 45.67% of the issued shares of Merry Century.

(3) These shares were held indirectly by Schroders Plc, through various wholly-owned subsidiaries, in its capacity as investment manager.

Save as disclosed above, no other parties, other than Directors and chief executive of the Company, has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31 August 2015.

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

During the six months ended 31 August 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 31 August 2015, except for the deviation from code provision A.6.7 (attendance of Non-executive Directors in general meetings) of the CG Code. Mr. Tang Yiu (Non-executive Director), Ms. Hu Xiaoling (Non-executive Director), Dr. Xue Qiuzhi (Independent Non-executive Director) and Mr. Gao Yu (Independent Non-executive Director) were unable to attend the annual general meeting of the Company held on 28 July 2015 due to other personal commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors of the Company. Following specific enquiry, each of the Directors has confirmed compliance with the required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The primary responsibilities of the Audit Committee include (but without limitation) assisting the board of directors of the Company (the "Board") to provide an independent review and supervision of the Group's financial reporting and to ensure the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, and to perform other duties and responsibilities as delegated by the Board.

The Audit Committee comprises four Independent Non-executive Directors of the Company, namely, Mr. Ho Kwok Wah, George, Mr. Chan Yu Ling, Abraham, Dr. Xue Qiuzhi and Mr. Gao Yu. The chairman of the Audit Committee is Mr. Ho Kwok Wah, George who has a professional qualification in accountancy.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters, including a review of the interim financial information for the six months ended 31 August 2015.

REMUNERATION COMMITTEE

The primary responsibilities of the Remuneration Committee include (but without limitation) making recommendations to the Board on the remuneration policy and structure for Directors and senior management and on the establishment of a formal and transparent procedures for developing such policies; determining the terms of specific remuneration package of the Directors and senior management; reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and considering and approving the grant of share options and awarded shares to eligible persons pursuant to the share option scheme and share award scheme upon authorization by the Board.

The Remuneration Committee has four members comprising Mr. Chan Yu Ling, Abraham, Mr. Sheng Baijiao, Dr. Xue Qiuzhi and Mr. Gao Yu, three of whom are Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. Chan Yu Ling, Abraham.

NOMINATION COMMITTEE

The primary responsibilities of the Nomination Committee include (but without limitation) considering and recommending to the Board suitably qualified persons to become members of the Board, and reviewing the structure, size and composition of the Board on a regular basis and as and when required.

The Nomination Committee has three members comprising Dr. Xue Qiuzhi, Mr. Sheng Baijiao and Mr. Chan Yu Ling, Abraham, two of whom are Independent Non-executive Directors. The chairman of the Nomination Committee is Dr. Xue Qiuzhi.

SUFFICIENCY OF PUBLIC FLOAT

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

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