Belle International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1880)

2015/16 Annual Report

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CORPORATE INFORMATION

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
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Cayman Islands

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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

		Year ended 29 February 2016	28 February 2015
Revenue	RMB million	**40,790.2**	40,008.1
Operating profit	RMB million	**4,201.5**	6,193.7
Operating profit before impairment of intangible assets	RMB million	**5,557.9**	6,193.7
Income tax expense	RMB million	**1,596.1**	1,850.6
Profit attributable to the Company's equity holders	RMB million	**2,934.1**	4,763.9
Gross profit margin	%	**56.3**	57.5
Operating profit margin	%	**10.3**	15.5
Operating profit margin before impairment of intangible assets	%	**13.6**	15.5
Profit margin attributable to the Company's equity holders	%	**7.2**	11.9
Earnings per share			
– basic	RMB cents	**35.86**	57.64
– diluted	RMB cents	**34.79**	56.38
Dividend per share			
– interim, paid	RMB cents	**16.00**	15.00
– interim special, paid	RMB cents	**–**	25.00
– final, proposed	RMB cents	**6.00**	19.00
Average trade receivables turnover period	days	**40.9**	36.9
Average trade payables turnover period	days	**20.2**	19.0
Average inventory turnover period	days	**135.7**	138.7

		As at 29 February 2016	28 February 2015
Gearing ratio	%	**2.8**	8.2
Current ratio	times	**3.6**	2.9

STATEMENT FROM CHAIRMAN

Dear Shareholders,

The economic environment, both abroad and domestic, continued to struggle with great volatility since the beginning of 2015, creating additional hardship for the already weak consumer retail market in China. Under a backdrop of slower economic growth and increasing structural difficulties, consumer sentiment continued to be weak. In the mean time, with fast changing consumer behavior and preferences, most traditional channels as well as retailers have difficulties in terms of foot traffic and sales productivity. Except for the lone bright spot in sportswear sector, the fashion apparel, footwear and accessory sectors are mostly faced with enormous challenges of slow growth and margin erosion.

The Group continued to observe a divergence of performance between the footwear division and the sportswear and apparel division. The sportswear and apparel business, after substantial corrections during the previous four to five years, now benefits from real growth in consumer demand, which translates into healthy revenue growth and enhanced profitability. The footwear business, on the other hand, suffers from diluted foot traffic and shifting consumer preference, which results in continued same store sales decline and lower profit margins.

For the year ended 29 February 2016 (the "Financial Year 2015/16") the footwear business recorded a revenue decline of 8.5%, compared with last year, while the sportswear and apparel business recorded revenue growth of 16.2%. Overall revenue increased by 2.0%. Operating profits decreased by 32.2%. Profit attributable to equity holders of the Company decreased by 38.4%.

Company-managed retail network of the Group was largely stable. In the Financial Year 2015/16, there was a net reduction of 366 company-managed retail outlets for the footwear business, and a net addition of 682 company-managed retail outlets for the sportswear and apparel business. As at 29 February 2016, the total number of company-managed retail outlets reached 21,017, of which 20,873 were in Mainland China, 144 in Hong Kong and Macau.

We are fully aware of the enormous challenges and difficulties in the business environment in the foreseeable future, especially for the footwear business. But history tells us that a threatening market condition in many cases also breeds potential opportunities. The predicaments we are currently faced with are mostly due to overall weakness in the environment as well as rapid changes in consumer behavior, not a result of being outpaced by competition. As a practical and progressive company with leading brands and channel capabilities, as well as strong industry resources and cash flows, we have the ability and confidence to lead innovation in the industry. With focus and determination we will continue to explore growth opportunities in this new environment.

Tang Yiu
Chairman

24 May 2016

STATEMENT FROM CEO

Dear Shareholders,

On behalf of the board of directors of the Company (the "Board"), I hereby report the results for the year ended 29 February 2016 (the "Financial Year 2015/16") as follows:

RESULTS FOR THE FINANCIAL YEAR 2015/16

In the Financial Year 2015/16, the Group recorded overall revenue of RMB40,790.2 million, a 2.0% increase compared with last year. Revenue of the footwear business decreased by 8.5% to RMB21,074.2 million. Revenue of the sportswear and apparel business increased by 16.2% to RMB19,716.0 million. The footwear business contributed 51.7% of the total revenue of the Group, significantly lower than the 57.6% level in last year.

The Group's operating profit was RMB4,201.5 million, lower by 32.2% than last year. Operating profit margin was 10.3%, a decrease of 5.2 percentage points from that of last year. Excluding the one-off impairment of goodwill and other intangible assets of the footwear business, operating profit was down by 10.3% from last year, mainly due to the revenue decline as well as lower profit margin of segment results for the footwear business.

Profit attributable to the equity holders of the Company amounted to RMB2,934.1 million, a decline of 38.4% from last year. Basic earnings per share amounted to RMB35.86 cents, a decline of 37.8% from RMB57.64 cents of last year. Diluted earnings per share amounted to RMB34.79 cents, a decline of 38.3% from RMB56.38 cents of last year.

The Board has recommended a final dividend of RMB6.0 cents per ordinary share for the Financial Year 2015/16. Together with the interim dividend of RMB16.0 cents per ordinary share (paid on 27 November 2015), the total dividends for the Financial Year 2015/16 will amount to RMB22.0 cents (Financial Year 2014/15: RMB59.0 cents, including a special dividend of 25.0 cents) per ordinary share.

SUMMARY OF THE BUSINESS 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, 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.

	Year ended				
	29 February 2016		28 February 2015		
	Revenue	**% of total**	Revenue	% of total	Growth rate
Company-owned brands	**18,652.4**	**88.5%**	20,577.9	89.3%	(9.4%)
Distribution brands	**2,105.8**	**10.0%**	2,098.9	9.1%	0.3%
Sub-total	**20,758.2**	**98.5%**	22,676.8	98.4%	(8.5%)
International trade	**316.0**	**1.5%**	360.2	1.6%	(12.3%)
Total	**21,074.2**	**100.0%**	23,037.0	100.0%	(8.5%)

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, 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.

	Year ended				
	29 February 2016		28 February 2015		
	Revenue	**% of total**	Revenue	% of total	Growth rate
First-tier sportswear brands	**16,945.3**	**86.0%**	14,881.9	87.7%	13.9%
Second-tier sportswear brands	**1,954.2**	**9.9%**	1,597.8	9.4%	22.3%
Other sportswear and apparel business	**816.5**	**4.1%**	491.4	2.9%	66.2%
Total	**19,716.0**	**100.0%**	16,971.1	100.0%	16.2%

Unit: RMB million

Company-managed retail outlets

The following map shows the geographical distribution of company-managed retail outlets of the Group in Mainland China as at 29 February 2016.

⩽200 Retail Outlets

201 to 400 Retail Outlets

401 to 600 Retail Outlets

>600 Retail Outlets

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 29 February 2016.

	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
Northern China	1,997	255	2,252	972	192	30	1,194	3,446
Eastern China	2,022	326	2,348	733	228	52	1,013	3,361
Southern China	2,089	165	2,254	764	179	24	967	3,221
Shandong and Henan	1,150	54	1,204	1,186	324	3	1,513	2,717
North-eastern China	1,136	98	1,234	676	71	7	754	1,988
North-western China	1,075	125	1,200	337	57	2	396	1,596
South-western China	1,040	82	1,122	398	47	18	463	1,585
Central China	963	117	1,080	409	85	8	502	1,582
Yunnan and Guizhou	576	17	593	241	63	5	309	902
Guangzhou	457	18	475	–	–	–	–	475
Total	12,505	1,257	13,762	5,716	1,246	149	7,111	20,873

Note: In addition, the Group operates 144 company-managed retail outlets in Hong Kong and Macau.

OVERVIEW OF THE MARKET AND MANAGEMENT DISCUSSIONS

Impact of the macro environment on the Group's business

In 2015, China's economic growth continued to lose momentum. GDP grew by 6.9% for the year. Average nominal disposable income of urban residents grew by 8.2%. Aggregate retail value of social consumer goods grew by 10.7%. Coming into the first quarter of 2016 macroeconomic growth slowed down further. GDP grew by 6.7% for the quarter. Average nominal disposable income of urban residents grew by 8.0%. Aggregate retail value of social consumer goods grew by 10.3%.

According to the National Commercial Information Center of China, the top 100 retailers experienced a decline of 0.1% in merchandise sales in 2015. The growth momentum, 0.5 percentage points lower from last year, had been on the decline for the fourth consecutive year since 2012. In the first quarter of 2016, merchandise sales of the top 100 retailers further declined by 4.8%.The prevailing weakness in the consumer retail market is not expected to improve in the near term.

Since the second half of 2015, there has been considerable turmoil in the domestic capital markets. We cannot underestimate the negative wealth effect on consumer sentiment on an ongoing basis. Recently there was also a significant rally in real estate prices in the first tier and second tier cities, which weighs on the negative side for consumer retail businesses. On the one hand, cost of doing business will be higher. On the other hand, higher housing cost tends to inhibit spending power and suppress consumer sentiment.

On the positive side, the Chinese government is currently actively trying to improve the business environment and pushing for supply side reforms. For example, in areas such as social security deduction rates there have been certain incremental measures taking place. In the long term such policy measures will help reduce the cost of doing business and also help increase disposable income for residents.

Review of the footwear business

In the Financial Year 2015/16, the footwear business of the Group recorded a revenue decline of 8.5% compared with last year, mostly due to a same store sales decline of over 10%. Such a decline was largely in line with the overall sales decline in the footwear departments across over 2,000 department stores according to data collected by the Group. The same store sales decline was mostly due to volume, which was down close to 10%. Average selling price was down slightly.

During the year, there was a small decline in the number of footwear retail outlets, with 366 net closures in Mainland China. The main reason was that certain department stores started to make business adjustments or structural transitions. Another reason was that the Group held a more cautious stance reviewing low-productivity stores in a weak market environment, and chose to close down certain less promising stores.

The gross profit margin of the footwear business was lower than last year by more than 1 percentage point. The main reason was that the Group in the second half of the year, especially with the winter collection, experienced significant erosion in gross profit margins. On the one hand, market demand was weaker than expected. On the other hand, the weather was unusual last winter, it was warm at the beginning but cold later. Higher priced winter boots were not selling well at the time of new arrival. Overall volume was tilted toward the end of the season, when there was more discounting. As a result gross profit margin was negatively affected. In the near future, although weak demand may put pressure on prices and gross profit margins, the Group does not expect a risk of significant erosion to the gross profit margin of the footwear business, in view of relatively stable cost of manufacturing and procurement as well as a moderate outlook of the promotional environment.

Various expenses of the footwear business, including selling and distribution expenses as well as general and administrative expenses, were mostly higher than last year as a percentage of revenue. This was mainly due to the decline in same store sales as well as overall sales. Although rental expenses and concessionaire fees were mostly variable in nature, wages and benefits were still rising, while store decoration, other operational expenses, and general and administrative expenses were mostly fixed. An operating deleverage resulted in higher expenses as a percentage of revenue. In the near future there is unlikely an immediate improvement to same store sales. As such, controlling expenses in the footwear business will continue to be a challenge.

In the Financial Year 2015/16, the profit margin of segment results for the footwear business was 18.7%, significantly lower than the 22.1% level of last year. In the near future if same store sales were to continue to decline with slower than expected recovery, it is likely for the footwear business to continue to experience gradual profit margin erosion in segment results.

Review of the sportswear and apparel business

In the Financial Year 2015/16, the sportswear and apparel business recorded revenue growth of 16.2%, partly due to high single digit same store sales growth and partly due to a healthy expansion of the retail network. Same store sales growth was almost evenly driven by volume growth and higher average selling price.

During the year, there were 682 net additions to the network of sportswear and apparel retail outlets, representing a net increase of 10.6% compared with 28 February 2015. The pace of network expansion in the sportswear and apparel business was relatively fast in a weak environment with struggling retail channels. First, the demand for sportswear and athletic products was strong, resulting in overall market share gains for the athletic category. Second, the sportswear and apparel business has a relatively diversified channel model, which enables more flexibility in opening new stores. The footwear business, on the other hand, is more reliant on the department store channel. Third, we have been ramping up efforts to grow second tier sportswear brands and niche brands, while the new apparel business continued to ramp up scale.

The gross profit margin of the sportswear and apparel business was higher than last year by about 2 percentage points, mainly due to strong market demand and tight inventories, resulting in lower retail markdown and a higher portion of sales coming from new collections.

Various expenses of the sportswear and apparel business, including selling and distribution expenses, and general and administrative expenses, were largely in line with last year, as a percentage of revenue. Although staff wages continue to climb, same store sales growth was strong enough to mostly offset higher expenses.

The profit margin of segment results for the sportswear and apparel business was higher at 8.8% this year, a 1.7 percentage point improvement from the 7.1% level of last year. It is our view that in the near future the sportswear and apparel business will be in a position to maintain a profit margin of segment results at the high single digit level.

Since 2014 we have observed significant improvements in the overall sportswear market in China, which, to a certain extent, benefited from cyclical factors including a favourable inventory cycle as well as a style shift in favour of athleisure. At a deeper level, however, increasing participation in sports and fitness by Chinese consumers supports continued increase in real demand for quality athletic products and will drive a long term sustainable path of growth.

Changes in the Group's business mix

In the Financial Year 2015/16, the revenue of the sportswear and apparel business experienced relatively fast growth, while the revenue of the footwear business declined. As a result the contribution to the Group's overall revenue from the sportswear and apparel business increased to 48.3%, from 42.4% in last year. Historically, in the first half of 2008, the sportswear and apparel business once accounted for just over 48% of the overall revenue. The revenue contribution from the sportswear and apparel business inched lower from that point, driven by an overall correction of the sportswear market in China, reaching a low of about 36% in 2012 and then rebounding into recovery since 2013. Changes in the business mix mainly reflect changing style preferences in the consumer retail market, and not a result of directional efforts made by the Group. We always position ourselves as a retail company, with a business objective to maximize our market share in each target market segment and also maximize our competitiveness. The growth of individual target market segment, constrained by consumer demand and style shift, often shows quite different growth trajectories and different growth opportunities.

Because of significant differences in business model and profitability between the footwear segment and the sportswear and apparel segment, changes in the business mix would usually drive changes in the blended financial metrics and operational metrics of the Group. 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 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 expense ratios and average inventory turnover days.

As a long term strategy, we will maintain active involvement in footwear, sportswear, fashion apparel and accessories. With exposure to different market segments we not only aim to lower business risk but also strive to follow the trend and make the most of growth opportunities.

Changes in income tax rate

The Group's effective income tax rate was 35.1% for the Financial Year 2015/16, an increase of 7.1 percentage points from last year. This was mainly due to a one-off impairment of goodwill of the footwear business during the year, which was not deductible for tax purposes. Excluding the effect from the impairment of goodwill, the effective income tax rate was 28.2% for the year.

From 2013, in Mainland China, the income tax rate for the footwear businesses as well as the sportswear and apparel business of the Group 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%.

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

Inventory turnover

The average inventory turnover days of the Group were 135.7 days in the Financial Year 2015/16, slightly lower than the 138.7 days for the Financial Year 2014/15. This was mainly due to a change in business mix, with higher revenue contribution from the sportswear and apparel business, which turns inventory faster. The inventory balance as at 29 February 2016 was RMB6,877.4 million, higher than the balance of RMB6,349.4 million as at 28 February 2015.

The average inventory turnover days for the footwear business were 208.2 days, higher than the 190.2 days for the Financial Year 2014/15, mainly due to a decline in same store sales during the year, which had a negative impact on inventory turnover efficiency.

For the sportswear and apparel business, the average inventory turnover days were 90.1 days, lower than the 100.4 days for the Financial Year 2014/15. This was mainly due to strong same store sales growth and tight inventory levels throughout the year because a time lag in merchandise replenishment was typical with futures orders.

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.

Impairment of goodwill and other intangible assets

As at 28 February 2015, the net book value of intangible assets of the Group amounted to RMB3,812.2 million, the majority of which was goodwill from past acquisitions valued at RMB2,930.2 million (RMB1,909.6 million associated with shoes and footwear products and RMB1,020.6 million associated with sportswear and apparel products).

During the year ended 29 February 2016, consumer retail market conditions in Mainland China, Hong Kong and Macau continued to deteriorate. The footwear business of the Group experienced an acceleration of sales decline, especially in the second half of the year, when same store sales has dropped further, together with a shrinkage in profit margin when comparing with the first half of the year. The deteriorating performance in the footwear business has resulted in an impairment of its intangible assets for a total of RMB1,356.4 million, including impairment of goodwill and other intangible assets of RMB1,127.4 million and RMB229.0 million respectively. These goodwill and related other intangible assets were mainly recognized from the previous acquisitions of Mirabell, Millie's, SKAP and others.

As at 29 February 2016 the net book value of intangible assets of the Group net of impairment made amounted to RMB2,582.8 million, consisting of RMB1,802.8 million in goodwill (RMB782.2 million associated with shoes and footwear products and RMB1,020.6 million associated with sportswear and apparel products) and RMB780.0 million in other intangible assets (RMB377.8 million associated with shoes and footwear products and RMB402.2 million associated with sportswear and apparel products).

In view of current market conditions and the performance of the sportswear and apparel business of the Group, there is no significant risk of impairment to the goodwill and other intangible assets associated with the sportswear and apparel business.

Development of strategic partnerships

The Baroque project, a pilot program for the Group to get into the fashion apparel field together with a strategic partner, achieved much success since its inception more than 2 years ago. Strong brand marketing, product development and supply chain capabilities of Baroque Japan Limited, together with their patience in building strong brand recognition and customer loyalty in China, provided a solid foundation for success. Strong channel development and retail management capabilities of the Group provided a much needed catalyst to enable fast penetration of the retail footprint and higher quality of business operations. During the year the Baroque China business achieved significant progress in growing the business scale and improving profitability and efficiencies.

The achievements from the Baroque project provided us with valuable experience and perspectives. In cultivating a brand we need to be patient and work on building the foundations before ramping up its scale. In choosing potential partners we need to focus on brand legacy and product capabilities, accumulated investment of the brand in the China market or international markets, as well as a commercial collaboration framework that supports win-win on a sustainable basis. In light of the trend of continued fragmentation in the apparel market, we need to follow through with a multi-brand, multi-segment strategy to continue to introduce new brands and new businesses. Based on the specific life cycle of each brand we will be patient in building a solid foundation first before ramping up. Once a single brand reaches a certain level of scale, we will not attempt to drive more expansion and will instead focus on more localization in product development and better integration of the supply chain, in an effort to maximize brand quality and brand equity.

The Group recently entered into a strategic cooperation agreement with the REPLAY brand in Italy, to develop the REPLAY business in Greater China. An internationally renowned high end smart denim brand, REPLAY has been engaged in a major transition and transformation over the past two years. With the launch of innovative products such as Hyperflex denim jeans and assistance from celebrity sponsors with world recognition, the brand has picked up steam with a rebound in the marketplace and improved competitiveness. Recent fashion trend in the world market is mostly led by athleisure and denim has taken to back stage. From a historical perspective, however, denim always occupied a place in the apparel market with considerable resilience. During times of style shifts denim also proved to have opportunities to benefit from favourable consumer preference. We believe that a partnership with the REPLAY brand has the potential to enable an effective entry into the denim field for the Group. That being said we are consciously aware that this brand is still in transition mode and there are numerous challenges in the restructuring of its core resources. In the China market the brand also lacks recognition, with a significant deficit in brand building and investment. As such the Group will initially focus on team building and skill acquisition. We will be very patient and focused on core markets and key stores in an effort to build customer loyalty and brand equity over time. A full scale ramp up plan will only be implemented when we are ready.

Challenges and outlook

The current predicaments of the Group are closely related to changes in consumer taste and shifting style preferences. Traditional fashion footwear and dress shoes have been out of the vogue over the past two years, with athleisure taking center stage. It is worth noting that in the China market such a style shift is more structural in nature because in the past 20 years there was an over-penetration of fashion footwear and dress shoes with too much share of the market while athletic shoes and casual shoes were under-represented. With the rapid growth of Chinese consumers, their taste, aesthetics and life style are converging towards global peers. The style mix in the China footwear market is in the process of normalization. We always strive to build a business portfolio that covers multiple brands, multiple product categories, and multiple market segments, which, to a certain extent, alleviates the negative impact from a significant style shift. In the future we need to strengthen our position as a retail company. We will continue to build a highly efficient consumer-facing retail platform, upon which we can build a diversified portfolio of brands, product categories, and supply chain models to better serve an increasingly fragmented customer base that demands diversified and unique products.

Second, the evolution of retail channels had an enormous impact on the footwear business. From the perspective of evolving channels in China, in the past 20 years, the department store channel was also in a way over penetrated. In the current environment its value proposition has been weakening. On the one hand, shopping malls and urban complexes, with a rich collection of dining and entertainment amenities, have been attracting a lot more customers with a penchant for experience. On the other hand, rapid growing eCommerce attracted certain customers that value convenience and at the same time provided more choices for a group of consumers that are sensitive to pricing and value. Although short term contraction and adjustments are unavoidable, the department store is unlikely to become irrelevant as a retail channel. A retail format set up along category lines with active management of the portfolio of brands and products is still an efficient model compared with the shopping malls, which are mostly a cluster of standalone brands and separate stores. The future direction for the department store is likely to be more focused on the high end and on differentiation. This is more or less in line with the changes initiated by the Group over the past few years to emphasize more on brand diversity and product differentiation. We are confident that we are in a position to adapt to the changes and upgrades of the department store channel and maintain a reasonable market share. From a channel allocation perspective, we will continue to push an omni-channel strategy. We will actively increase our exposure to the shopping mall channel, especially the prime premises, with a differentiated offering in store format, product assortment, and marketing. At the same time we will actively push for more interaction between offline and online, especially with mobile applications and internet platforms, to achieve effective one on one communication with and marketing to our customers. Loyalty programs and social media will be utilized to create awareness of and route foot traffic to offline stores. Offline stores will also actively recruit members and, with more choices from online stores, help customers find what they want, which is essential for higher conversion.

A third challenge comes from increasing demand by customers for higher value for money, as a result of increasing transparency in information and communications, as well as the development of online sales. The industry, however, due to constraints in the channel model and manufacturing processes, has not been able to come up with effective ways to meet such a demand.

Recently the central government has been working on supply side reforms to rekindle growth. Specific to the consumer retail industry, supply side reform means the ability to provide better products and better services that actually meet consumer demand. It requires retailers to stay true to the essence of commerce, focusing on product innovation, business model improvement, and supply chain optimization, all in an effort to enhance value for money. In its 2016 work report the State Council was also asking for improved supply of products and services, higher quality of consumer goods, excellence in craftsmanship, more choices and continued brand innovation.

STATEMENT FROM CEO

The business philosophy of the Group has always been centered on consumer demand. With vertical integration, continuous replenishment, small batch production and other configurations we strive to have the right products in stores that best meet market demand. Such an operational model was the right choice for us in the past that fit into the technical environment. There are associated costs and shortcomings for sure. For example the cost of manufacturing is on the high side and it is very difficult to obtain the highest level of quality and craftsmanship. There is a passive touch in meeting consumer demand as well as a small time lag, which makes it harder to uncover hidden demand and actively lead the latest fashion trend. In the current environment, although increasingly demanding consumers pose significant challenges for our footwear business, we also observe that technology advancement likely will provide us with necessary tools to enable further innovation. The prevalence of internet, social media and data technology will enable accurate and timely communication of consumer demand, including physical specifications, individual tastes and general elements of fashion, which potentially creates the opportunity to analyse, decompose and reconstruct such demand on a timely basis that feeds directly into merchandise planning and marketing. In the manufacturing process, with technologies such as programmable equipment, internet of things, and three dimensional printing, manufacturers will be better positioned to achieve lean production with enough built-in flexibility to resolve traditional conflicts between fast-response and cost, between customization and quality. Higher consumer value can be delivered at a reasonable cost.

In my view, in a tough environment with a lot of noise and distraction, it is usually necessary to go back to the very essence of product, the nature of retail, and the core of consumer demand. As an industry leader with adequate resources, the Group has the responsibility and confidence to make a contribution to the exploration of innovations. If we can stay laser-focused on product, customer, and technology with perseverance, innovation, and leadership, there will be little need to worry about current weakness in demand or lack of growth. At the current stage of development in China with the urbanization process far from completion and consumption upgrade is only starting, there will unlikely be a lack of real demand. What is lacking is usually effectiveness and quality on the supply side. Around year 2009 the sportswear industry also experienced hardship, with large scale store closure and slumping sales. But most sportswear retailers including ourselves did not give up. Sportswear brands did not lose faith. We worked together to redefine business strategy, focusing more on retail efficiencies, product innovation and brand building. By the second half of 2012 there were signs of recovery in the sportswear market. Starting from 2014 the sportswear market entered a golden stage with fast growth and high productivity. The path for fashion footwear may not be the same. But it is our belief that the demand for fashion footwear by Chinese consumers will not vanish. There is an opportunity for such demand to pick up gradually on the back of economic development. What we need is not frustration or waiting, but active adjustment, continued improvement, innovation and transcendence. We need to focus on our customers externally and help achievers succeed internally. I believe, with time and effort, the beauty of fashion will rekindle life and the spring season of the consumer retail market will come.

Sheng Baijiao
CEO and Executive Director

24 May 2016

FINANCIAL REVIEW

For the year ended 29 February 2016, the Group recorded revenue of RMB40,790.2 million, an increase of 2.0% comparing with that of the year ended 28 February 2015. The Group recorded operating profit of RMB4,201.5 million, a decrease of 32.2% comparing with that of the year ended 28 February 2015. Excluding the one-off impairment of goodwill and other intangible assets of the footwear business, operating profit decreased by 10.3% from last year. The profit attributable to the Company's equity holders during the year amounted to RMB2,934.1 million, a decrease of 38.4% comparing with that of the year ended 28 February 2015.

REVENUE

The Group's revenue increased by 2.0%, from RMB40,008.1 million for the year ended 28 February 2015 to RMB40,790.2 million for the year ended 29 February 2016. Revenue of the footwear business decreased by 8.5%, from RMB23,037.0 million for the year ended 28 February 2015 to RMB21,074.2 million for the year ended 29 February 2016. It is mainly due to the decline in the same store sales. Revenue of the sportswear and apparel business increased by 16.2%, from RMB16,971.1 million for the year ended 28 February 2015 to RMB19,716.0 million for the year ended 29 February 2016. The relatively fast growth of the sportswear and apparel business was mainly due to the relatively higher same store sales growth and a healthy expansion of the retail network.

	Year ended				
	29 February 2016		28 February 2015		
	Revenue	**% of total**	Revenue	% of total	Growth rate
Footwear					
Company-owned brands	**18,652.4**	**45.7%**	20,577.9	51.4%	(9.4%)
Distribution brands	**2,105.8**	**5.2%**	2,098.9	5.3%	0.3%
International trade	**316.0**	**0.8%**	360.2	0.9%	(12.3%)
Sub-total	**21,074.2**	**51.7%**	23,037.0	57.6%	(8.5%)
Sportswear and apparel					
First-tier sportswear brands*	**16,945.3**	**41.5%**	14,881.9	37.2%	13.9%
Second-tier sportswear brands*	**1,954.2**	**4.8%**	1,597.8	4.0%	22.3%
Other sportswear and apparel business	**816.5**	**2.0%**	491.4	1.2%	66.2%
Sub-total	**19,716.0**	**48.3%**	16,971.1	42.4%	16.2%
Total	**40,790.2**	**100.0%**	40,008.1	100.0%	2.0%

Unit: RMB million

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

PROFITABILITY

The Group's operating profit decreased by 32.2% to RMB4,201.5 million for the year ended 29 February 2016. Excluding the one-off impairment of goodwill and other intangible assets of the footwear business, operating profit decreased by 10.3% from last year. The profit attributable to the Company's equity holders decreased by 38.4% to RMB2,934.1 million for the year ended 29 February 2016.

	Year ended					
	29 February 2016		28 February 2015		Growth rate	
	Footwear	**Sportswear and apparel**	Footwear	Sportswear and apparel	Footwear	Sportswear and apparel
Revenue	**21,074.2**	**19,716.0**	23,037.0	16,971.1	(8.5%)	16.2%
Cost of sales	**(6,887.0)**	**(10,945.3)**	(7,253.7)	(9,744.3)	(5.1%)	12.3%
Gross Profit	**14,187.2**	**8,770.7**	15,783.3	7,226.8	(10.1%)	21.4%
Gross profit margin	**67.3%**	**44.5%**	68.5%	42.6%		

Unit: RMB million

Cost of sales increased by 4.9% from RMB16,998.0 million for the year ended 28 February 2015 to RMB17,832.3 million for the year ended 29 February 2016. Gross profit in the Group's footwear segment decreased by 10.1% to RMB14,187.2 million for the year ended 29 February 2016 from RMB15,783.3 million for the year ended 28 February 2015. Gross profit in the sportswear and apparel segment increased by 21.4% to RMB8,770.7 million for the year ended 29 February 2016 from RMB7,226.8 million for the year ended 28 February 2015.

During the year, the gross profit margins of the footwear business and the sportswear and apparel business were 67.3% and 44.5% respectively. The gross profit margin of the footwear business decreased by 1.2 percentage points comparing with that of the year ended 28 February 2015. The main reason was that the Group in the second half of the year, especially with the winter collection, experienced significant erosion in gross profit margins. On the one hand, market demand was weaker than expected. On the other hand, the weather was unusual last winter, it was warm at the beginning but cold later. Higher priced winter boots were not selling well at the time of new arrival. Overall volume was tilted toward the end of the season, when there was more discounting. As a result gross profit margin was negatively affected. The gross profit margin of the sportswear and apparel business was higher than last year by 1.9 percentage points. The increase of gross profit margin is mainly due to strong market demand and tight inventories, resulting in lower retail markdown and a higher portion of sales coming from new collections.

Selling and distribution expenses for the year ended 29 February 2016 amounted to RMB14,345.8 million (2015: RMB13,920.2 million), primarily consisting of concessionaire fees and rental expenses, sales personnel salaries and commissions, depreciation charges on retail outlets decorations, and advertising and promotional expenses. In terms of percentage, the ratio of selling and distribution expenses to revenue was 35.2% (2015: 34.8%). Selling and distribution expenses of the footwear business, as a percentage of revenue, were higher than that of the year ended 28 February 2015. This was mainly due to the decline in same store sales as well as overall sales. Although rental expenses and concessionaire fees were mostly variable in nature, wages and benefits were still rising, while store decoration and other operational expenses were mostly fixed. An operating deleverage resulted in higher expenses as a percentage of revenue. For sportswear and apparel business, the selling and distribution expenses, as a percentage of revenue, was fairly stable when comparing with last year. Although staff wages continue to climb, same store sales growth was strong enough to mostly offset higher expenses.

General and administrative expenses for the year ended 29 February 2016 amounted to RMB3,516.0 million (2015: RMB3,296.3 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 8.6% (2015: 8.2%). General and administrative expenses of the footwear business, as a percentage of revenue, were higher than last year. The main reason was that general and administrative expenses were mostly fixed. An operating deleverage resulted in higher expenses as a percentage of revenue. For sportswear and apparel business, the general and administrative expenses, as a percentage of revenue, was fairly stable when comparing with last year.

Interest income decreased from RMB465.2 million for the year ended 28 February 2015 to RMB379.1 million for the year ended 29 February 2016. It is mainly due to the balance of structured bank deposits, with higher interest rate earned, decreased by RMB1,558.5 million from RMB6,188.3 million as at 28 February 2015 to RMB4,629.8 million as at 29 February 2016.

Interest expense increased from RMB36.2 million for the year ended 28 February 2015 to RMB45.9 million for the year ended 29 February 2016. Although the balance of the short-term borrowings decreased from RMB2,658.2 million as at 28 February 2015, to RMB860.6 million as at 29 February 2016, the majority of repayments incurred in the second half of the year. Also, the average balance of borrowings for the year ended 29 February 2016 was higher than last year, which resulted in a slight increase in interest expense.

During the year ended 29 February 2016, 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 RMB65.3 million (2015: RMB43.1 million) as a result.

Income tax expense for the year ended 29 February 2016 amounted to RMB1,596.1 million (2015: RMB1,850.6 million). The effective income tax rate increased by 7.1 percentage points to 35.1% for the year ended 29 February 2016 from 28.0% for the year ended 28 February 2015. Excluding the one-off impairment of goodwill of the footwear business during the year, which was not deductible for tax purposes, the effective income tax rate was 28.2%. The income tax rate for the footwear business and the sportswear and apparel business of the Group in Mainland China is approximately 25%. The income tax rate for the Hong Kong business is 16.5%.

OTHER INCOME

Other income amounted to RMB484.5 million for the year ended 29 February 2016 (2015: RMB421.6 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. For the year ended 29 February 2016, the total capital expenditure was RMB1,360.5 million (2015: RMB1,498.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a strong and healthy balance sheet. As at 29 February 2016, the net working capital of the Group was RMB14,751.1 million, representing an increase of 8.7% as compared with 28 February 2015. As at 29 February 2016, the Group's gearing ratio was 2.8% (2015: 8.2%) (Gearing ratio is calculated by using the following formula: Total Borrowings/Total Assets). As at 29 February 2016, the Group's current ratio was 3.6 times (2015: 2.9 times) (Current ratio is calculated by using the following formula: Current Assets/Current Liabilities).

Net cash generated from operations decreased by RMB120.1 million to RMB6,772.1 million for the year ended 29 February 2016 from RMB6,892.2 million for the year ended 28 February 2015.

Net cash generated from investing activities for the year ended 29 February 2016 was RMB190.1 million (2015: net cash used RMB601.2 million). During the year, the Group has net uplift of structured bank deposits of RMB1,516.9 million and interest received of RMB481.7 million, partly offset by the investment of RMB1,360.5 million in payments and deposits for purchases of property, plant and equipment (including retail outlets' decorations), land use rights and intangible assets, RMB284.4 million in acquisition of REPLAY business and RMB200.5 million in acquisition of an associate.

During the year, net cash used in financing activities was RMB4,859.2 million (2015: RMB5,820.9 million), mainly attributable to the net repayment of borrowings of RMB1,861.3 million, payments of the 2014/15 final dividend of RMB1,602.5 million and the 2015/16 interim dividend of RMB1,349.5 million by the Group during the year.

As at 29 February 2016, the Group held bank balances and cash, structured bank deposits and term deposits with initial terms of over three months totaling RMB7,781.5 million (2015: RMB8,916.0 million), after netting off the short-term borrowings of RMB860.6 million (2015: RMB2,658.2 million), it was in a net cash position of RMB6,920.9 million (2015: RMB6,257.8 million).

SHORT-TERM BORROWINGS

As at 29 February 2016, the Group's short-term borrowings were RMB860.6 million (2015: RMB2,658.2 million) and the Group's utilized banking facilities amounted to RMB596.2 million (2015: RMB2,705.4 million).

Particulars of short-term borrowings of the Group as at 29 February 2016 are set out in note 27 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 29 February 2016, structured bank deposits of RMB524.0 million (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 (2015: Nil).

CONTINGENT LIABILITIES

As at 29 February 2016, the Group had no material contingent liabilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Details of the exposure to fluctuations in exchanges rates of the Group as at 29 February 2016 are set out in note 3.1(a) to the consolidated financial statements.

SUBSEQUENT EVENTS

There have been no significant events taken place subsequent to 29 February 2016 until the date of this report.

HUMAN RESOURCES

As at 29 February 2016, the Group had a total of 119,061 employees (2015: 115,657 employees). For the year ended 29 February 2016, total staff cost was RMB6,979.0 million (2015: RMB6,453.5 million), accounting for 17.1% (2015: 16.1%) 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 share awards 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.

The board of directors of the Company (the "Board") takes pleasure in submitting their annual report together with the audited financial statements for the year ended 29 February 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The principal activities and other particulars of the principal subsidiaries are set out in note 37 to the consolidated financial statements.

The analysis of the Group's performance by reportable segments during the year is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the "Statement from CEO" and "Management Discussion and Analysis" sections, respectively on pages 8 to 21 and on pages 22 to 27 of this annual report.

A description of the possible risks and uncertainties that the Company may be facing, and the future development of the Group's business are discussed in the "Statement from CEO" on pages 8 to 21 of this annual report. Additionally, the financial risk management objectives and policies of the Company can be found in note 3 to the consolidated financial statements.

These discussions form part of this Directors' Report.

RESULTS AND DIVIDENDS

The profit of the Group for the year ended 29 February 2016 and the financial position of the Group and of the Company as at that date are set out in the consolidated financial statements on pages 58 to 136.

The Board declared on 26 October 2015 an interim dividend for the year ended 29 February 2016 of RMB16.0 cents per ordinary share, totaling RMB1,349.5 million. The interim dividend was paid on 27 November 2015.

The Board recommended the payment of a final dividend for the year ended 29 February 2016 of RMB6.0 cents (equivalent to HK7.03 cents) per ordinary share, totaling RMB506.1 million.

The translation of RMB into Hong Kong dollars is made for illustration purpose only, at the rate of RMB1 = HK$1.1711. The actual translation rate for the purpose of dividend payment in Hong Kong dollars will be the offshore exchange rate (Buying TT) of RMB against Hong Kong dollars as quoted by the Hong Kong Association of Banks on 26 July 2016, being the date on which the dividend is proposed to be approved by the shareholders of the Company at its annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(a) For the purpose of ascertaining shareholder's eligibility to attend and vote at the annual general meeting to be held on Tuesday, 26 July 2016, the register of members of the Company will be closed from Friday, 22 July 2016 to Tuesday, 26 July 2016, both days inclusive. To be eligible to attend and vote at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited no later than 4:30 p.m. on Thursday, 21 July 2016.

(b) The final dividend will be payable on or about Tuesday, 16 August 2016 to the shareholders whose names appear on the register of members of the Company on Thursday, 4 August 2016. For the purpose of ascertaining shareholder's eligibility for the final dividend, the register of members of the Company will be closed from Tuesday, 2 August 2016 to Thursday, 4 August 2016, both days inclusive. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Computershare Hong Kong Investor Services Limited no later than 4:30 p.m. on Monday, 1 August 2016.

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

DISTRIBUTABLE RESERVES

As at 29 February 2016, distributable reserves of the Company amounted to RMB11,872.6 million (2015: RMB11,450.1 million). The movements in distributable reserves during the year are set out in note 36 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for less than 5% of the Group's total sales for the year.

Purchases from the Group's five largest suppliers accounted for approximately 55.31% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 25.93% of the Group's purchases.

During the year, none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of RMB1,333.8 million (2015: RMB1,435.3 million). Details of the movements in property, plant and equipment are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

There was no change in the total number or structure of shares of the Company as a result of bonus issue, conversion from reserves, placing, allotment of new shares or any other reasons during the year.

During the year ended 29 February 2016, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

Particulars of share capital and share premium of the Company during the year are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands where the Company is incorporated.

DIRECTORS

The Directors during the year and up to the date of this report were:

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

* Appointed as an Executive Director effective from 28 July 2015
\# Appointed as a Non-executive Director effective from 28 July 2015

In accordance with article 87 of the Company's Articles of Association, Mr. Tang King Loy (an Executive Director), Mr. Ho Kwok Wah, George (an Independent Non-executive Director), Mr. Chan Yu Ling, Abraham (an Independent Non-executive Director) and Dr. Xue Qiuzhi (an Independent Non-executive Director) shall retire from office by rotation at the forthcoming annual general meeting. Mr. Tang King Loy, Mr. Ho Kwok Wah, George, Mr. Chan Yu Ling, Abraham and Dr. Xue Qiuzhi, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

The biographical details of the Directors and senior management as at the date of this report are set out in this report on pages 51 to 54.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years subject to termination before expiry by either party giving not less than three months' notice in writing to the other. The emoluments specified in the service contract appointing an Executive Director consist of basic salary (which is subject to annual review of the Board and the Remuneration Committee), mandatory retirement fund contributed by the Group and a discretionary bonus as decided by the Board and the Remuneration Committee at their discretion. Emoluments are determined with reference to the job responsibility of the Executive Director, the prevailing market rate for his position in the Group, together with a discretionary bonus based on his performance.

Each of the Non-executive and Independent Non-executive Directors has entered into a letter of appointment with the Company on for an initial term of one year and shall continue thereafter for successive period of one year subject to a maximum term of three years unless terminated by either party giving at least one month's notice in writing. No fees are payable to Non-executive Directors under the appointment letters. The emoluments payable to an Independent Non-executive Director are determined with reference to his job responsibility and the prevailing market rate for his position.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

There was no director's service contract that was entered into between the Company or its subsidiaries and any of the Directors before 31 January 2004 and except from complying with the requirements of shareholder's approval under Rules 13.68 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). There was no arrangement under which a Director waived or agreed to waive any remuneration during the year ended 29 February 2016.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 29 February 2016, 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 (the "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 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 a company, which was owned as to 54.33% by another company wholly owned by Mr. Tang Yiu.

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

(4) These Shares were held by a company wholly owned by Mr. Sheng Baijiao.

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

(6) Mr. Yu Wu was 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 held by a company, which was owned as to 45.67% by another company wholly owned by Mr. Tang Wai Lam; (ii) 757,000 Shares held by a company, of which Mr. Tang Wai Lam was beneficially interested in 33.33% of its issued share capital; and (iii) 637,000 Shares held by a company, which was owned as to 33.33% by another company wholly owned by Mr. Tang Wai Lam.

(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" below.

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 29 February 2016.

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

As at 29 February 2016, 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	1,634,488,500 (L)	19.38%
Merry Century Investments Limited	Beneficial interest	1,751,125,000 (L)	20.76%
Dazzle Best Limited	Interest in controlled corporation *(Note 2)*	1,751,125,000 (L)	20.76%
Jing Yuan Holdings Limited	Interest in controlled corporation *(Note 2)*	1,751,125,000 (L)	20.76%

Notes:

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

(2) These Shares were held by Merry Century Investments Limited ("Merry Century"). Dazzle Best Limited was interested in 54.33% of the issued share capital of Merry Century. Jing Yuan Holdings Limited was interested in 45.67% of the issued share capital of Merry Century.

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 29 February 2016.

SHARE OPTION SCHEME

The Company adopted its share option scheme pursuant to a shareholders resolution passed on 27 April 2007 (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 calibers 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 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 director (including independent non-executive director) 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, advisor, 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 has contributed or will contribute to the Group (collectively referred to as "Qualified Participants").

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 respect of 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% of the total number of Shares in issue as 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 to the date of this report.

SHARE AWARD SCHEME

On 26 May 2014, the Company adopted a share award scheme (the "Share Award Scheme") 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.

Details of the Share Award Scheme are set out in the Company's announcement issued on 26 May 2014.

On 9 June 2014, the Group has granted 253,000,000 awarded shares to the selected members of management of the Group (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 date of grant. The awarded share will be transferred to the Selected Participants at nil consideration upon vested.

During the year ended 29 February 2016, 7,960,000 (2015: 253,000,000) awarded shares have been granted by the Group and 7,960,000 (2015: Nil) awarded shares have been lapsed. As at 29 February 2016 and 28 February 2015, the outstanding number of awarded shares granted was 253,000,000.

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Saved for the Share Option Scheme and Share Award Scheme as set out above, the Company has not entered into any equity-linked agreements during the year.

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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director of the Company or an entity connected with a Director had a material interest, either directly or indirectly, were subsisting during or at the end of the year ended 29 February 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, each of the Directors has confirmed that he/she does not have any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty or otherwise in relation thereto.

SHORT-TERM BORROWINGS

Particulars of short-term borrowings of the Group as at 29 February 2016 are set out in note 27 to the consolidated financial statements.

CONNECTED TRANSACTION

The Company did not (i) conduct any continuing connected transaction or (ii) enter into any connected transaction agreement for the year ended 29 February 2016.

None of the related party transactions set out in note 35 to the consolidated financial statements constitutes connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out as follows:

	Year ended 29 February	Year ended 28 February	Fourteen months ended 28 February	Year ended 31 December	
	2016	2015	2014	2012	2011
	RMB million	*RMB million*	*RMB million* *(note)*	*RMB million*	*RMB million*
Revenue	**40,790.2**	40,008.1	43,067.2	32,859.0	28,944.7
Gross profit	**22,957.9**	23,010.1	24,583.1	18,598.2	16,555.9
Gross profit margin	**56.28%**	57.51%	57.08%	56.60%	57.20%
Operating profit	**4,201.5**	6,193.7	6,634.0	5,402.9	5,264.8
Operating profit margin	**10.30%**	15.48%	15.40%	16.44%	18.19%
Profit attributable to equity holders of the Company	**2,934.1**	4,763.9	5,159.1	4,352.3	4,254.6
Structured bank deposits, term deposits, bank balances and cash	**7,781.5**	8,916.0	10,233.0	8,525.4	6,750.9
Short-term borrowings	**860.6**	2,658.2	2,360.1	2,176.3	1,895.4
Total assets	**31,054.8**	32,536.5	32,393.9	28,602.8	25,681.2
Total liabilities	**5,768.8**	7,414.4	6,058.6	6,039.4	6,087.4
Total equity	**25,286.0**	25,122.1	26,335.3	22,563.4	19,593.8

Note:

Pursuant to a special resolution passed by the Board on 8 September 2013, the financial year end date of the Company was changed from 31 December to 28 February (or 29 February in a leap year) with effect from the financial period ended 28 February 2014.

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 12 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and considers all the Independent Non-executive Directors to be independent.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental conservation is a key focus for the Group. The conscientious use of resources underlies its commitment to safeguarding the environment. The Group encourages environmental protection, complies with environmental legislation and promotes awareness towards environmental protection to the employees.

The Group puts great emphasis in environmental protection and sustainable development. Through the establishment of an ever-improving environmental management system, enhancement on procedure monitoring, energy conversation and environment protection were strongly promoted, leading to the remarkable achievement of environmental management. Also, a main manufacturing plant of the Group has been awarded "ISO 14001 Environmental Management System" certification.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year and up to the date of this report, we have complied with all the relevant laws and regulations in the places where we operate in all material respects.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group believes its stakeholders stand with it on the roadmap of sustainability. Stable relationships and effective communication with its stakeholders and balancing interests of different stakeholders are keys to business success and sustainability of the Group.

Relationships with consumers

The Group places top priority on the interests of its consumers and is committed to provide them with satisfactory shopping experience. To ensure continuous improvement of quality of its products and services, the Group regularly conducts analysis on operating data in its outlets to understand diversified consumers' demands and market trends in different regions. Offline stores will also actively recruit members, which enables the Group to understand the spending behavior and habits of its members so that the Group could customize and launch differentiated marketing activities to strengthen consumers' loyalty of its brands. Besides, in order to gain thorough understanding on consumers' demand, the Group regularly carries out market surveys.

Apart from the above, the Group provides regular trainings to all salespersons in its outlets with the aim to offer high standard of services to consumers. The Group also engages its consumers through other measures including mobile applications and internet platforms, to achieve effective one on one communication with and marketing to our customers.

Relationships with suppliers

The Group understands sustainable supply of quality products is indispensable for long-term business development. In view of this, the Group has adopted a supplier management policy to ensure quality and sustainability of product supply. The Group selects its suppliers prudently. The suppliers need to fulfill certain assessment criteria of the Group, including meeting the Group's standards for raw materials and finished goods, reputation, environmental friendliness, production capacity, financial capability and experience. We view our suppliers as partners who make important contribution to our business success.

Relationships with employees

The Group considers its employees the key to a sustainable business growth and hence the Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus and share awards 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.

Relationships with investors and shareholders

The Board is dedicated to maintain an on-going dialogue with the investors and the shareholders of the Company. Information is communicated to the investors and the shareholders mainly through the Company's financial reports (interim and annual reports), general meetings, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Investors and analysts briefings and roadshows, and press conferences are conducted on a regular basis in order to facilitate communication between the Company, the investors and the shareholders. The Board strives to ensure effective and timely dissemination of information to the investors and the shareholders at all times and reviews regularly the above arrangements to ensure its effectiveness.

AUDITOR

PricewaterhouseCoopers retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Tang Yiu
Chairman

Hong Kong, 24 May 2016

The board of directors of the Company (the "Board") is committed to upholding a high standard of corporate governance and business ethics in the Company belief that they are essential for enhancing investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, comply with increasingly stringent regulatory requirements and fulfill its commitment to excellence in 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 29 February 2016, 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.

BOARD

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders.

The Board comprises four Executive Directors, three Non-executive Directors and four Independent Non-executive Directors. The Board has established three Board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee different areas of the Company's affairs. The composition of the Board and the Board committees are given below and their respective responsibilities and work performed during the year are discussed in this report.

Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors			
Mr. Sheng Baijiao *(Chief Executive Officer)*	N/A	✔	✔
Mr. Tang King Loy	N/A	N/A	N/A
Mr. Sheng Fang	N/A	N/A	N/A
Mr. Yu Wu*	N/A	N/A	N/A
Non-executive Directors			
Mr. Tang Yiu *(Chairman)*	N/A	N/A	N/A
Mr. Tang Wai Lam#	N/A	N/A	N/A
Ms. Hu Xiaoling	N/A	N/A	N/A
Independent Non-executive Directors			
Mr. Ho Kwok Wah, George	✔	N/A	N/A
Mr. Chan Yu Ling, Abraham	✔	✔	✔
Dr. Xue Qiuzhi	✔	✔	✔
Mr. Gao Yu	✔	✔	N/A

* Appointed as an Executive Director effective from 28 July 2015
\# Appointed as a Non-executive Director effective from 28 July 2015

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Group. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Executive Directors and members of senior management. The Company maintains appropriate directors' and officers' liabilities insurance.

During the year, the Board convened a total of five Board meetings based on the needs of the operation and business development of the Company. Details of attendance of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee meetings are as follows:

	Meetings attended/held			
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. Tang Yiu# *(Chairman)*	5/5	N/A	N/A	N/A
Mr. Sheng Baijiao *(Chief Executive Officer)*	5/5	N/A	2/2	1/1
Mr. Tang King Loy	5/5	N/A	N/A	N/A
Mr. Sheng Fang	4/5	N/A	N/A	N/A
Mr. Yu Wu*	2/2	N/A	N/A	N/A
Mr. Tang Wai Lam# ^	2/2	N/A	N/A	N/A
Ms. Hu Xiaoling#	5/5	N/A	N/A	N/A
Mr. Ho Kwok Wah, George@	5/5	4/4	N/A	N/A
Mr. Chan Yu Ling, Abraham@	3/5	2/4	1/2	1/1
Dr. Xue Qiuzhi@	4/5	3/4	1/2	1/1
Mr. Gao Yu@	5/5	3/4	2/2	N/A

* Appointed as an Executive Director effective from 28 July 2015
^ Appointed as a Non-executive Director effective from 28 July 2015
\# Non-executive Directors
@ Independent Non-executive Directors

The Board members have no financial, business, family or other material/relevant relationships with each other save that Mr. Tang Yiu is the father of Mr. Tang King Loy, Mr. Tang Wai Lam is a cousin of Mr. Tang Yiu and an uncle of Mr. Tang King Loy and Mr. Sheng Baijiao is an uncle of Mr. Sheng Fang. In the Board's opinion, this relationship does not affect the Directors' independent judgment and integrity in executing their roles and responsibilities. The Non-executive Directors and the Independent Non-executive Directors bring a variety of experience and expertise to the Company.

Each of the Independent Non-executive Directors has confirmed with the Company in writing his independence from the Company in accordance with Rule 3.13 of the Listing Rules. On this basis, the Company considers all Independent Non-executive Directors to be independent.

Biographical details of the Directors and senior management of the Company as at the date of this report are set out on pages 51 to 54 of this annual report.

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

DIRECTORS' TRAINING

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive introduction to the businesses of the Group by senior executives.

As a matter of continuing professional development training, the Company provides training and briefing sessions to Directors during the year ended 29 February 2016, to ensure that they are apprised of the latest development regarding the Listing Rules and other applicable statutory requirements and to refresh their knowledge and skills in relation to their contribution to the Board. In addition, the Directors have been developing and refreshing their skills and knowledge by studying relevant materials from time to time concerning directors of listed companies.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Nomination Committee took into consideration criteria such as difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board when considering the appointment of new Directors. Currently, all Directors are appointed for a specific term of three years.

In accordance with article 87 of the Company's Articles of Association, Mr. Tang King Loy (an Executive Director), Mr. Ho Kwok Wah, George (an Independent Non-executive Director), Mr. Chan Yu Ling, Abraham (an Independent Non-executive Director) and Dr. Xue Qiuzhi (an Independent Non-executive Director) shall retire from office by rotation at the forthcoming annual general meeting. Mr. Tang King Loy, Mr. Ho Kwok Wah, George, Mr. Chan Yu Ling, Abraham and Dr. Xue Qiuzhi, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer of the Company are Mr. Tang Yiu and Mr. Sheng Baijiao respectively. The roles of the Chairman and Chief Executive Officer are segregated to assume a balance of authority and power. The Chairman is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The reasonable division of work under the laws ensures a definite division between power and obligations with clear-cut and efficient decisions and implementations by the Board and the management.

AUDIT COMMITTEE

The Company established the Audit committee on 27 April 2007 with written terms of reference. The Audit Committee comprises four Independent Non-executive Directors, 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 primary responsibilities of the Audit Committee include (but without limitation) assisting 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 held four meetings during the year ended 29 February 2016. Major work completed by the Audit Committee during the year includes:

- reviewing the Group's annual report, interim financial information and annual financial statements;
- reviewing accounting policies adopted by the Group and issues related to accounting practice;
- reviewing the external auditor's qualifications, independence and performance;
- reviewing the external auditor's management letter and the management's response;
- assisting the Board to evaluate on the effectiveness of financial reporting procedures and internal control system; and
- advising on material event or drawing the attention of the management on related risks.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 27 April 2007 with written terms of reference. 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.

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 procedure 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 participants pursuant to the Share Option Scheme and Share Award Scheme upon authorization by the Board.

The Remuneration Committee held two meetings during the year ended 29 February 2016. The Remuneration Committee reviewed the Group's remuneration policy for the year ended 29 February 2016 at the meetings.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 17 March 2012 with written terms of reference. 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.

The Nomination Committee held one meeting during the year ended 29 February 2016. 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.

BOARD DIVERSITY

In order to achieve a diversity of perspectives among members of the Board, it is the board diversity policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments to the Board. The Nomination Committee will carry out the selection process in accordance with the board diversity policy of the Company and by making reference to a range of diversity perspectives, including but not limited to difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period to ensure that they give a true and fair view of the financial position of the Company and the Group, and of the Group's financial performance and cash flows for that period. The Directors were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgments and estimates made are prudent and reasonable.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 56 and 57.

COMPANY SECRETARY

Mr. Leung Kam Kwan is the Company Secretary of the Company. He is a full time employee of the Company who has day-to-day knowledge of the Company and is responsible for advising the Board on corporate governance matters.

In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal controls to safeguard the shareholders' investment and the Company's assets. The Board convenes meetings with the Audit Committee to conduct regular reviews of the effectiveness of the internal control system of the Company and the Group. During the year ended 29 February 2016, the Board, through the Audit Committee, reviewed the overall effectiveness of the Group's internal control system, including the financial, operational and compliance controls, risk management functions, adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

REMUNERATION POLICY

The Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus may be granted to eligible employees based on the Group's and individual's performance.

During the year, details of the benefits and interests of Directors, Chief Executive Officer and five highest paid individuals, and senior management remuneration by band are set out in note 13 to the consolidated financial statements.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's independent auditor, PricewaterhouseCoopers, and their affiliated firms, for its statutory audit, audit-related and non-audit services for the year ended 29 February 2016 were RMB10.2 million, RMB1.8 million and RMB0.5 million respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. Following specific enquiry, each of the Directors has confirmed compliance with the required standard set out in the Model Code throughout the year ended 29 February 2016.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to being a successful and responsible corporate citizen. As such, the Group are committed not only to delivering quality products and service to customers of the Group and strong and sustained financial performance to shareholders of the Group. The Group are also committed to contributing into the communities where the Group conduct business. The Group aim to achieve this by, amongst others, ensuring that the workers producing products of the Group are treated with fairness and respect; and at all times achieving the goals of the Group through environmentally friendly means.

MATERIAL CHANGE IN THE ARTICLES OF ASSOCIATION

During the year ended 29 February 2016, there was no material change in the Articles of Association of the Company.

INVESTOR AND SHAREHOLDER RELATIONS

The Board is dedicated to maintain an on-going dialogue with the investors and the shareholders of the Company. Information is communicated to the investors and the shareholders mainly through the Company's financial reports (interim and annual reports), general meetings, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited and its corporate communications and other corporate publications on the Company's website. Investors and analysts briefings and roadshows, and press conferences are conducted on a regular basis in order to facilitate communication between the Company, the investors and the shareholders. The Board strives to ensure effective and timely dissemination of information to the investors and the shareholders at all times and reviews regularly the above arrangements to ensure its effectiveness.

During the year ended 29 February 2016, all Directors attended the annual general meeting of the Company held on 28 July 2015 with the exception of Mr. Tang Yiu, Mr. Sheng Fang, Ms. Hu Xiaoling, Dr. Xue Qiuzhi and Mr. Gao Yu.

SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company.

Under the Company's Articles of Association, the Shareholder Communication Policy and other relevant internal procedures of the Company, the shareholders of the Company enjoy, among others, the following rights:

1. Convening Extraordinary General Meetings

Any one or more shareholders of the Company holding not less than one-tenth of the issued share capital of the Company carrying the right of voting at general meetings may require an extraordinary general meeting by a written requisition to the Board or the Company Secretary. The Board shall then hold a general meeting within two months after receipt of such requisition.

2. Participation at General Meetings

The Company encourages shareholders to participate in general meetings, either in person or via proxies, to exercise their rights. The general meetings provide important opportunities for shareholders to express their views to the Board and management. The Company provides details of the general meetings to the shareholders in a notice prior to the meeting in compliance with the Articles of Association of the Company and the Listing Rules. Shareholders are encouraged to ask questions about or comment on the results, operations, strategy and/or management of the Group at general meetings. The chairman of the Board committees, appropriate management executives and auditors of the Company will be available at general meetings to answer questions from shareholders. Time is set aside in each general meeting for such question and answer session.

3. Enquiries and Proposals to the Board

The Shareholder Communication Policy sets out detailed procedures under which the shareholders of the Company may communicate to the Board any enquiries they may have. All shareholder correspondences received by the Company will be delivered to the Group's investor relation staff for an initial review. The investor relation staff will maintain a log of the correspondences and forward either a summary or a copy of the correspondences to the Board for consideration at its next meeting.

Apart from the above, the shareholders of the Company also have the right to nominate candidates to be Directors of the Company. Following the relevant procedures which are made available to the shareholders, the shareholders may at any time send a notice of nomination setting out the information required to the Nomination Committee of the Company. After evaluation, the Nomination Committee may make recommendation to the Board which will then evaluate the nomination.

CHAIRMAN – NON-EXECUTIVE DIRECTOR

Mr. Tang Yiu ("Mr. Tang"), aged 81, is a Non-executive Director, the Chairman and the founder of the Group. Mr. Tang acted as Executive Director from September 2005 to May 2012. With over 40 years of experience in the footwear manufacturing industry, he is currently the chairman of The Federation of Hong Kong Footwear Limited and the honorary president of the Sam Shui Natives Association. Mr. Tang was a committee member of the Chinese People's Political Consultative Conference in the Sanshui District of Foshan in the PRC from 2005 to 2012 and a committee member of the China Trade Advisory Committee of Hong Kong Trade Development Council from 2007 to 2011. Mr. Tang has also been awarded with the Certificate of Foshan Honorary Citizenship by the Foshan Municipality in the PRC in November 2004. Mr. Tang is a cousin of Mr. Tang Wai Lam, a Non-executive Director and is also the father of Mr. Tang King Loy, an Executive Director. Mr. Tang holds directorships in certain subsidiaries of the Company.

EXECUTIVE DIRECTORS

Mr. Sheng Baijiao ("Mr. Sheng"), aged 64, is an Executive Director and the Chief Executive Officer. Mr. Sheng has joined the Group since 1991 and has over 25 years of experience in the footwear industry. Mr. Sheng is primarily responsible for the Group's overall strategic planning and the management of the Group's business. Prior to joining the Group, Mr. Sheng worked at the China Merchants Shekou Industrial Zone Light & Textile Industries Development Company (招商局蛇口工業區輕紡開發公司). Mr. Sheng is currently the vice chairman of the China Leather Industry Association and the chairman of the Shenzhen Leather Association. Mr. Sheng is an uncle of Mr. Sheng Fang, an Executive Director. Mr. Sheng holds directorships in certain subsidiaries of the Company.

Mr. Tang King Loy, aged 45, is an Executive Director and President of footwear business division. Mr. Tang King Loy has joined the Group since 1999 and has over 15 years of experience in footwear industry. Mr. Tang King Loy is primarily responsible for implementation of decisions and policies in regard to the Group's overall business plan as approved by the board of directors of the Company and the Chief Executive Officer, as well as the management of footwear business. Mr. Tang King Loy graduated from The University of Hong Kong with a Bachelor's degree of science and a Master's degree in physics. He is currently the vice president of The Federation of Hong Kong Footwear Limited. Mr. Tang King Loy has been appointed as one of the authorized representatives of the Company. Mr. Tang King Loy is a son of Mr. Tang, the Chairman and a Non-executive Director; and is also a nephew of Mr. Tang Wai Lam, a Non-executive Director. Mr. Tang King Loy holds directorships in certain subsidiaries of the Company.

Mr. Sheng Fang, aged 44, is an Executive Director and President of new business division. Mr. Sheng Fang has joined the Group since 2005 and has almost 20 years of experience in the management of footwear retail business. Mr. Sheng Fang is primarily responsible for operation management of the Group's footwear and apparel retail business. Mr. Sheng Fang studied at Tongji University from 1989 to 1993, specializing in electrical engineering. He was a representative of the 13th and 14th People's Congress of Hongkou District, Shanghai. He is currently a council member of College of Design and Innovation and a part-time professor of Innovation & Venture Minor Program of Tongji University. Mr. Sheng Fang is a nephew of Mr. Sheng, the Chief Executive Officer and an Executive Director. Mr. Sheng Fang also holds directorships in certain subsidiaries of the Company.

Mr. Yu Wu ("Mr. Yu"), aged 49, is an Executive Director and President of sportswear business division. Mr. Yu has joined the Group since 2005 and has over 25 years of experience in footwear and sportswear retail business. Mr. Yu is primarily responsible for the Group's sportswear marketing strategy and overall management. Mr. Yu graduated from Shandong Jianzhu University (formerly known as Shandong Institute of Architectural Engineering) with a Bachelor's degree of engineering. Mr. Yu holds directorships in certain subsidiaries of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Tang Wai Lam, aged 62, is a Non-executive Director. Mr. Tang Wai Lam joined the Group in 2009 and was general manager of Hong Kong and Macau region till May 2015. Mr. Tang Wai Lam has over 40 years of experience in the footwear retail industry. Mr. Tang Wai Lam is currently the permanent honorary president of The Federation of Hong Kong Footwear Limited, the honorary president of the Sam Shui Natives Association, the executive vice president of the Federation of Hong Kong Foshan Associations Limited. Mr. Tang Wai Lam is a cousin of Mr. Tang, the Chairman and a Non-Executive Director and is also an uncle of Mr. Tang King Loy, an Executive Director. Mr. Tang Wai Lam holds directorships in certain subsidiaries of the Company.

Ms. Hu Xiaoling ("Ms. Hu"), aged 45, is a Non-executive Director. Ms. Hu was appointed as a Director in September 2005. She joins CDH Investments in 2002 and is currently a managing director of CDH Investments Management (Hong Kong) Limited. Ms. Hu is a director of Midea Group Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 000333), Anhui Yingliu Electromechanical Co., Limited (a company listed on Shanghai Stock Exchange, stock code: 603308) and Beijing Motie Book Co., Limited as well. Ms. Hu is currently a non-executive director and member of audit committee of Dali Foods Group Company Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 3799); as well as since 2007 to 2014, Ms. Hu served as a non-executive director of SUNAC China Holdings Limited (a company listed on the Stock Exchange, stock code: 1918). Prior to joining CDH Investments Management (Hong Kong) Limited, Ms. Hu worked for the direct investment department of China International Capital Corporation Limited and Arthur Andersen. She is a fellow member of the Association of Chartered Certified Accountants. Ms. Hu graduated from Beijing Jiaotong University, previously known as Northern Jiaotong University, with a Master's degree in economics and accounting and Bachelor's degree in economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Kwok Wah, George ("Mr. Ho"), FCPA (Practising), aged 58, is an Independent Non-executive Director. Mr. Ho was appointed as a Director in October 2006. Mr. Ho has almost 30 years of experience in accounting, auditing and financial management. He is currently a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Ho was the president of The Hong Kong Institute of Accredited Accounting Technicians from 2001 to 2003, and a director of The Taxation Institute of Hong Kong from 2002 to 2013. Mr. Ho is currently the proprietor of George K. W. Ho & Co., Certified Public Accountants. Mr. Ho is also currently a director of the Hong Kong Commerce and Industry Associations Limited and the Hong Kong Shatin Industries and Commerce Association Limited. Mr. Ho is currently an independent non-executive director, chairman of audit and remuneration committee, and member of nomination committee of Town Health International Medical Group Limited (a company listed on the Stock Exchange, stock code: 3886), an independent non-executive director, chairman of audit and remuneration committee, and member of nomination committee of Rykadan Capital Limited (a company listed on the Stock Exchange, stock code: 2288), as well as an independent non-executive director and chairman of audit committee of PuraPharm Corporation Limited (a company listed on the Stock Exchange, stock code: 1498). Mr. Ho graduated from The Hong Kong Polytechnic University with a Bachelor's degree in accountancy.

Mr. Chan Yu Ling, Abraham ("Mr. Chan"), aged 55, is an Independent Non-executive Director. Mr. Chan was appointed as a Director in October 2006. Mr. Chan is a chartered engineer in the United Kingdom, a professional engineer in Ontario, Canada and is currently an executive director, the chairman, the chief executive officer, the founder, chairman of nomination committee and member of scientific advisory committee of PuraPharm Corporation Limited (a company listed on the Stock Exchange, stock code: 1498). Mr. Chan is also currently a member of the Institution of Structural Engineers in the United Kingdom, a fellow of Hong Kong Institute of Directors, a committee member of the Chinese People's Political Consultative Conference in Guangxi Zhuang Autonomous Region in the PRC, the former President and Council Member of the Modernized Chinese Medicine International Association Limited, a member of the Chinese Medicine Development Committee, and a former member of the Commission on Strategic Development (Commission Economic Development and Economic Cooperation with the Mainland) and part-time member of the Central Policy Unit of The Government of Hong Kong Special Administrative Region. Mr. Chan graduated from the University of Toronto in Canada with a Bachelor's degree in applied science in 1982.

Dr. Xue Qiuzhi ("Dr. Xue"), aged 64, is an Independent Non-executive Director. Dr. Xue was appointed as a Director in October 2006. Dr. Xue is currently the head of Center for International Business Management Research of Fudan University. Dr. Xue has been a professor of Management of Fudan University since 1996. Dr. Xue was an associate dean of the School of Management of Fudan University from 2002 to 2015. Dr. Xue was the head of the Department of International Business Administration of Fudan University from 1993 to 1999, and the head of the Department of Business Administration at the same university from 1999 to 2003. Dr. Xue graduated from Wuhan University with a Bachelor's degree in economics in 1982 and obtained a Master's degree in political economics and a Doctoral degree in economics from the Universite Libre de Bruxelles in Belgium in 1984 and 1988, respectively.

Mr. Gao Yu ("Mr. Gao"), aged 42, is an Independent Non-executive Director. Mr. Gao was appointed as a Director in August 2006. He is currently a managing director of the Private Equity Division of Morgan Stanley Asia Limited, primarily focusing on private equity investment activities in China. Mr. Gao is currently a non-executive director of Sparkle Roll Group Limited (a company listed on the Stock Exchange, stock code: 970) and an independent non-executive director, member of audit committee and nomination committee of China Dongxiang (Group) Co., Ltd. (a company listed on the Stock Exchange, stock code: 3818). Mr. Gao had been a director of Tongkun Group Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 601233) from 2011 to 2015. Prior to joining Morgan Stanley Asia Limited, he worked in Citigroup's Investment Banking Division in Asia for about 5 years. Mr. Gao has worked in Donaldson, Lufkin & Jenrette Inc's Debt Capital Markets Group in New York. Mr. Gao graduated from Stanford University with a Master's degree in engineering-economic systems and operations research as well as from Tsinghua University in Beijing with dual Bachelor's degrees in engineering and economics.

SENIOR MANAGEMENT

Mr. Song Xiaowu ("Mr. Song"), aged 51, is senior vice president and general manager of production system of footwear business division who is primarily responsible for the production management of the Group. Mr. Song joined the Group in 1993 and has over 20 years of experience in the footwear production management. Mr. Song was also previously responsible for various production processes such as production, technology and quality control.

Ms. Li Zhao ("Ms. Li"), aged 58, is senior vice president and general manager in human resources who is primarily responsible for the management and operation of the Group's human resources. Ms. Li had joined the Group in 1995 and left the Group in 1997. She subsequently rejoined the Group in 2005. Prior to joining the Group, Ms. Li worked for the China Merchants Shekou Industrial Zone Light & Textile Industries Development Company (招商局蛇口工業區輕紡開發公司) and China Textile Academy (中國紡織科學研究院). Ms. Li graduated from Donghua University with a Bachelor's degree in textile mechanical engineering. Ms. Li also holds a Master's degree in business administration from Shanghai Maritime University and a Master of Business Administration for Senior Management from the Shanghai Jiaotong University.

COMPANY SECRETARY

Mr. Leung Kam Kwan ("Mr. Leung"), FCPA, aged 52 is our company secretary and the chief financial manager. Mr. Leung joined the Group in September 2004. Mr. Leung has almost 25 years of experience in accounting, financial management and internal control. Prior to joining the Group, Mr. Leung had held senior positions at various listed companies in Hong Kong and had previously worked for KPMG. Mr. Leung graduated from City University of Hong Kong with a Bachelor's degree in accounting. He is also a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants, as well as a member of the Hong Kong Institute of Chartered Secretaries.

Notes:

(1) The Directors' interests in Shares and underlying Shares of the Company, if any, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as at 29 February 2016 are disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report. Saved as disclosed above and in this annual report, none of the Directors has any other interest in Shares and underlying Shares within the meaning of Part XV of the SFO.

(2) Save as disclosed in the Directors' respective biographical details under "Biographical Data of Directors and Senior Management" section, the Directors (i) have not held any directorships in other listed public companies, whether in Hong Kong or overseas, during the last three years; and (ii) do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

(3) In accordance with article 87 of the Company's Articles of Association, Mr. Tang King Loy (an Executive Director), Mr. Ho (an Independent Non-executive Director), Mr. Chan (an Independent Non-executive Director) and Dr. Xue (an Independent Non-executive Director) shall retire from office by rotation at the forthcoming annual general meeting. Mr. Tang King Loy, Mr. Ho, Mr. Chan and Dr. Xue, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

pwc 羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BELLE INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Belle International Holdings Limited (the "Company") and its subsidiaries set out on pages 58 to 136, which comprise the consolidated balance sheet as at 29 February 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 29 February 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 May 2016

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Revenue	5	**40,790.2**	40,008.1
Cost of sales		**(17,832.3)**	(16,998.0)
Gross profit		**22,957.9**	23,010.1
Selling and distribution expenses		**(14,345.8)**	(13,920.2)
General and administrative expenses		**(3,516.0)**	(3,296.3)
Other income	6	**484.5**	421.6
Other expenses		**(22.7)**	(21.5)
Impairment of intangible assets	17	**(1,356.4)**	–
Operating profit	7	**4,201.5**	6,193.7
Finance income		**379.1**	465.2
Finance costs		**(111.2)**	(79.3)
Finance income, net	8	**267.9**	385.9
Share of results of associates and a joint venture	18	**71.8**	21.8
Profit before income tax		**4,541.2**	6,601.4
Income tax expense	9	**(1,596.1)**	(1,850.6)
Profit for the year		**2,945.1**	4,750.8
Attributable to:			
Equity holders of the Company		**2,934.1**	4,763.9
Non-controlling interests		**11.0**	(13.1)
		2,945.1	4,750.8
Earnings per share attributable to equity holders of the Company for the year	10	***RMB cents***	*RMB cents*
– basic		**35.86**	57.64
– diluted		**34.79**	56.38

The notes on pages 64 to 136 are an integral part of these consolidated financial statements.

Details of dividends payable to equity holders of the Company are set out in Note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Profit for the year	**2,945.1**	4,750.8
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to income statement:		
Exchange differences	**17.5**	(81.3)
Other comprehensive income/(loss) for the year	**17.5**	(81.3)
Total comprehensive income for the year	**2,962.6**	4,669.5
Attributable to:		
Equity holders of the Company	**2,951.6**	4,682.6
Non-controlling interests	**11.0**	(13.1)
	2,962.6	4,669.5

The notes on pages 64 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 29 FEBRUARY 2016

	Note	As at 29 February 2016 RMB million	28 February 2015 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	14	**4,561.3**	4,141.5
Land use rights	15	**1,525.3**	1,557.8
Investment properties	16	**241.6**	317.1
Intangible assets	17	**2,582.8**	3,812.2
Interests in associates and a joint venture	18	**946.2**	633.1
Long-term deposits, prepayments and other assets	19	**393.4**	368.4
Deferred income tax assets	20	**457.7**	442.5
Structured bank deposits	23	**–**	530.0
		10,708.3	11,802.6
Current assets			
Inventories	21	**6,877.4**	6,349.4
Trade receivables	22	**4,326.9**	4,798.2
Deposits, prepayments and other receivables	19	**1,360.7**	1,200.3
Structured bank deposits	23	**4,629.8**	5,658.3
Term deposits with initial terms of over three months		**23.0**	20.0
Bank balances and cash	24	**3,128.7**	2,707.7
		20,346.5	20,733.9
Total assets		**31,054.8**	32,536.5

The notes on pages 64 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 29 FEBRUARY 2016

	Note	As at 29 February 2016 RMB million	28 February 2015 RMB million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	28	**83.1**	83.1
Share premium		**9,214.1**	9,214.1
Reserves	29	**15,778.9**	15,626.0
		25,076.1	24,923.2
Non-controlling interests		**209.9**	198.9
Total equity		**25,286.0**	25,122.1
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	20	**122.5**	195.2
Deferred income		**50.9**	56.7
		173.4	251.9
Current liabilities			
Trade payables	25	**956.9**	1,012.5
Other payables, accruals and other liabilities	26	**2,112.0**	1,881.1
Short-term borrowings	27	**860.6**	2,658.2
Current income tax liabilities		**1,665.9**	1,610.7
		5,595.4	7,162.5
Total liabilities		**5,768.8**	7,414.4
Total equity and liabilities		**31,054.8**	32,536.5

The financial statements on pages 58 to 136 were approved by the Board of Directors on 24 May 2016 and were signed on its behalf.

Sheng Baijiao
Director

Tang King Loy
Director

The notes on pages 64 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Capital and reserves attributable to equity holders of the Company											
	Share capital RMB million (Note 28)	Share premium RMB million	Shares held for share award scheme RMB million (Note 28)	Share-based compensation reserve RMB million (Note 30)	Merger reserve RMB million (Note 29(b))	Statutory reserves RMB million (Note 29(c))	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 year ended 29 February 2016												
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 year	–	–	–	–	–	–	–	–	**2,934.1**	**2,934.1**	**11.0**	**2,945.1**
Other comprehensive income:												
Exchange differences	–	–	–	–	–	–	–	**17.5**	–	**17.5**	–	**17.5**
Total comprehensive income for the year	–	–	–	–	–	–	–	**17.5**	**2,934.1**	**2,951.6**	**11.0**	**2,962.6**
Dividends	–	–	–	–	–	–	–	–	**(2,952.0)**	**(2,952.0)**	–	**(2,952.0)**
Employee share award scheme												
– Value of employee services	–	–	–	**153.3**	–	–	–	–	–	**153.3**	–	**153.3**
Transfer to reserves	–	–	–	–	–	**122.8**	–	–	**(122.8)**	–	–	–
	–	–	–	**153.3**	–	**122.8**	–	–	**(3,074.8)**	**(2,798.7)**	–	**(2,798.7)**
As at 29 February 2016	**83.1**	**9,214.1**	**(1,716.1)**	**306.6**	**3.5**	**1,331.8**	**0.1**	**(172.0)**	**16,025.0**	**25,076.1**	**209.9**	**25,286.0**
For the year ended 28 February 2015												
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:												
Profit for the year	–	–	–	–	–	–	–	–	4,763.9	4,763.9	(13.1)	4,750.8
Other comprehensive loss:												
Exchange differences	–	–	–	–	–	–	–	(81.3)	–	(81.3)	–	(81.3)
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	–	(81.3)	4,763.9	4,682.6	(13.1)	4,669.5
Dividends	–	–	–	–	–	–	–	–	(4,385.8)	(4,385.8)	–	(4,385.8)
Employee share award scheme												
– Value of employee services	–	–	–	153.3	–	–	–	–	–	153.3	–	153.3
– Shares purchased for share award scheme	–	–	(1,716.1)	–	–	–	–	–	–	(1,716.1)	–	(1,716.1)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	65.9	65.9
Transfer to reserves	–	–	–	–	–	120.7	–	–	(120.7)	–	–	–
	–	–	(1,716.1)	153.3	–	120.7	–	–	(4,506.5)	(5,948.6)	65.9	(5,882.7)
As at 28 February 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

The notes on pages 64 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Cash flows from operating activities			
Net cash generated from operations	32(a)	**6,772.1**	6,892.2
Income tax paid		**(1,628.8)**	(1,448.2)
Net cash generated from operating activities		**5,143.3**	5,444.0
Cash flows from investing activities			
Acquisition of an associate	18	**(200.5)**	–
Acquisition of a business	31	**(284.4)**	–
Acquisition of subsidiaries, net of cash acquired		**–**	28.2
Payments and deposits for purchase of property, plant and equipment, land use rights and intangible assets	32(b)	**(1,360.5)**	(1,498.0)
Proceeds from disposal of property, plant and equipment, and land use rights	32(c)	**39.9**	60.7
Placement of structured bank deposits		**(14,931.4)**	(29,401.6)
Proceeds from maturity of structured bank deposits		**16,448.3**	29,747.9
(Increase)/decrease in term deposits with initial terms of over three months		**(3.0)**	60.0
Interest received		**481.7**	401.6
Net cash generated from/(used in) investing activities		**190.1**	(601.2)
Cash flows from financing activities			
Dividends paid		**(2,952.0)**	(4,385.8)
Interest paid		**(45.9)**	(36.2)
Capital contribution from non-controlling interests		**–**	65.9
Proceeds from borrowings		**5,498.8**	4,740.1
Repayments of borrowings		**(7,360.1)**	(4,488.8)
Payments for purchase of shares for share award scheme		**–**	(1,716.1)
Net cash used in financing activities		**(4,859.2)**	(5,820.9)
Net increase/(decrease) in cash and cash equivalents		**474.2**	(978.1)
Cash and cash equivalents at beginning of the year		**2,730.7**	3,705.0
Exchange gains on cash and cash equivalents		**7.8**	3.8
Cash and cash equivalents at end of the year	32(d)	**3,212.7**	2,730.7

The notes on pages 64 to 136 are an integral part of these consolidated financial statements.

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").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Board of Directors on 24 May 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities are measured at fair value, as appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (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 which does not have any significant impact to the results and financial position of the Group.

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

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

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

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 March 2016 and have not been early adopted by the Group:

IFRSs (amendment)	Annual improvements to IFRSs 2012-2014 cycle (1)
IFRS 9 (2014)	Financial instruments (2)
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associates or joint venture (4)
IFRS 10, IFRS 12 and IAS 28 (2011) (amendment)	Investment entities: applying the consolidation exception (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)
IFRS 16	Leases (3)
IAS 1 (amendment)	Disclosure initiative (1)
IAS 16 and IAS 38 (amendment)	Acceptable methods of depreciation and amortization (1)
IAS 16 and IAS 41 (amendment)	Agriculture: Bearer plants (1)
IAS 27 (2011) (amendment)	Equity method in separate financial statements (1)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New standards and amendments to standards that have been issued but are not effective (Continued)

(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.
(3) Effective for the Group for annual period beginning on 1 March 2019.
(4) Effective date to be determined.

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.

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 28 February (or 29 February in a leap year).

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(i) Business combinations (Continued)

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less any impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint arrangements

(a) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

(b) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

If the ownership interest in an associate/a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss of an associate/a joint venture is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of loss in an associate/a joint venture equals or exceeds its interest in an associate/a joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate/a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/joint venture and its carrying value and recognizes the amount adjacent to 'share of results of associates and a joint venture' in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint arrangements (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate/joint venture are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associate/joint venture. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of an associate/a joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in an associate/a joint venture are recognized in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment other than construction-in-progress are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

Leasehold land classified as finance lease commences amortization from the time when the land interest becomes available for its intended use. Amortization on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term of 30-70 years or useful life
Buildings	20-40 years
Leasehold improvements	1-5 years
Plant and equipment	10 years
Furniture and fixtures and other equipment	3-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses on disposals of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and are recognized in the income statement.

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policies. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought to use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.7 Land use rights

Land use rights are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period from 37 to 50 years. Amortization of land use rights is calculated on a straight-line basis over the period of leases.

2.8 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. It also includes properties that are being constructed or developed for future use as investment properties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Investment properties (Continued)

Investment property is carried at cost, including the related transaction costs, less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided using the straight-line method to write off the cost of the investment properties over their estimated useful lives of 35 to 40 years. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(a) Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Acquired distribution and license contracts

Distribution and license contracts acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method to allocate the costs of acquired distribution and license contracts over their estimated useful lives of 1 to 13 years.

(c) Acquired trademarks

Separately acquired trademarks are carried at cost less accumulated amortization and accumulated impairment losses, if any. Trademarks acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and accumulated impairment losses, if any. Amortization of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 10 to 30 years.

(d) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 5 years. Cost associated with maintaining computer software programmes are recognized as an expense as incurred.

Computer software development costs recognized as assets are amortized over their estimated useful lives of not exceeding 5 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet ready for use are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Inventories

Inventories, comprising raw materials, work-in-progress, finished goods and consumables, are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor costs, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. If collection of trade and other receivables is expected in one year or less (or any in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, structured bank deposits, term deposits, bank balances and cash, deposits and other receivables in the consolidated balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months from the end of the reporting period.

As at 29 February 2016 and 28 February 2015, the Group did not hold any significant financial assets at fair value through profit or loss or available-for-sale financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Financial assets (Continued)

(b) Recognition and measurement

Loans and receivables are recognized initially at fair value and subsequently carried at amortized cost using the effective interest method.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or its subsidiaries or the counterparty.

(d) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loan and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less and other short-term highly liquid investments with original maturities of three months or less.

2.15 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including trade and other payables) are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.16 Payables

Payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the relevant tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates/joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(b) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Share-based compensation benefits

The Group operates a number of share-based compensation plans (including share option scheme and share award scheme), under which the Group receives services from employees as consideration for equity instruments (including share options and awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of equity instruments of the Group is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to share-based compensation reserve under equity.

No share options have been granted under the share option scheme operated by the Group since its adoption and up to 29 February 2016.

Share award scheme ("Share Award Scheme")

For grant of awarded shares, the total amount to be expensed is determined by reference to the fair value of the awarded shares granted at the grant date taking into account of the expected dividends during the vesting period. Non-market performance and services conditions are included in assumptions about the number of awarded shares that are expected to become vested. The Group recognizes dividends paid in respect of these awarded shares during the vesting period directly in equity.

From the perspective of the Company, the Company grants its equity instruments to employees of its subsidiaries to exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses, which are recognized in the consolidated financial statements, are treated as part of the "Interests in subsidiaries" in the Company's balance sheet.

At each balance sheet date, the Group and the Company revise their estimates of the number of awarded shares that are expected to vest and recognizes the impact of the revision of original estimates, if any, in the consolidated income statement of the Group and in the "Interests in subsidiaries" of the Company, with a corresponding adjustment made to equity over the remaining vesting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(c) Share-based compensation benefits (Continued)

Shares held for share award scheme

The consideration paid by the Company through a share award scheme trustee, a structured entity ("Share Scheme Trustee") established by the Company for the purpose of administering and holding the Company's shares acquired for the Share Award Scheme, which is set up for the benefits of eligible persons of the Share Award Scheme, for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for share award scheme" and deducted from total equity.

When the Share Scheme Trustee transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for share award scheme", with a corresponding adjustment to "Share premium".

2.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.21 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. For a component of the lease payment which is not fixed but is based on future amount of a factor, other than the passage of time, such as percentage of sales or concessionaire fees, the amount is recognized as expenses as it arises.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Government incentives

Incentives from the government are recognized at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government incentives relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government incentives relating to property, plant and equipment and projects are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets and projects.

2.23 Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognized less, where appropriate, cumulative amortization recognized in the income statement over the period of the relevant liabilities and (ii) the amount of which the Group is obliged to reimburse the recipient under the financial guarantee contracts.

2.24 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue and income are recognized as follows:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue and income recognition (Continued)

(a) Sales of goods

Revenue from the sales of goods is recognized when the risk and reward of the goods have been transferred to the customer, which is usually at the time when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Accumulated experience is used to estimate and provide for sales returns at the time of sale.

(b) Commissions from concessionaire sales are recognized upon the sales of goods by the relevant retail outlets.

(c) Interest income is recognized using the effective interest method.

(d) Rental income under operating leases is recognized on a straight-line basis over the lease periods.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, cash flow and fair value interest rate risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The use of financial derivatives to manage certain risk exposures is governed by the Group's policies approved by the Board of Directors of the Company.

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions originally denominated and settled in RMB. The Group also has retail operations in Hong Kong and Macau, for which foreign exchange risk is considered insignificant. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to Hong Kong Dollars ("HK$") and the United States Dollars ("US$").

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against HK$ and US$ and to mitigate the impact on exchange rate fluctuations. During the years ended 29 February 2016 and 28 February 2015, no forward foreign exchange contracts had been entered into by the Group.

The Group's financial assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's financial assets and liabilities are primarily denominated in the respective group companies' functional currency.

As at 29 February 2016, if RMB has strengthened or weakened by 5% against HK$ with all other variables held constant, profit for the year would have been RMB59.1 million lower/higher (2015: RMB123.7 million higher/lower), mainly as a result of foreign exchange losses/gains on translation of HK$ denominated receivables, bank balances and cash, payables and borrowings.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Cash flow and fair value interest-rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the cash at banks and certain structured bank deposits and term deposits, details of which have been disclosed in Notes 23 to 24. The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 27. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk. The Group's borrowings were carried at floating rates and expose the Group to cash flow interest-rate risk while a significant part of the Group's structured bank deposits and all of its term deposits with initial terms of over three months were carried at fixed rates which does not expose the Group to cash flow interest-rate risk. The Group has not used any interest rate swaps to hedge its exposure against cash flow interest-rate risks.

As at 29 February 2016, if interest rate has increased/decreased by 100 basis points with all other variables held constant, profit for the year would have been RMB3.4 million (2015: RMB26.6 million) lower/higher, mainly as a result of increase/decrease in interest expense on borrowings.

(c) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade and other receivables, cash at banks, structured bank deposits, term deposits with banks, and rental deposits included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has policies in place to ensure that sales of on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while credit sales are generally on credit terms within 30 days. Normally the Group does not require collaterals from trade debtors. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that no provision for uncollectible receivables is required.

The Group also makes deposits (current and non-current) for rental of certain of its retail outlets with the relevant landlords. Management does not expect any loss arising from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

As at 29 February 2016 and 28 February 2015, substantially all the bank balances, structured bank deposits and term deposits with banks as detailed in Notes 23 to 24 are held in major financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any loss arising from non-performance by these counterparties.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for additions of and upgrades on property, plant and equipment, repayment of borrowings and payment for purchases and operating expenses. The Group also used cash as consideration for settlement of its acquisition of businesses. The Group finances its acquisitions and working capital requirements through a combination of internal resources and bank borrowings, as necessary.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed credit facilities to meet its working capital requirements.

As at 29 February 2016 and 28 February 2015, the Group's financial liabilities are all due for settlement contractually within 12 months and the contractual undiscounted cash outflow of the Group's financial liabilities approximates their carrying amounts included in the consolidated balance sheet. Interest element in connection with the Group's short-term borrowings as at 29 February 2016 payable in the next twelve months calculated in accordance with the relevant borrowing agreements are considered relatively insignificant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation

As at 29 February 2016 and 28 February 2015, the Group did not have any significant financial assets or financial liabilities in the consolidated balance sheet which is measured at fair value.

The carrying amounts of the Group's financial assets, including bank balances and cash, structured bank deposits, term deposits with initial terms of over three months, trade receivables, other receivables, and rental and other deposits; and the Group's financial liabilities, including trade payables, short-term borrowings, other payables, accruals and other current liabilities, approximate their fair values due to their short maturities.

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or obtain new bank borrowings. The Group's strategy is to maintain a solid capital base to support the operations and development of its business in the long term.

The Group also monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less structured bank deposits (including current and non-current structured bank deposits as shown in the consolidated balance sheet), term deposits with initial terms of over three months and bank balances and cash. Total capital is calculated as "Equity", as shown in the consolidated balance sheet plus net debt.

During the year, the Group's strategy, which remained unchanged from prior year, was to maintain a net cash position. As at 29 February 2016 and 28 February 2015, the Group has a net cash position and the aggregate balances of structured bank deposits, term deposits with initial terms of over three months and bank balances and cash exceeded the total balance of borrowings by RMB6,920.9 million (2015: RMB6,257.8 million).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment (Note 17). Other non-financial assets including property, plant and equipment, land use rights and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and the resulting future cash flow projections, it may be necessary to take an impairment charge or further impairment charge to the income statement.

(b) Useful lives, residual values and depreciation charges of property, plant and equipment/useful lives and amortization of intangible assets

The Group's management determines the estimated useful lives, residual values and related depreciation/amortization charges for the Group's property, plant and equipment and intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortization expense in future periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(c) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

(d) Current and deferred income tax

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 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.

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, amortization and impairment 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 statements.

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 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.

5 SEGMENT INFORMATION (Continued)

	Year ended 29 February 2016				
	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	21,074.2	19,495.0	40,569.2	–	40,569.2
Commissions from concessionaire sales	–	221.0	221.0	–	221.0
	21,074.2	19,716.0	40,790.2	–	40,790.2
Results of reportable segments	3,943.9	1,742.4	5,686.3	–	5,686.3
Reconciliation of results of reportable segments to profit for the year					
Results of reportable segments					5,686.3
Amortization of intangible assets					(90.6)
Impairment of intangible assets					(1,356.4)
Unallocated income					41.0
Unallocated expenses					(78.8)
Operating profit					4,201.5
Finance income					379.1
Finance costs					(111.2)
Share of results of associates and a joint venture					71.8
Profit before income tax					4,541.2
Income tax expense					(1,596.1)
Profit for the year					2,945.1
Other segment information					
Depreciation on property, plant and equipment	600.1	324.2	924.3	33.0	957.3
Amortization of land use rights	6.9	3.7	10.6	17.8	28.4
Depreciation on investment properties	–	–	–	8.1	8.1
Amortization of intangible assets	52.3	38.3	90.6	–	90.6
(Gain)/loss on disposal of property, plant and equipment and land use rights	(8.0)	0.7	(7.3)	–	(7.3)
Write-off of property, plant and equipment	9.1	1.7	10.8	–	10.8
Impairment losses of inventories	94.6	32.4	127.0	–	127.0
Impairment of intangible assets	1,356.4	–	1,356.4	–	1,356.4
Employee share-based compensation expenses	84.3	69.0	153.3	–	153.3
Additions to non-current assets (excluding acquisition of a business and an associate)	525.6	469.6	995.2	365.3	1,360.5

5 SEGMENT INFORMATION (Continued)

	Year ended 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*
Revenue					
Sales of goods	23,037.0	16,775.1	39,812.1	–	39,812.1
Commissions from concessionaire sales	–	196.0	196.0	–	196.0
	23,037.0	16,971.1	40,008.1	–	40,008.1
Results of reportable segments	5,087.8	1,212.8	6,300.6	–	6,300.6
Reconciliation of results of reportable segments to profit for the year					
Results of reportable segments					6,300.6
Amortization of intangible assets					(87.7)
Unallocated income					41.3
Unallocated expenses					(60.5)
Operating profit					6,193.7
Finance income					465.2
Finance costs					(79.3)
Share of results of associates and a joint venture					21.8
Profit before income tax					6,601.4
Income tax expense					(1,850.6)
Profit for the year					4,750.8
Other segment information					
Depreciation on property, plant and equipment	603.2	325.8	929.0	24.0	953.0
Amortization of land use rights	15.0	3.7	18.7	17.5	36.2
Depreciation on investment properties	–	–	–	8.1	8.1
Amortization of intangible assets	49.4	38.3	87.7	–	87.7
Loss on disposal of property, plant and equipment and land use rights	0.9	0.9	1.8	–	1.8
Write-off of property, plant and equipment	6.0	3.5	9.5	–	9.5
Impairment losses of inventories	82.6	7.7	90.3	–	90.3
Employee share-based compensation expenses	84.3	69.0	153.3	–	153.3
Additions to non-current assets (excluding acquisition of subsidiaries)	871.7	541.8	1,413.5	84.5	1,498.0

5 SEGMENT INFORMATION (Continued)

	Year ended 29 February 2016				
	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	12,338.1	7,448.5	19,786.6	–	19,786.6
Goodwill	782.2	1,020.6	1,802.8	–	1,802.8
Other intangible assets	377.8	402.2	780.0	–	780.0
Inter-segment balances elimination	(1,428.3)	–	(1,428.3)	–	(1,428.3)
	12,069.8	8,871.3	20,941.1	–	20,941.1
Investment properties	–	–	–	241.6	241.6
Term deposits with initial terms of over three months	–	–	–	23.0	23.0
Structured bank deposits	–	–	–	4,629.8	4,629.8
Deferred income tax assets	–	–	–	457.7	457.7
Interests in associates and a joint venture	–	–	–	946.2	946.2
Other corporate assets	–	–	–	3,815.4	3,815.4
Total assets per consolidated balance sheet	**12,069.8**	**8,871.3**	**20,941.1**	**10,113.7**	**31,054.8**
Segment liabilities	1,867.6	2,627.7	4,495.3	–	4,495.3
Inter-segment balances elimination	–	(1,428.3)	(1,428.3)	–	(1,428.3)
	1,867.6	1,199.4	3,067.0	–	3,067.0
Short-term borrowings	–	–	–	860.6	860.6
Current income tax liabilities	–	–	–	1,665.9	1,665.9
Deferred income tax liabilities	–	–	–	122.5	122.5
Other corporate liabilities	–	–	–	52.8	52.8
Total liabilities per consolidated balance sheet	**1,867.6**	**1,199.4**	**3,067.0**	**2,701.8**	**5,768.8**

5 SEGMENT INFORMATION (Continued)

	Year ended 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 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 consolidated balance sheet	1,934.6	993.4	2,928.0	4,486.4	7,414.4

5 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:

	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Revenue		
The PRC	**39,469.6**	38,542.6
Hong Kong and Macau	**1,004.6**	1,105.3
Other locations	**316.0**	360.2
	40,790.2	40,008.1

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 RMB million	Hong Kong and Macau RMB million	Other locations RMB million	Total RMB million
As at 29 February 2016				
Non-current assets				
Property, plant and equipment	**4,253.3**	**308.0**	**–**	**4,561.3**
Land use rights	**1,525.3**	**–**	**–**	**1,525.3**
Investment properties	**195.0**	**46.6**	**–**	**241.6**
Intangible assets	**2,582.8**	**–**	**–**	**2,582.8**
Interests in associates and a joint venture	**117.8**	**–**	**828.4**	**946.2**
Long-term deposits, prepayments and other assets	**315.9**	**44.3**	**33.2**	**393.4**
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

6 OTHER INCOME

	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Rental income	**41.0**	41.3
Government incentives *(note)*	**443.5**	380.3
	484.5	421.6

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

7 OPERATING PROFIT

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

	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Cost of inventories recognized as expenses included in cost of sales	**17,697.6**	16,904.9
Depreciation on property, plant and equipment *(Note 14)*	**957.3**	953.0
Amortization of land use rights *(Note 15)*	**28.4**	36.2
Depreciation on investment properties *(Note 16)*	**8.1**	8.1
Amortization of intangible assets *(Note 17)*	**90.6**	87.7
Operating lease rentals (mainly including concessionaire fees) in respect of land and buildings	**8,264.6**	8,364.9
Staff costs (including directors' emoluments) *(Note 12)*	**6,979.0**	6,453.5
(Gain)/loss on disposal of property, plant and equipment and land use rights *(Note 32(c))*	**(7.3)**	1.8
Write-off of property, plant and equipment *(Note 14)*	**10.8**	9.5
Impairment losses of inventories	**127.0**	90.3
Impairment of intangible assets *(Note 17)*	**1,356.4**	–
Auditor's remuneration	**11.5**	9.9

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

8 FINANCE INCOME, NET

	Year ended 29 February 2016 RMB million	Year ended 28 February 2015 RMB million
Interest income from bank deposits	**36.5**	29.5
Interest income from structured bank deposits	**342.6**	435.7
Finance income	**379.1**	465.2
Interest expense on short-term bank borrowings	**(45.9)**	(36.2)
Net foreign exchange losses	**(65.3)**	(43.1)
Finance costs	**(111.2)**	(79.3)
Finance income, net	**267.9**	385.9

9 INCOME TAX EXPENSE

	Year ended 29 February 2016 RMB million	Year ended 28 February 2015 RMB million
Current income tax		
– PRC corporate income tax	**1,679.3**	1,846.2
– Hong Kong profits tax	**7.0**	13.0
– Macau income tax	**3.4**	5.8
Over-provision in prior years		
– PRC corporate income tax	**(5.3)**	(2.4)
– Hong Kong profits tax	**(0.1)**	(0.2)
– Macau income tax	**(0.3)**	–
Deferred income tax *(Note 20)*	**(87.9)**	(11.8)
	1,596.1	1,850.6

9 INCOME TAX EXPENSE (Continued)

During the year, substantially all of the PRC established subsidiaries of the Company are subject to the PRC corporate income tax rate of 25% (2015: 25%) except that certain subsidiaries are subject to a preferential tax rate of 15% (2015: 15%).

Hong Kong profits tax and Macau income tax have been provided for at the rate of 16.5% (2015: 16.5%) and at tax rates prevailing in Macau, respectively on the estimated assessable profit for the year.

The tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Profit before income tax	**4,541.2**	6,601.4
Tax calculated at the applicable domestic tax rate of respective companies *(note)*	**1,058.2**	1,565.6
Non-taxable income	**(31.1)**	(8.3)
Expenses not deductible for tax purposes	**325.2**	84.4
Tax losses for which no deferred income tax assets were recognized	**58.9**	13.5
Utilization of previously unrecognized tax losses	**(13.8)**	(47.5)
Over-provision in prior years	**(5.7)**	(2.6)
Withholding tax	**204.4**	245.5
	1,596.1	1,850.6

Note:

The weighted average applicable tax rate for the year is 23.3% (2015: 23.7%). The fluctuation in the weighted average applicable tax rate arose mainly because of the change in the relative profitability of the companies within the Group.

10 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 year.

		Year ended 29 February 2016	Year ended 28 February 2015
Profit attributable to equity holders of the Company	*RMB million*	**2,934.1**	4,763.9
Weighted average number of ordinary shares for the purpose of basic earnings per share	*thousand of shares*	**8,181,233**	8,265,531
Basic earnings per share	*RMB cents*	**35.86**	57.64

Diluted

The awarded shares granted by the Company (Note 30) 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 year.

		Year ended 29 February 2016	Year ended 28 February 2015
Profit attributable to equity holders of the Company	*RMB million*	**2,934.1**	4,763.9
Weighted average number of ordinary shares for the purpose of basic earnings per share	*thousand of shares*	**8,181,233**	8,265,531
Adjustment for awarded shares granted	*thousand of shares*	**253,000**	183,685
Weighted average number of ordinary shares for the purpose of diluted earnings per share	*thousand of shares*	**8,434,233**	8,449,216
Diluted earnings per share	*RMB cents*	**34.79**	56.38

11 DIVIDENDS

	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Interim dividend, paid, of RMB16.0 cents (2015: RMB15.0 cents) per ordinary share *(note (b) and (d))*	**1,349.5**	1,265.1
No payment of interim special dividend (2015: interim special dividend, paid, of RMB25.0 cents per ordinary share) *(note (d))*	–	2,108.6
Final dividend, proposed, of RMB6.0 cents (2015: RMB19.0 cents) per ordinary share *(note (a) and (c))*	**506.1**	1,602.5
	1,855.6	4,976.2

Notes:

(a) At a meeting held on 24 May 2016, the directors recommended a final dividend of RMB6.0 cents per ordinary share (totaling RMB506.1 million) for the year ended 29 February 2016. This proposed dividend is not reflected as dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 28 February 2017.

(b) 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 ended 29 February 2016, which was paid during the year and has been reflected as an appropriation of retained earnings for the year ended 29 February 2016.

(c) 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 year and has been reflected as an appropriation of retained earnings for the year ended 29 February 2016.

(d) 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 an interim special dividend of RMB25.0 cents per ordinary share (totaling RMB2,108.6 million) for the year ended 28 February 2015, which were paid and have been reflected as an appropriation of retained earnings for the year ended 28 February 2015.

12 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Wages, salaries and bonuses	**5,654.1**	*5,252.8*
Pensions costs – defined contribution plans *(note)*	**907.5**	837.5
Employee share-based compensation expenses	**153.3**	153.3
Welfare and other expenses	**264.1**	209.9
	6,979.0	6,453.5

Note:

The PRC defined contribution plan

As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its relevant employees in the PRC. The Group's relevant employees make monthly contributions to the schemes at 8% to 11% of the relevant income (comprising wages, salaries, allowances and bonuses), while the Group contributes 10% to 35% of such income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

Hong Kong defined contribution plan

The Group has a defined contribution pension scheme, the Mandatory Provident Fund Scheme (the "MPF Scheme"), for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group under independently administered funds.

Under the MPF Scheme, each of the Group (the employer) and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' relevant income, as defined in the Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employee's monthly contributions are subject to a cap of HK$1,500 and contributions beyond these amounts are voluntary. The contributions are fully and immediately vested upon payment.

The Group has no further obligations for post-retirement benefits in relation to its Hong Kong employees beyond the contributions to the MPF Scheme.

13 BENEFITS AND INTERESTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION BY BAND

(a) Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong Listing Rules)

The remuneration of each Director and the Chief Executive Officer of the Company is set out below:

	Fees	Salaries[1]	Bonuses	Employer's contributions to retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 29 February 2016					
Executive Directors					
Sheng Baijiao [2]	**–**	**3,284**	**3,371**	**15**	**6,670**
Tang King Loy	**–**	**3,083**	**1,072**	**15**	**4,170**
Sheng Fang	**–**	**2,387**	**1,857**	**83**	**4,327**
Yu Wu [3]	**–**	**1,591**	**1,857**	**35**	**3,483**
Non-executive Directors					
Tang Yiu	**–**	**–**	**–**	**–**	**–**
Tang Wai Lam [4]	**–**	**–**	**–**	**–**	**–**
Hu Xiaoling	**–**	**–**	**–**	**–**	**–**
Independent Non-executive Directors					
Chan Yu Ling, Abraham	**150**	**–**	**–**	**–**	**150**
Ho Kwok Wah, George	**150**	**–**	**–**	**–**	**150**
Xue Qiuzhi	**150**	**–**	**–**	**–**	**150**
Gao Yu	**150**	**–**	**–**	**–**	**150**
	600	**10,345**	**8,157**	**148**	**19,250**
Year ended 28 February 2015					
Executive Directors					
Sheng Baijiao [2]	–	3,235	3,359	14	6,608
Tang King Loy	–	2,638	1,195	14	3,847
Sheng Fang	–	1,710	2,216	77	4,003
Non-executive Directors					
Tang Yiu	–	–	–	–	–
Hu Xiaoling	–	–	–	–	–
Independent Non-executive Directors					
Chan Yu Ling, Abraham	150	–	–	–	150
Ho Kwok Wah, George	150	–	–	–	150
Xue Qiuzhi	150	–	–	–	150
Gao Yu	88	–	–	–	88
	538	7,583	6,770	105	14,996

(1) Includes basic salaries, housing allowance, other allowances and benefits in kind.

(2) Mr. Sheng Baijiao is the Chief Executive Officer of the Company.

(3) Appointed as Executive Director effective from 28 July 2015.

(4) Appointed as Non-executive Director effective from 28 July 2015.

13 BENEFITS AND INTERESTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION BY BAND (Continued)

(a) Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong Listing Rules) (Continued)

Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2015: Nil).

Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2015: Nil).

Consideration provided to third parties for making available directors' services

During the year ended 29 February 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: Nil).

Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

13 BENEFITS AND INTERESTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION BY BAND (Continued)

(b) Five highest paid individuals

The five highest paid individuals included 4 (2015: 3) Directors, whose emoluments are included in the above disclosure. The emoluments of the remaining 1 (2015: 2) individual during the year are as follows:

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Salaries, allowances and benefits in kind	**2,391**	3,989
Bonuses	**198**	3,331
Pensions costs – defined contribution plans	**15**	119
	2,604	7,439

	Number of individuals Year ended	
	29 February 2016	28 February 2015
HK$3,000,001 to HK$3,500,000	**1**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$5,000,001 to HK$5,500,000	**–**	1
	1	2

During the year, no emoluments have been paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil).

13 BENEFITS AND INTERESTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION BY BAND (Continued)

(c) Senior management remuneration by band

The senior management's remuneration, other than the directors of the Company, by band are as follows:

	Number of individuals Year ended 29 February 2016	Number of individuals Year ended 28 February 2015
HK$2,500,001 to HK$3,000,000	**2**	–
HK$3,000,001 to HK$3,500,000	**–**	1
HK$4,000,001 to HK$4,500,000	**–**	1
	2	2

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB million	Leasehold improvements RMB million	Plant and equipment RMB million	Furniture and fixtures and other equipment RMB million	Motor vehicles RMB million	Construction in progress RMB million	Total RMB million
Cost							
As at 1 March 2014	1,992.9	2,503.3	573.4	522.2	127.5	491.0	6,210.3
Acquisition of subsidiaries	9.9	14.3	–	1.4	0.6	–	26.2
Additions	24.2	686.1	22.0	128.9	15.7	558.4	1,435.3
Transfer upon completion	380.8	–	–	–	–	(380.8)	–
Disposals	(44.5)	(4.9)	(4.6)	(13.6)	(4.1)	–	(71.7)
Written-off	–	(421.1)	(0.1)	(6.3)	(0.7)	–	(428.2)
Exchange differences	6.0	2.9	0.2	0.4	–	–	9.5
As at 28 February 2015 and 1 March 2015	**2,369.3**	**2,780.6**	**590.9**	**633.0**	**139.0**	**668.6**	**7,181.4**
Acquisition of a business *(Note 31)*	**–**	**0.3**	**–**	**0.2**	**–**	**–**	**0.5**
Additions	**12.2**	**831.1**	**9.0**	**120.1**	**11.3**	**350.1**	**1,333.8**
Transfer upon completion	**590.3**	**–**	**–**	**–**	**–**	**(590.3)**	**–**
Disposals	**(22.6)**	**(3.8)**	**(2.7)**	**(15.7)**	**(7.2)**	**–**	**(52.0)**
Transfer from investment properties *(Note 16)*	**74.9**	**–**	**–**	**–**	**–**	**–**	**74.9**
Written-off	**–**	**(461.5)**	**–**	**(3.4)**	**–**	**–**	**(464.9)**
Exchange differences	**14.1**	**5.2**	**0.7**	**0.9**	**0.1**	**–**	**21.0**
As at 29 February 2016	**3,038.2**	**3,151.9**	**597.9**	**735.1**	**143.2**	**428.4**	**8,094.7**
Accumulated depreciation							
As at 1 March 2014	366.8	1,510.8	227.9	335.1	78.6	–	2,519.2
Charge for the year	76.1	720.4	44.8	96.6	15.1	–	953.0
Disposals	–	(0.1)	(3.1)	(11.0)	(3.4)	–	(17.6)
Written-off	–	(411.8)	(0.1)	(6.1)	(0.7)	–	(418.7)
Exchange differences	0.8	2.7	0.1	0.4	–	–	4.0
As at 28 February 2015 and 1 March 2015	**443.7**	**1,822.0**	**269.6**	**415.0**	**89.6**	**–**	**3,039.9**
Charge for the year	**104.8**	**711.1**	**43.7**	**82.5**	**15.2**	**–**	**957.3**
Disposals	**–**	**(1.8)**	**(2.0)**	**(13.4)**	**(6.3)**	**–**	**(23.5)**
Transfer from investment properties *(Note 16)*	**5.6**	**–**	**–**	**–**	**–**	**–**	**5.6**
Written-off	**–**	**(450.9)**	**–**	**(3.2)**	**–**	**–**	**(454.1)**
Exchange differences	**2.2**	**4.7**	**0.3**	**0.9**	**0.1**	**–**	**8.2**
As at 29 February 2016	**556.3**	**2,085.1**	**311.6**	**481.8**	**98.6**	**–**	**3,533.4**
Net book value							
As at 29 February 2016	**2,481.9**	**1,066.8**	**286.3**	**253.3**	**44.6**	**428.4**	**4,561.3**
As at 28 February 2015	1,925.6	958.6	321.3	218.0	49.4	668.6	4,141.5

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, depreciation of property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended 29 February 2016 RMB million	Year ended 28 February 2015 RMB million
Cost of Sales	**67.5**	66.4
Selling and distribution expenses	**655.2**	682.5
General and administrative expenses	**234.6**	204.1
	957.3	953.0

15 LAND USE RIGHTS

	Year ended 29 February 2016 RMB million	Year ended 28 February 2015 RMB million
Cost		
As at 1 March	**1,733.1**	1,696.1
Additions	**–**	22.4
Acquisition of subsidiaries	**–**	23.0
Disposal	**(4.1)**	(8.4)
As at 29/28 February	**1,729.0**	1,733.1
Accumulated amortization		
As at 1 March	**175.3**	139.1
Amortization for the year	**28.4**	36.2
As at 29/28 February	**203.7**	175.3
Net book value as at 29/28 February	**1,525.3**	1,557.8

16 INVESTMENT PROPERTIES

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Cost		
As at 1 March	**338.9**	338.2
Transfer to property, plant and equipment *(Note 14)*	**(74.9)**	–
Exchange differences	**2.1**	0.7
As at 29/28 February	**266.1**	338.9
Accumulated depreciation		
As at 1 March	**21.8**	13.7
Charge for the year	**8.1**	8.1
Transfer to property, plant and equipment *(Note 14)*	**(5.6)**	–
Exchange differences	**0.2**	–
As at 29/28 February	**24.5**	21.8
Net book value as at 29/28 February	**241.6**	317.1

The valuation of the investment properties as at 29 February 2016 (including the related land use rights with net book value of RMB286.8 million (2015: RMB384.3 million)) was RMB924.4 million (2015: RMB1,374.7 million), which was determined by the directors of the Company on an open market value basis using the sale comparison approach. This valuation is measured at 29 February 2016 using significant other observable inputs, which is categorized as level 2 in fair value hierarchy. Sales prices of comparable properties in close proximity are adjusted for difference in a key attribute of property size. The most significant input into this valuation approach is price per square meter.

Direct outgoings from investment properties of RMB22.7 million (2015: RMB21.5 million) that generated rental income had been included in other expenses.

17 INTANGIBLE ASSETS

	Goodwill	Distribution and license contracts	Trademarks	Computer software	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Cost					
As at 1 March 2014	2,730.9	688.2	539.5	63.5	4,022.1
Acquisition of subsidiaries	199.3	–	215.8	6.2	421.3
Additions	–	–	–	9.3	9.3
As at 28 February 2015 and 1 March 2015	**2,930.2**	**688.2**	**755.3**	**79.0**	**4,452.7**
Acquisition of a business *(Note 31)*	**–**	**–**	**206.7**	**–**	**206.7**
Additions	**–**	**–**	**–**	**10.9**	**10.9**
As at 29 February 2016	**2,930.2**	**688.2**	**962.0**	**89.9**	**4,670.3**
Accumulated amortization					
As at 1 March 2014	–	375.9	140.3	36.6	552.8
Amortization for the year	–	48.5	30.0	9.2	87.7
As at 28 February 2015 and 1 March 2015	**–**	**424.4**	**170.3**	**45.8**	**640.5**
Amortization for the year	**–**	**48.5**	**30.0**	**12.1**	**90.6**
As at 29 February 2016	**–**	**472.9**	**200.3**	**57.9**	**731.1**
Accumulated impairment					
As at 1 March 2014, 28 February 2015, and 1 March 2015	**–**	**–**	**–**	**–**	**–**
Impairment	**1,127.4**	**–**	**229.0**	**–**	**1,356.4**
As at 29 February 2016	**1,127.4**	**–**	**229.0**	**–**	**1,356.4**
Net book value					
As at 29 February 2016	**1,802.8**	**215.3**	**532.7**	**32.0**	**2,582.8**
As at 28 February 2015	2,930.2	263.8	585.0	33.2	3,812.2

During the year, amortization expense of RMB90.6 million (2015: RMB87.7 million) has been included in general and administrative expenses.

17 INTANGIBLE ASSETS (Continued)

Goodwill is allocated to the Group's CGUs. An operating segment-level summary of the goodwill allocation is presented below:

	Beginning of the year *RMB million*	Acquisition of subsidiaries *RMB million*	Impairment *RMB million*	End of the year *RMB million*
As at 29 February 2016				
Shoes and footwear products				
The PRC	**1,837.8**	**–**	**(1,055.6)**	**782.2**
Hong Kong and Macau	**71.8**	**–**	**(71.8)**	**–**
Sportswear and apparel products	**1,020.6**	**–**	**–**	**1,020.6**
	2,930.2	**–**	**(1,127.4)**	**1,802.8**
As at 28 February 2015				
Shoes and footwear products				
The PRC	1,638.5	199.3	–	1,837.8
Hong Kong and Macau	71.8	–	–	71.8
Sportswear and apparel products	1,020.6	–	–	1,020.6
	2,730.9	199.3	–	2,930.2

Impairment review on goodwill of the Group has been conducted by management as at 29 February 2016 and 28 February 2015 according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated annual growth of not more than 2% (2015: 2%). The growth rates used do not exceed the industry growth forecast for the market in which the Group operates.

Key assumptions used for value-in-use calculations:

	Shoes and footwear products		Sportswear and apparel products
	The PRC	Hong Kong and Macau	The PRC
As at 29 February 2016			
Gross profit margin	**26%–68%**	**63%–78%**	**43%**
5 years annual growth rate	**4%**	**2%**	**8%**
As at 28 February 2015			
Gross profit margin	19%–72%	71%–77%	41%
5 years annual growth rate	8%	8%	10%

17 INTANGIBLE ASSETS (Continued)

The discount rates used of 17.0% (2015: 18.1%) and 17.4% (2015: 18.1%) for shoes and footwear products segment and sportswear and apparel products segment respectively are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry. The budgeted gross profit margin was determined by management based on past performance and its expectation for market development.

During the year ended 29 February 2016, consumer retail conditions in Mainland China, Hong Kong and Macau continued to deteriorate. The footwear business of the Group experienced an acceleration of sales decline, especially in the second half of the year, when same store sales has dropped further, together with a shrinkage in profit margin when comparing with the first half of the year. The deteriorating performance in the footwear business has resulted in an impairment of its intangible assets for a total of RMB1,356.4 million, including impairment of goodwill and other intangible assets of RMB1,127.4 million and RMB229.0 million respectively. These goodwill and related other intangible assets were mainly recognized from the previous acquisitions of Mirabell, Millie's, SKAP and others.

As at 29 February 2016, had the projected gross profit margin or annual growth rate applied to the cash flow projection of the shoes and footwear products segment been 2% lower, with all other variables held constant, there would be no material effect to the results of the Group. At the same time, management believes that any reasonably foreseeable change in any of the above key assumptions of the sportswear and apparel products segment would not cause the carrying amount of goodwill to exceed the recoverable amount.

18 INTERESTS IN ASSOCIATES AND A JOINT VENTURE

The amounts recognized in the consolidated balance sheet are as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Associates	**915.6**	597.5
A joint venture	**30.6**	35.6
	946.2	633.1

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
As at 1 March	**633.1**	688.7
Acquisition of an associate *(note (a))*	**200.5**	–
Share of results of associates and a joint venture	**71.8**	21.8
Exchange differences	**40.8**	(77.4)
As at 29/28 February	**946.2**	633.1

Summarized financial information in respect of the Group's associates and a joint venture is set out below:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Total assets	**4,704.9**	2,927.1
Total liabilities	**(2,516.8)**	(1,365.1)

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Total revenue	**4,156.7**	3,826.1
Total profits less losses	**219.8**	60.0
Share of results of associates and a joint venture	**71.8**	21.8

18 INTERESTS IN ASSOCIATES AND A JOINT VENTURE (Continued)

Notes:

(a) In December 2015, the Group acquired 28.55% of the total issued and outstanding share capital of Fashion Box S.p.A., a company incorporated in Italy and principally engaged in trading and retailing of apparel and accessories products, for a cash consideration of EUR28.2 million (approximately RMB200.5 million) from an independent third party.

(b) Particulars of the associates and a joint venture of the Group are set out in Note 38. None of these entities are currently considered material to the Group.

(c) There are no contingent liabilities relating to the Group's interests in the associates and the joint venture and these entities also had no material contingent liabilities.

19 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Non-current		
Rental deposits and prepayments	**224.4**	212.5
Prepayments for capital expenditures	**135.1**	119.3
Others	**33.9**	36.6
	393.4	368.4
Current		
Rental deposits and prepayments	**818.9**	754.2
Value-added tax recoverables	**142.8**	58.4
Other receivables	**124.9**	133.3
Other prepayments	**179.0**	190.7
Advance to an associate *(Note 35)*	**–**	1.7
Advance to a joint venture *(Note 35)*	**95.1**	62.0
	1,360.7	1,200.3

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

20 DEFERRED INCOME TAXES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Net deferred income tax assets recognized on the balance sheet	**457.7**	442.5
Net deferred income tax liabilities recognized on the balance sheet	**(122.5)**	(195.2)
	335.2	247.3

The movements in the deferred income tax assets/(liabilities) account are as follows:

	Unrealized profit and impairment losses on closing inventories	Distribution and license contracts	Trademarks	Tax losses	Others	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 March 2014	383.4	(70.5)	(88.4)	58.2	6.8	289.5
Acquisition of subsidiaries	–	–	(54.0)	–	–	(54.0)
Credited/(charged) to the income statement *(Note 9)*	21.7	10.1	8.1	(28.1)	–	11.8
As at 28 February 2015 and 1 March 2015	**405.1**	**(60.4)**	**(134.3)**	**30.1**	**6.8**	**247.3**
Credited/(charged) to the income statement *(Note 9)*	**21.1**	**10.3**	**62.5**	**(6.0)**	**–**	**87.9**
As at 29 February 2016	**426.2**	**(50.1)**	**(71.8)**	**24.1**	**6.8**	**335.2**

As at 29 February 2016 and 28 February 2015, except that the deferred income tax assets on unrealized profit and impairment losses on closing inventories were expected to be recoverable within 12 months, substantially all remaining balances of other deferred income tax assets and liabilities were expected to be recovered or settled after more than 12 months.

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 29 February 2016, the Group had unrecognized tax losses to be carried forward against future taxable income amounted to RMB320.5 million (2015: RMB200.6 million).

20 DEFERRED INCOME TAXES (Continued)

The expiry of unrecognized tax losses is as follows:

	As at	
	29 February 2016 *RMB million*	28 February 2015 *RMB million*
Tax losses expiring after 5 years	**113.5**	118.3
Tax losses expiring within 5 years	**207.0**	82.3
	320.5	200.6

As at 29 February 2016, the potential deferred income tax assets in respect of the above unrecognized tax losses amounted to RMB88.7 million (2015: RMB58.3 million).

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Company's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of approximately RMB610.2 million (2015: approximately RMB547.6 million) have not been provided for at the applicable tax rate of 5% (2015: 5%) in these consolidated financial statements in respect of temporary differences attributable to undistributed profits of the Company's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not reverse in the foreseeable future.

21 INVENTORIES

	As at	
	29 February 2016 *RMB million*	28 February 2015 *RMB million*
Raw materials	**267.3**	285.0
Work in progress	**65.9**	59.6
Finished goods	**6,806.6**	6,177.6
Consumables	**4.9**	4.0
	7,144.7	6,526.2
Less: provision for impairment losses	**(267.3)**	(176.8)
	6,877.4	6,349.4

22 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 29 February 2016, the aging analysis of trade receivables, based on invoice date, is as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
0 to 30 days	**4,202.8**	4,632.5
31 to 60 days	**74.8**	77.3
61 to 90 days	**20.2**	32.1
Over 90 days	**29.1**	56.3
	4,326.9	4,798.2

The carrying amounts of trade receivables approximate their fair values and are denominated in the following currencies:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
RMB	**4,299.6**	4,759.7
HK$	**27.3**	38.5
	4,326.9	4,798.2

As at 29 February 2016, trade receivables of RMB4,277.6 million (2015: RMB4,709.8 million) were neither past due nor impaired. The credit quality of these trade receivables has been assessed with reference to historical information about the counterparty default rates. The existing counterparties did not have defaults in the past.

22 TRADE RECEIVABLES (Continued)

As at 29 February 2016, trade receivables of RMB49.3 million (2015: RMB88.4 million) were past due but for which no impairment loss has been provided by the Group. These trade receivables relate to a number of independent debtors for whom there is no recent history of default. The Group does not hold any collateral as security over these debtors. The ageing analysis of the trade receivables which are past due but not impaired is as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
61 to 90 days	**20.2**	32.1
91 to 150 days	**29.1**	56.3
	49.3	88.4

During the year, no trade receivables were impaired and written off (2015: Nil). No trade receivables are considered to be impaired as at 29 February 2016 and 28 February 2015.

23 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 29 February 2016, structured bank deposits of RMB524.0 million (2015: Nil) were pledged for other short-term borrowings of the same amount (Note 27).

As at 29 February 2016, approximately 84% (2015: 52%) of the Group's structured bank deposits will mature within 6 months, of which RMB84.0 million (2015: RMB23.0 million) was qualified as cash and cash equivalents (Note 32 (d)). The weighted average effective interest rate of the Group's structured bank deposits as at 29 February 2016 was 5.05% (2015: 5.86%) per annum. These balances are denominated in RMB.

24 BANK BALANCES AND CASH

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Bank balances and cash	**2,617.6**	2,175.0
Term deposits with initial terms of less than three months	**511.1**	532.7
	3,128.7	2,707.7
Denominated in:		
RMB	**1,641.5**	2,532.3
HK$	**1,452.5**	150.4
Other currencies	**34.7**	25.0
	3,128.7	2,707.7

As at 29 February 2016, the weighted average effective interest rate of the Group's term deposits with initial terms of less than three months was 0.75% (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.

25 TRADE PAYABLES

The credit periods granted by suppliers generally range from 0 to 60 days. As at 29 February 2016, the aging analysis of trade payables is as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
0 to 30 days	**694.0**	852.3
31 to 60 days	**228.4**	137.8
Over 60 days	**34.5**	22.4
	956.9	1,012.5

The carrying amounts of trade payables approximate their fair values and are denominated in the following currencies:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
RMB	**937.0**	974.4
HK$	**13.2**	15.8
Other currencies	**6.7**	22.3
	956.9	1,012.5

26 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Accrued wages, salaries, bonuses and staff welfare	**701.1**	598.2
Value-added tax, business tax and other taxes payables	**503.4**	529.0
Customers' deposits	**457.1**	418.0
Other payables and accruals	**450.4**	335.9
	2,112.0	1,881.1

27 SHORT-TERM BORROWINGS

(a) As at 29 February 2016, the Group's short-term borrowings comprised short-term bank borrowings and other short-term borrowings of RMB336.6 million (2015: RMB2,658.2 million) and RMB524.0 million (2015: Nil), which are denominated in HK$ and RMB, respectively.

(b) As at 29 February 2016, the Group's short-term bank borrowings are unsecured and carrying interest at floating rates with weighted average effective interest rate of 1.17% (2015: 1.46%) per annum. The carrying amount of the Group's short-term bank borrowings are denominated in Hong Kong dollars and approximate their fair values.

(c) As at 29 February 2016, the Group's other short-term borrowings were secured by certain structured bank deposits of RMB524.0 million (2015: Nil) (Note 23).

(d) The Group's banking facilities, including borrowings, trade finance and other general banking facilities are guaranteed as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Unguaranteed	**1,585.0**	1,500.0
Cross guarantees among subsidiaries of the Company	**2,513.4**	3,410.4
Guaranteed by the Company	**4,461.0**	4,084.2
Corresponding banking facilities utilized	**596.2**	2,705.4

28 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 29 February 2016	**30,000,000,000**	**296.0**
Issued and fully paid:		
As at 1 March 2014, 28 February 2015 and 29 February 2016	**8,434,233,000**	**83.1**

28 SHARE CAPITAL (Continued)

Shares held for Share Award Scheme

The Share Award Scheme as detailed in Note 30 is managed by the Share Scheme Trustee. 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 29 February 2016 and 28 February 2015, the Share Scheme Trustee withheld 252,999,832 ordinary shares of the Company acquired 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.

29 RESERVES

(a) Movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

(b) Under the Companies Law. Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the merger reserve 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.

The merger reserve of the Group mainly represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries transferred to the Company pursuant to the reorganization of the Group that took place in 2005.

(c) Statutory reserves are non-distributable and the transfers of these funds are determined by the board of directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

30 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").

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% of the total number of shares in issue of the Listing Date (equivalent to 823,190,000 shares), 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 29 February 2016.

30 SHARE BASED COMPENSATION (Continued)

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 Board may from time to time at its absolute discretion select any of those eligible participants for participation in the scheme (the "Selected Participants"). The maximum aggregate nominal value of awarded shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 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 Group has 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 date of grant. The awarded shares will be transferred to the Selected Participants at nil consideration upon vested.

During the year ended 29 February 2016, 7,960,000 (2015: 253,000,000) awarded shares have been granted by the Group and 7,960,000 (2015: Nil) awarded shares have been lapsed. As at 29 February 2016 and 28 February 2015, the outstanding number of awarded shares granted was 253,000,000. The fair value of the awarded shares was determined with reference to the market price of the Company's shares at the date of grant. The weighted average fair value of awarded shares granted during the year was approximately HK$6.4 (equivalent to approximately RMB5.3) (2015: HK$7.6 (equivalent to approximately RMB6.1)) per share. Total expenses recognized in the consolidated income statement for awarded shares granted to the Selected Participants have been disclosed in Note 12.

31 BUSINESS COMBINATION

In December 2015, the Group entered into certain sale and purchase agreements with certain independent third parties to acquire the entire interest in the trademarks of REPLAY for the PRC, Taiwan, Hong Kong and Macau markets (the "Greater China markets"), together with certain operating assets of the related business (collectively the "Acquired Business") for an aggregate consideration of EUR40.0 million (equivalents to RMB284.4 million). The Acquired Business is principally engaged in trading and retailing of apparel and accessories products in the Greater China markets under the trademarks of REPLAY.

The acquisition is considered insignificant to the Group; all acquisition related costs had been charged to general and administrative expenses in the consolidated income statement for the year ended 29 February 2016. The revenue and the results contributed by the Acquired Business for the period since the date of acquisition were insignificant to the Group. The Group's revenue and results for the year would not be materially different if these acquisitions had occurred on 1 March 2015.

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to net cash generated from operations

	Year ended 29 February 2016 RMB million	Year ended 28 February 2015 RMB million
Profit for the year	**2,945.1**	4,750.8
Adjustments for:		
Income tax expense	**1,596.1**	1,850.6
Share of results of associates and a joint venture	**(71.8)**	(21.8)
Depreciation on property, plant and equipment	**957.3**	953.0
Amortization of land use rights	**28.4**	36.2
Depreciation on investment properties	**8.1**	8.1
Amortization of intangible assets	**90.6**	87.7
(Gain)/loss on disposal of property, plant and equipment and land use rights	**(7.3)**	1.8
Write-off of property, plant and equipment	**10.8**	9.5
Impairment losses of inventories	**127.0**	90.3
Impairment of intangible assets	**1,356.4**	–
Employee share-based compensation expenses	**153.3**	153.3
Interest income	**(379.1)**	(465.2)
Interest expense	**45.9**	36.2
Others	**12.1**	27.1
	6,872.9	7,517.6
Changes in working capital:		
(Increase)/decrease in long-term deposits, prepayments and other assets	**(9.2)**	5.9
(Increase)/decrease in inventories	**(585.0)**	379.3
Decrease/(increase) in trade receivables	**471.3**	(1,421.8)
Increase in deposits, prepayments and other receivables	**(153.2)**	(22.9)
(Decrease)/increase in trade payables	**(55.6)**	208.3
Increase in other payables, accruals and other liabilities	**230.9**	225.8
Net cash generated from operations	**6,772.1**	6,892.2

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) In the statement of cash flows, payments and deposits for purchase of property, plant and equipment, land use rights, and intangible assets are analyzed as follows:

	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Additions to:		
Property, plant and equipment	**1,333.8**	1,435.3
Land use rights	**–**	22.4
Intangible assets	**10.9**	9.3
Increase in prepayments	**15.8**	31.0
	1,360.5	1,498.0

(c) In the statement of cash flows, proceeds from disposal of property, plant and equipment, and land use rights comprise:

	Year ended 29 February 2016 RMB million	28 February 2015 RMB million
Net book value	**32.6**	62.5
Gain/(loss) on disposal	**7.3**	(1.8)
Proceeds from disposal	**39.9**	60.7

(d) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise:

	As at 29 February 2016 RMB million	28 February 2015 RMB million
Bank balances and cash	**3,128.7**	2,707.7
Structured bank deposits	**84.0**	23.0
	3,212.7	2,730.7

33 COMMITMENTS

(a) Capital commitments

As at 29 February 2016, the Group had the following capital commitments not provided for:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Construction commitments		
– Contracted but not provided for	**200.5**	524.8

(b) Operating lease commitments

As at 29 February 2016, the future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases were as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Not later than 1 year	**1,030.9**	1,105.0
Later than 1 year and not later than 5 years	**1,246.1**	1,046.0
Later than 5 years	**141.7**	162.0
	2,418.7	2,313.0

Generally, the Group's operating leases are for terms of 1 to 10 years.

The actual payments in respect of certain operating leases are calculated at a certain percentage of sales of the respective retail outlets or at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the related outlets.

34 FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

As at 29 February 2016, the future aggregate minimum rental payments receivable in respect of land and buildings under non-cancellable operating leases were as follows:

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Not later than 1 year	**60.1**	74.4
Later than 1 year and not later than 5 years	**24.0**	27.5
	84.1	101.9

35 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 consolidated financial statements:

Transactions for the year

	Year ended	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Transactions with associates *(note (a))*		
– Sale of goods	**13.2**	27.3
– Processing fee income	**10.9**	17.4
– Processing fee charges	**7.4**	9.8
– Purchases of goods	**425.7**	358.0
– Royalty expense	**17.7**	–
Transaction with a joint venture *(note (a))*		
– Purchases of goods	**1.5**	1.0
Key management compensation		
– Salaries, bonuses and other welfare *(note (b))*	**27.0**	27.0

35 RELATED PARTY TRANSACTIONS (Continued)

Year-end balances

	As at	
	29 February 2016	28 February 2015
	RMB million	*RMB million*
Receivables from/(payable to) associates		
– Trade receivables *(note (c))*	**10.5**	11.5
– Other receivables *(note (d))*	**–**	1.7
– Trade payables *(note (c))*	**(136.8)**	(107.1)
Receivables from/(payable to) a joint venture		
– Trade payables *(note (c))*	**(0.8)**	–
– Other receivable *(note (e))*	**95.1**	62.0

Notes:

(a) Processing fee income and purchases of goods from associates and the joint venture, and sales of goods, processing fee and royalty expense to the associates are based on terms mutually agreed between the relevant 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 and the joint venture 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 trade payable to an associate amounting to RMB21.1 million (2015: Nil) which is denominated in Japanese Yen, trade balances with associates and the joint venture are denominated in RMB.

(d) Other receivables from associates were 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.

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 29 February 2016 RMB million	As at 28 February 2015 RMB million
ASSETS			
Non-current assets			
Interests in subsidiaries		**10,718.8**	10,490.0
Current assets			
Amounts due from subsidiaries		**1,712.9**	3,450.1
Prepayments		**0.9**	0.5
Bank balances and cash		**2.8**	2.3
		1,716.6	3,452.9
Total assets		**12,435.4**	13,942.9
EQUITY			
Capital and reserves			
Share capital		**83.1**	83.1
Share premium	(i)	**9,331.9**	9,331.9
Reserves	(ii)	**2,540.8**	2,118.3
Total equity		**11,955.8**	11,533.3
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		**476.7**	2,406.6
Other payables and accruals		**2.9**	3.0
Total liabilities		**479.6**	2,409.6
Total equity and liabilities		**12,435.4**	13,942.9

The balance sheet of the Company was approved by the Board of Directors on 24 May 2016 and was signed on its behalf.

Sheng Baijiao
Director

Tang King Loy
Director

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(i) 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.

(ii) Reserve movement of the Company

	Capital redemption reserve	Shares held for share award scheme	Share-based compensation reserve	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
As at 1 March 2014	0.1	–	–	2,995.9	2,996.0
Profit for the year	–	–	–	5,070.9	5,070.9
Dividends paid	–	–	–	(4,385.8)	(4,385.8)
Employee share award scheme					
– Value of employee services	–	–	153.3	–	153.3
– Shares purchased for share award scheme	–	(1,716.1)	–	–	(1,716.1)
As at 28 February 2015 and 1 March 2015	**0.1**	**(1,716.1)**	**153.3**	**3,681.0**	**2,118.3**
Profit for the year	**–**	**–**	**–**	**3,221.2**	**3,221.2**
Dividends paid	**–**	**–**	**–**	**(2,952.0)**	**(2,952.0)**
Employee share award scheme					
– Value of employee services	**–**	**–**	**153.3**	**–**	**153.3**
As at 29 February 2016	**0.1**	**(1,716.1)**	**306.6**	**3,950.2**	**2,540.8**

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 29 February 2016, the Company had the following principal subsidiaries:

Name	Issued/ paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/ place of operation
Directly held:				
Belle International (China) Limited	HK$10,000,000	100%	Hong Kong	Investment holdings and trading of shoes and footwear products/ Hong Kong
Best Able Footwear Limited	HK$800,000,000	100%	Hong Kong	Investment holdings/ Hong Kong
Bestfull International Limited	HK$515,001	100%	Hong Kong	Investment holdings/ Hong Kong
Forever Sun International Limited	HK$10,000	100%	Hong Kong	Investment holdings/ Hong Kong
Full Sport Holdings Limited	HK$10,000,000	100%	Hong Kong	Investment holdings/ Hong Kong
Lai Wah Footwear Trading Limited	HK$2,000,000	100%	Hong Kong	Investment holdings and trading of shoes and footwear products/ Hong Kong
Belle Group Limited	10,000 shares of US$1 each	100%	British Virgin Islands ("BVI")	Investment holdings/ Hong Kong
City Talent Group Limited	1 share of US$1	100%	BVI	Investment holdings/ Hong Kong
Famestep Management Limited	10,000 shares of US$1 each	100%	BVI	Investment holdings/ Hong Kong
Fullbest Investments Limited	20,000 shares of US$1 each	100%	BVI	Investment holdings/ Hong Kong
Synergy Eagle Limited	10,000 shares of US$1 each	100%	BVI	Investment holdings/ Hong Kong

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Issued/ paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/ place of operation
Indirectly held:				
Baroque China Apparels Limited	HK$260,000,000	51%	Hong Kong	Investment holdings/ Hong Kong
Belle Worldwide Limited	HK$3	100%	Hong Kong	Property holdings and provision of administration services/ Hong Kong
Full State Corporation Limited	HK$10,000,000	100%	Hong Kong	Investment holdings and trading of shoes and footwear products/ Hong Kong
Grand Billion International Investment Limited	HK$1,000,000	60%	Hong Kong	Investment holdings and trading of shoes and footwear products/ Hong Kong
Artigiano Footwear Limited	30,000 shares of Macao Patacs ("MOP") 1 each	100%	Macau	Trading of shoes and footwear products/ Macau
Bestwell (Macao Commerical Offshore) Company Limited	100,000 shares of MOP1 each	100%	Macau	Trading of shoes and footwear products/ Macau
Staccato Footwear (Macau) Company Limited	25,000 shares of MOP1 each	100%	Macau	Trading of shoes and footwear products/ Macau
Best Sail International Holdings Limited	4,000 shares of HK$1 each	60%	Cayman Islands	Investment holdings/ Hong Kong
Sky Sino Limited	20,000 shares of US$1 each	77.5%	Cayman Islands	Investment holdings/ Hong Kong
合眾服飾（深圳）有限公司 (Hezhong Apparel (Shenzhen) Limited) #	US$10,000,000	100%	The PRC	Manufacturing and trading of shoes, footwear products and apparel/the PRC
百麗鞋業（上海）有限公司 (Belle Footwear (Shanghai) Company Limited) #	US$30,000,000	100%	The PRC	Trading of shoes, footwear products, sporting shoes and apparel/the PRC

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Issued/ paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/ place of operation
Indirectly held (Continued):				
百麗鞋業（北京）有限公司 (Belle Footwear (Beijing) Company Limited) #	US$17,000,000	100%	The PRC	Trading of shoes, footwear products, sporting shoes and apparel/the PRC
百麗鞋業（宿州）有限公司 (Belle Footwear (Suzhou) Company Limited) #	US$28,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/ the PRC
銅仁百麗鞋業有限公司 (Tongren Belle Footwear Company Limited) #	RMB30,000,000	100%	The PRC	Manufacturing and trading of shoes, footwear products and apparel/the PRC
麗港鞋業（深圳）有限公司 (Lai Kong Footwear (Shenzhen) Company Limited) #	US$8,771,368	100%	The PRC	Manufacturing and trading of shoes and footwear products/ the PRC
新百麗鞋業（深圳）有限公司 (New Belle Footwear (Shenzhen) Company Limited) #	US$130,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/ the PRC
江蘇新森達鞋業有限公司 (Jiangsu New Senda Footwear Company Limited) @	RMB200,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/ the PRC
上海新百思圖鞋業有限公司 (Shanghai New Basto Footwear Company Limited) @	RMB50,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/ the PRC
湖北秭歸百麗鞋業有限責任公司 (Hubei Zigui Belle Footwear Company Limited) @	RMB31,000,000	100%	The PRC	Manufacturing of shoes and footwear products/the PRC

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Issued/ paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/ place of operation
Indirectly held (Continued):				
深圳百麗商貿有限公司 (Shenzhen Belle Trading Company Limited) @	RMB20,000,000	100%	The PRC	Trading of shoes and footwear products/ the PRC
廣億貿易（上海）有限公司 (Grand Billion Trading (Shanghai) Company Limited) #	US$9,800,000	60%	The PRC	Trading of shoes and footwear products/ the PRC
廣州億僮貿易有限公司 (Guangzhou Yitong Trading Company Limited) @	RMB10,000,000	60%	The PRC	Trading of shoes and footwear products/ the PRC
滔搏投資（上海）有限公司 (Taobo Investments (Shanghai) Company Limited) #	US$10,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
滔搏體育（上海）有限公司 (Taobo Sports (Shanghai) Company Limited) #	US$12,000,000	100%	The PRC	Trading of sporting shoes and apparel/the PRC
百朗商貿（深圳）有限公司 (Bailang Trading (Shenzhen) Company Limited) #	US$5,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
青島傳承國際商貿有限公司 (Qingdao Chuancheng International Trading Company Limited) #	US$32,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
廣州市滔搏體育發展有限公司 (Guangzhou Taobo Sports Development Company Limited) #	US$25,000,000	100%	The PRC	Operation of sports complex business/ the PRC
優購科技有限公司 (Yougou Technology Company Limited) #	US$55,000,000	77.5%	The PRC	Operation of e-commerce business/the PRC
巴羅克（上海）服飾有限公司 (Baroque Apparels (Shanghai) Company Limited) #	RMB10,000,000	51%	The PRC	Trading of apparel and accessories products/ the PRC

The company is established as a wholly foreign-owned enterprise in the PRC.
@ The company is established as a limited liability company in the PRC.

38 PARTICULARS OF ASSOCIATES AND A JOINT VENTURE

As at 29 February 2016, the Group had the following associates and joint venture:

Name	Interest held indirectly	Place of Incorporation/ establishment	Principal activities/ place of operation
Associates:			
Baroque Japan Limited^	31.96%	Japan	Trading and retailing of apparel and accessories products/Japan
Baroque China Limited	49%	Hong Kong	Investment holdings and wholesale of apparel and accessories products/ Hong Kong
Fashion Box S.p.A.^^	28.55%	Italy	Trading and retailing of apparel and accessories products/Italy
鶴山市新易高鞋業有限公司 (Heshan New Eagle Footwear Company Limited) @	36%	The PRC	Manufacturing of shoes and footwear products/the PRC
A joint venture:			
宿州百聯尚多皮革有限公司 (Suzhou Bailian Shangduo Leather Company Limited) @	45%	The PRC	Manufacturing and processing of leather/the PRC

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^ Baroque Japan Limited's financial year end date is 31 January. The non-coterminous year end dates of Baroque Japan Limited and the Group does not have any significant impact to the Group.

^^ Fashion Box S.p.A.'s financial year end date is 31 December. The non-coterminous year end dates of Fashion Box S.p.A. and the Group does not have any significant impact to the Group.

39 SUBSEQUENT EVENTS

There have been no significant events taken place subsequent to 29 February 2016 until the date of approval of these consolidated financial statements.

Belle 百麗國際
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