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中國服飾控股有限公司
CHINA OUTFITTERS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "**Board**") of China Outfitters Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2016	2015	
	RMB million	*RMB million*	*Changes*
REVENUE	**902.0**	1,012.8	(10.9%)
Gross profit	**567.4**	665.5	(14.7%)
Gross profit margin	***62.9%***	*65.7%*	*(2.8 p.p.t.)*
Operating profit	**67.3**	127.6	(47.3%)
Operating profit margin	***7.5%***	*12.6%*	*(5.1 p.p.t.)*
Profit attributable to owners of the parent	**45.4**	104.8	(56.7%)
Basic earnings per share *(RMB cents)*	**1.32**	3.05	(56.7%)
Dividends per share *(HK cents)*	**–**	–	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2016 RMB'000	2015 RMB'000
REVENUE	5	**902,005**	1,012,764
Cost of sales		**(334,588)**	(347,307)
Gross profit		**567,417**	665,457
Other income and gains, net	5	**36,127**	30,041
Selling and distribution expenses		**(456,764)**	(497,309)
Administrative expenses		**(60,344)**	(61,486)
Other expenses		**(19,162)**	(9,063)
Operating profit		**67,274**	127,640
Finance income	6	**34,629**	44,619
Finance costs	7	**(6,681)**	(12,003)
Share of profits and losses of joint ventures		**484**	(4,112)
PROFIT BEFORE TAX	8	**95,706**	156,144
Income tax expense	9	**(52,351)**	(53,434)
PROFIT FOR THE YEAR		**43,355**	102,710
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**(8,608)**	(14,600)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**34,747**	88,110
Profit attributable to:			
Owners of the parent		**45,403**	104,837
Non-controlling interests		**(2,048)**	(2,127)
		43,355	102,710
Total comprehensive income attributable to:			
Owners of the parent		**36,698**	90,161
Non-controlling interests		**(1,951)**	(2,051)
		34,747	88,110
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	11	**RMB1.32 cents**	RMB3.05 cents

Details of the dividend proposed and paid for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**275,123**	246,834
Prepaid land lease payments		**83,927**	85,765
Investment properties		**4,499**	4,653
Investments in joint ventures		**156,980**	141,621
Investment in an associate		**16,121**	–
Available-for-sale investment		**17,016**	–
Goodwill		**70,697**	70,697
Other intangible assets		**99,093**	112,449
Deferred tax assets		**149,780**	108,941
Total non-current assets		**873,236**	770,960
CURRENT ASSETS			
Inventories	*12*	**258,755**	398,599
Trade and bills receivables	*13*	**105,565**	118,595
Prepayments, deposits and other receivables		**75,096**	75,720
Derivative financial instruments		**10,365**	5,026
Structured bank deposits	*14*	**474,200**	380,734
Pledged bank deposits		**429,324**	437,890
Cash and cash equivalents		**157,122**	165,086
Total current assets		**1,510,427**	1,581,650
CURRENT LIABILITIES			
Interest-bearing bank borrowings	*15*	**384,639**	360,245
Trade and bills payables	*16*	**32,489**	105,700
Deposits received, other payables and accruals		**140,454**	106,041
Tax payable		**141,861**	150,238
Total current liabilities		**699,443**	722,224
NET CURRENT ASSETS		**810,984**	859,426
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,684,220**	1,630,386
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**26,864**	7,595
Net assets		**1,657,356**	1,622,791

	Notes	**2016**	2015
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital	*17*	**280,661**	280,661
Shares held for share award scheme		**(7,591)**	(7,409)
Reserves		**1,384,412**	1,347,714
		1,657,482	1,620,966
Non-controlling interests		**(126)**	1,825
Total equity		**1,657,356**	1,622,791

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 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 registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 1303, 13/F, New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2011 (the "**Listing Date**").

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the People's Republic of China (the "**PRC**", or China which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors of the Company (the "**Directors**"), as of the date of this announcement, the immediate holding company and the ultimate holding company of the Company are CEC Outfitters Limited and China Enterprise Capital Limited, respectively, which were incorporated in the British Virgin Islands (the "**BVI**").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statement include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries and a trust ("**the Share Award Scheme Trust**"), a controlled special purpose entity, are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The Board has approved a share award schemes (the "**Share Award Scheme**") to provide incentives to employees of the Group and to retain and encourage employees for the continual operation and development of the Group. Pursuant to the rules of the Share Award Scheme, the Group has set up the Share Award Scheme Trust for the purpose of administering the Share Award Scheme and holding the award shares before they vest. As the Group has the power to govern the financial and operating policies of the Share Award Scheme Trust and derives benefits from the contributions of the Group, the Group is required to consolidate the Share Award Scheme Trust under IAS 27 (Revised) *Separate Financial Statements.*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
IFRS 14	*Regulatory Deferral Accounts*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs

Except for the amendments to IFRS 10, IFRS 12 and IAS 28, amendments to IFRS 11, IFRS 14, amendments to IAS 16 and IAS 41, amendments to IAS 27, and certain amendments included in the *Annual Improvements 2012-2014 Cycle,* which are not relevant to the preparation of the Group's consolidated financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in consolidated financial statements. The amendments clarify:

    (i) the materiality requirements in IAS 1;

    (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

    (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

    (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's consolidated financial statements.

(b) Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the consolidated financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to IFRSs 2012-2014 Cycle* issued in September 2014 sets out amendments to a number of IFRSs. Details of the amendments are as follows:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in IFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one single reportable segment. Accordingly, no operating segment is presented.

All of the external revenues of the Group during the financial periods presented are attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Since the principal non-current assets held by the Group are all located in the PRC, no geographical information is presented in accordance with IFRS 8.

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the financial period presented.

5. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue, represents the net invoiced value of goods sold after trade discounts.

An analysis of revenue, other income and gains is as follows:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**902,005**	1,012,764
Other income, net		
Government subsidies*	**21,403**	24,641
Arrangement fees#	**76**	218
Rental income, net	**2,175**	1,440
External order processing income	**1,623**	209
Sale of consumables, net	**75**	71
Exchange gain, net	**5,048**	–
	30,400	26,579
Gains, net		
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	**5,339**	2,783
Others	**388**	679
	5,727	3,462
	36,127	30,041

* These represent incentive subsidies provided by local governments as a measure to attract investments in these localities. The amounts of these subsidies are generally determined by reference to value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by the Group's operating entities in these localities, but are subject to the government's further discretion.

These represent the one-off charges paid by third-party retailers when they entered into the initial retail agreements with the Group.

6. FINANCE INCOME

	2016	2015
	RMB'000	*RMB'000*
Interest income on bank deposits	**1,537**	2,323
Interest income on structured bank deposits	**33,092**	42,296
	34,629	44,619

7. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on bank loans	**6,681**	12,003

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2016	2015
	RMB'000	*RMB'000*
Cost of inventories sold	**196,697**	211,173
Depreciation:		
Property, plant and equipment	**14,927**	12,233
Investment properties	**154**	292
	15,081	12,525
Amortisation of prepaid land lease payments*	**2,100**	2,020
Amortisation of intangible assets*	**1,572**	1,572
Minimum lease payments under operating leases in respect of buildings	**18,285**	17,038
Auditors' remuneration	**2,326**	2,224
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**97,115**	96,446
Equity-settled share option expenses	**–**	3,173
Pension scheme contributions	**14,249**	14,058
	111,364	113,677
Impairment of other intangible assets^	**18,000**	4,680
Fair value gains, net:		
Derivative financial instruments – transactions not qualifying as hedges	**(5,339)**	(2,783)
Write-down of inventories to net realisable value#	**137,891**	136,134
Impairment of trade receivables^	**1,162**	–
Foreign exchange differences, net	**(5,048)**	4,383

* The amortisation of prepaid land lease payments and the amortisation of intangible assets for the year are included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

\# The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

^ The impairment of other intangible assets and trade receivables are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company incorporated in the Cayman Islands and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made, as the Group had no assessable profits derived from or earned in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries registered in the PRC are subject to Corporate Income Tax ("**CIT**") at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2016.

	2016	2015
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**73,921**	63,877
Deferred	**(21,570)**	(10,443)
Total tax charge for the year	**52,351**	53,434

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., statutory tax rate) to the effective tax rate, are as follows:

	2016		2015	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**95,706**		156,144	
Tax charge at the statutory tax rate	**23,926**	**25**	39,036	25
Entities subject to lower statutory income tax rates	**264**	**–**	(30)	–
Effect of withholding tax on distributable profits of certain PRC subsidiaries	**23,618**	**25**	3,058	2
Effect of withholding tax on services fee	**3,086**	**3**	1,800	1
Profits and losses attributable to joint ventures	**(121)**	**–**	1,028	1
Adjustments in respect of current tax of previous periods	**(2,091)**	**(2)**	4,714	3
Tax losses not recognised	**3,120**	**3**	3,408	2
Others	**549**	**1**	420	–
Tax charge at the Group's effective tax rate	**52,351**	**55**	53,434	34

No share of tax attributable to joint ventures (2015: Nil) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss and other comprehensive income.

10. DIVIDENDS

The Board does not recommend to declare any final dividends for the year ended 31 December 2016 and 31 December 2015.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,435,162,000 (2015: 3,438,220,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2016 and 31 December 2015 in respect of a dilution as the impact of the share options under the Pre-IPO Share Option Scheme outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**45,403**	104,837

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue	**3,445,450,000**	3,445,450,000
Weighted average number of shares purchased for the Share Award Scheme	**(10,288,000)**	(7,230,000)
Adjusted weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**3,435,162,000**	3,438,220,000

12. INVENTORIES

	2016	2015
	RMB'000	*RMB'000*
Raw materials	**13,436**	11,997
Work in progress	**6,709**	6,365
Finished goods	**238,610**	380,237
	258,755	398,599

13. TRADE AND BILLS RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**104,767**	115,213
Trade receivables, net	**103,605**	115,213
Bills receivable	**1,960**	3,382
	105,565	118,595

The Group's trading terms with its customers are mainly on credit, except for third party retailers, where payment in advance is normally required. The credit period normally ranges from 30 to 90 days. The Group grants a longer credit period to those long-standing customers with good payment history.

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

Trade receivables are non-interest-bearing and the carrying amounts of the trade and bills receivables approximate to their fair values.

An aged analysis of the trade receivables as at 31 December 2016 and 31 December 2015, based on the invoice date and net of provision, and the balances of bills receivable are as follows:

	2016	2015
	RMB'000	*RMB'000*
Trade receivables		
Within 60 days	**98,381**	107,929
61 to 90 days	**917**	800
91 to 180 days	**1,285**	2,057
181 to 360 days	**1,944**	3,383
Over 360 days	**1,078**	1,044
	103,605	115,213
Bills receivable	**1,960**	3,382
	105,565	118,595

The bills receivable are due to mature within three months.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**98,381**	107,929
1 to 180 days past due	**2,202**	2,857
181 to 360 days past due	**3,022**	4,427
	103,605	115,213

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

14. STRUCTURED BANK DEPOSITS

	2016	2015
	RMB'000	*RMB'000*
Structured bank deposits, in licensed banks in the PRC, at amortised cost	**474,200**	380,734

The structured bank deposits have terms of less than one year and are denominated in RMB.

15. INTEREST-BEARING BANK BORROWINGS

	2016			2015		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Interest-bearing bank loans						
– secured (HKD)*	**HIBOR +1.5%**	**2017**	**384,639**	HIBOR +1.8%	2016	360,245

* These bank borrowings are secured by RMB denominated pledged bank deposits placed with financial institutions in China of RMB390,000,000 as at 31 December 2016.

The pledged deposits for securing the bank borrowings were included in "Pledged bank deposits" in the consolidated statement of financial position as at 31 December 2016.

	2016	2015
	RMB'000	*RMB'000*
Analysed into:		
Within one year and denominated in HK$	**384,639**	360,245

The Group has no undrawn banking facilities as at 31 December 2016 and 31 December 2015.

16. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at 31 December 2016 and 2015, based on the invoice date, and the balances of bills payable are as follows:

	2016	2015
	RMB'000	*RMB'000*
Trade payables		
Within 30 days	**22,798**	36,904
31 to 90 days	**4,248**	10,582
91 to 180 days	**273**	692
181 to 360 days	**5,170**	2,621
	32,489	50,799
Bills payable	**–**	54,901
	32,489	105,700

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

17. SHARE CAPITAL

Shares

	2016	2015
	HK$'000	*HK$'000*
Issued and fully paid:		
3,445,450,000 (2015: 3,445,450,000) ordinary shares	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

For most of the Chinese conventional retailers in menswear sector, 2016 continued to be difficult and challenging. Amid the continuous slowdown of China's macro-economy, demonstrated by the weakest Gross Domestic Product growth rate ("**GDP**") of 6.7% for the past 26 years since 1990, the total retail sales of consumer products increased by 10.4% in 2016, representing a fall by 0.3 percentage points from 10.7% in 2015. In particular, retail sales achieved by the top 100 key and large-scale retailers also decreased by 0.5% in 2016.

Confronted with the weak market sentiment and the increasing competitive market place, the Group reported a decrease in revenue by 10.9% from RMB1,012.8 million in 2015 to RMB902.0 million in 2016 and a decrease in profit attributable to owners of the parent by 56.7% from RMB104.8 million in 2015 to RMB45.4 million in 2016.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of RMB902.0 million in 2016, representing a decrease by RMB110.8 million, or approximately 10.9% as compared to RMB1,012.8 million in 2015.

By sales channel

Revenue from self-operated retail sales decreased by RMB52.0 million, or 7.3%, from RMB711.5 million in 2015 to RMB659.5 million in 2016 and accounted for approximately 73.1% (2015: 70.2%) of total revenue. The decrease in revenue was primarily due to the decline in customer traffic flows in mainstream department stores in the first to second tier cities where a majority of our self-operated retail points are located, which led to a decrease in same store sales by 9.4%. Despite the decrease in retail sales through self-operated retail points, we remained committed to our multi-channel strategy in response to the evolving consumption behavior and we saw higher growth in sales from outlet stores. Revenue from outlet stores increased by RMB11.8 million, or 7.0%, from RMB169.4 million in 2015 to RMB181.2 million in 2016.

Revenue from sales to third-party retailers decreased by RMB54.1 million, or 21.3%, from RMB253.8 million in 2015 to RMB199.7 million in 2016 and accounted for approximately 22.1% (2015: 25.1%) of total revenue. The decrease in revenue was primarily attributable to (i) the decrease in retail points operated by third-party retailers; (ii) the third-party retailers becoming more conservative under the current sluggish retail market conditions, especially in North China and third to fourth tier cities where a majority of our third-party retailers are located; and (iii) e-commerce presenting more choices to consumers in the third and fourth tier cities in China, thus impacting conventional retailers.

Revenue from e-commerce business decreased by RMB4.7 million, or 9.9%, from RMB47.5 million in 2015 to RMB42.8 million in 2016 and accounted for approximately 4.8% (2015: 4.7%) of total revenue. The decrease in revenue from e-commerce business was primarily attributable to a mixed effect of (i) a decrease in sales from online discount platform such as VIP shop, by RMB7.2 million or approximately 38.9% from RMB18.5 million in 2015 to RMB11.3 million in 2016; offset by (ii) an increase in sales from online third-party retailers as well as our self-operated flagship stores on Tmall.com and JD.com, by RMB2.5 million or approximately 8.6%, from RMB29.0 million in 2015 to RMB31.5 million in 2016.

The table below sets forth the breakdown of the Group revenue contributed by sales made through our self-operated retail points, sales to third-party retailers and sales from e-commerce business:

	Year ended 31 December			
	2016		2015	
	Revenue *RMB million*	**% of total revenue**	Revenue *RMB million*	% of total revenue
Retail sales from self-operated retailers	**659.5**	**73.1%**	711.5	70.2%
Sales to third-party retailers	**199.7**	**22.1%**	253.8	25.1%
Sales from e-commerce business	**42.8**	**4.8%**	47.5	4.7%
Total	**902.0**	**100%**	1,012.8	100%

By Brand

Revenue contributed from self-owned brands increased by RMB9.2 million, or approximately 12.0%, from RMB76.6 million in 2015 to RMB85.8 million in 2016. Percentage of revenue from self-owned brands over total revenue increased from 7.6% in 2015 to 9.5% in 2016.

The table below sets forth our revenue by licensed brands and self-owned brands:

	Year ended 31 December			
	2016		2015	
	Revenue *RMB million*	**% of total revenue**	Revenue *RMB million*	% of total revenue
Licensed brands	**816.2**	**90.5%**	936.2	92.4%
Self-owned brands	**85.8**	**9.5%**	76.6	7.6%
Total	**902.0**	**100%**	1,012.8	100%

Cost of sales

Our cost of sales decreased by RMB12.7 million, or approximately 3.7%, from RMB347.3 million in 2015 to RMB334.6 million in 2016. The decrease in cost of sales was primarily due to a mixed effect of a corresponding decrease in cost of inventories sold by RMB14.5 million from RMB211.2 million in 2015 to RMB196.7 million in 2016 as a result of the decrease in revenue; offset by an increase in inventory provisions by RMB1.8 million from RMB136.1 million in 2015 to RMB137.9 million in 2016.

Gross profit and gross profit margin

Our gross profit decreased by RMB98.1 million, or approximately 14.7%, from RMB665.5 million in 2015 to RMB567.4 million in 2016 as a result of the decrease in total revenue. Our overall gross profit margin also decreased by 2.8 percentage points from 65.7% in 2015 to 62.9% in 2016, which was primarily due to the increase in inventory provisions. Save for the provisions, our overall gross profit margin would have been 78.2% in 2016, which was largely in consistent with 79.1% in 2015.

Other income and gains, net

Our other income and gains increased by RMB6.1 million, or approximately 20.3%, from RMB30.0 million in 2015 to RMB36.1 million in 2016. The Group's interest-bearing bank borrowings are denominated in Hong Kong Dollars. In order to minimize the Group's foreign currency fluctuation risk, the Group entered into foreign currency forward contracts with a bank. The increase in other income and gains was primarily due to the increase in other income and gains by RMB7.5 million arising from the realised gains and changes in fair values of the above foreign currency forward contracts.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB40.5 million, or approximately 8.1%, from RMB497.3 million in 2015 to RMB456.8 million in 2016.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB32.8 million, or approximately 11.5%, from RMB284.5 million in 2015 to RMB251.7 million in 2016, which were largely in consistent with the decrease in sales from self-operated retail points.

The labour costs related to sales and marketing staff decreased from RMB91.8 million in 2015 to RMB89.9 million in 2016, which was primarily attributable to the decrease in sales and marketing staff arising from the decrease in number of self-operated retail points.

The Group incurred advertising and promotion expenses of RMB15.6 million (2015: RMB13.6 million) during the year for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through wechat, weibo and mainstream websites such as Sina.com, Sohu.com etc.

Decoration expenses for renovation of the self-operated retail points decreased from RMB24.8 million in 2015 to RMB6.2 million in 2016 which was mainly because the number of new stores opened in 2016 was lower than 2015 and led to a decrease in such expenses.

Other selling and distribution expenses, including royalty fees, transportation expenses and other operating expenses remain consistent for both years indicated.

Administrative expenses

Our administrative expenses decreased by RMB1.2 million, or approximately 2.0%, from RMB61.5 million in 2015 to RMB60.3 million in 2016, primarily due to the decrease in amortization of Pre-IPO Share Option Scheme.

Other expenses

Other expenses mainly represented (i) an impairment on trademarks – London Fog and Zoo York of RMB18.0 million (2015: RMB4.7 million); and (ii) an impairment on trade receivables of RMB1.2 million (2015: Nil).

Finance income

Our finance income decreased to RMB34.6 million in 2016 as compared to that of RMB44.6 million in 2015, representing an decrease by 22.4%, primarily due to the decrease in interest rate in structured bank deposits and bank deposits during the year.

Finance costs

The Group obtained overseas short-term bank loans from financial institutions in Hong Kong. Finance costs of RMB6.7 million (2015: RMB12.0 million) represented bank interest expenses incurred in relation to the above bank loans during the year.

Share of profits and losses of joint ventures

Share of profits and losses of joint ventures represented share of profits of joint venture – MCS of RMB3.8 million (2015: share of losses of RMB2.9 million) which was partially offset by share of losses of the joint ventures – Henry Cotton's and Marina Yachting of RMB2.4 million and RMB0.9 million, respectively (2015: share of losses of RMB1.2 million for Henry Cotton's and nil for Marina Yachting).

Profit before tax

As a result of the foregoing factors, our profit before tax decreased by RMB60.4 million, or approximately 38.7%, from RMB156.1 million in 2015 to RMB95.7 million in 2016.

Income tax expense

Income tax expense decreased by RMB1.0 million, or approximately 1.9%, from RMB53.4 million in 2015 to RMB52.4 million in 2016. The effective income tax rate increased from 34.2% in 2015 to 54.7% in 2016 which was primarily due to the addition in withholding tax expense on distributable profits of certain subsidiaries in China of RMB23.6 million.

Profit for the year

Profit for the year decreased by RMB59.3 million, or approximately 57.7%, from RMB102.7 million in 2015 to RMB43.4 million in 2016. In addition, the net profit margin decreased from 10.1% in 2015 to 4.8% in 2016 primarily due to:

(i) a decrease in gross profit margin by 2.8 percentage points from 65.7% in 2015 to 62.9% in 2016 due to the increase in inventory provisions;

(ii) an increase in percentage of selling and distribution expenses and administrative expenses over total revenue from 55.2% in 2015 to 57.3% in 2016 because the percentage of sales from self-operated retail points increased from 70.2% in 2015 to 73.1% in 2016 while percentage of sales to third-party retailers decreased from 25.1% in 2015 to 22.1% in 2016. The self-operated retail business incurred higher selling and distribution expenses than those of wholesale business to third-party retailers; and

(iii) an increase in percentage of other expenses over total revenue from 0.9% in 2015 to 2.1% in 2016.

Profit attributable to owners of the parent

As a result of the foregoing, profit attributable to owners of the parent decreased by RMB59.4 million, or approximately 56.7%, from RMB104.8 million in 2015 to RMB45.4 million in 2016.

Working Capital Management

	31 December 2016	31 December 2015
Inventory turnover days	**359**	419
Trade receivables turnover days	**44**	42
Trade payables turnover days	**45**	52

The decrease in inventory turnover by 60 days was mainly due to (i) the decrease in procurement for products aged within one year; and (ii) our stock clearance strategy to sell past season products aged from one to three years through outlet stores as well as online discount platforms and online flagship stores. In the meantime, the inventory balance also decreased by RMB139.8 million from RMB398.6 million as at 31 December 2015 to RMB258.8 as at 31 December 2016.

The turnover days of trade receivables and payables were consistent for both years indicated.

Liquidity, financial position and cash flows

As at 31 December 2016, we had net current assets of approximately RMB811.0 million, as compared to RMB859.4 million as at 31 December 2015. The current ratio of our Group was 2.2 as at 31 December 2016, as compared to that of 2.2 as at 31 December 2015.

As at 31 December 2016, the Group had secured banking facilities of RMB384.6 million and there was no undrawn banking facilities.

As at 31 December 2016, we had an aggregate cash and cash equivalents, pledged bank deposits and structured bank deposits of approximately RMB1,060.6 million. The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2016	2015
	RMB million	*RMB million*
Net cash flows from operating activities	**116.9**	54.0
Net cash flows (used in)/from investing activities	**(138.7)**	340.4
Net cash flows used in financing activities	**(0.2)**	(399.0)
Net decrease in cash and cash equivalents	**(22.0)**	(4.6)
Effect of foreign exchange rate changes, net	**7.5**	(22.5)
Cash and cash equivalents at the beginning of the year	**172.3**	199.4
Cash and cash equivalents at the end of the year	**157.8**	172.3

Operating activities

Net cash flows from operating activities increased by RMB62.9 million from RMB54.0 million in 2015 to RMB116.9 million in 2016 which was primarily attributable to (i) the operating cash inflows before changes in working capital of RMB237.8 million (2015: RMB285.0 million); and (ii) changes in working capital representing a decrease of cash of RMB120.9 million (2015: RMB231.0 million).

Investing activities

Net cash flows used in investing activities of RMB138.7 million mainly represented increase of investments in structured bank deposits of RMB93.5 million and the investments in an available-for-sale investment and an associate of RMB20.6 million.

Financing activities

There was no material cash flows used in financing activities during the year.

Gearing Ratio

The gearing ratio of the Group which is calculated by dividing total borrowings by total equity was 23.2% as at 31 December 2016 (31 December 2015: 22.2%). Further details of the Group's bank borrowings are set out in note 15 of the notes to the consolidated financial statements.

Pledge of group assets

As at 31 December 2016, short-term bank deposits of RMB390.0 million have been pledged as security for obtaining banking facilities of the Group. The Group also pledged short-term bank deposits of RMB39.3 million for foreign currency forward contracts.

Capital commitments and contingent liabilities

As at 31 December 2016, the Group had capital commitment of approximately RMB5.2 million (31 December 2015: Nil) and there was no significant contingent liabilities (31 December 2015: Nil)

Foreign exchange management

We conduct business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in Hong Kong dollars ("**HK$**") and RMB. To minimise foreign-exchange risks, the Group has a hedging policy in place.

Use of proceeds from the IPO

The shares of the Company were listed on 9 December 2011 on the Stock Exchange. The total net proceeds from the IPO amounted to approximately HK$803.9 million (equivalent to approximately RMB654.8 million), including the net proceeds from the partial exercise of the over-allotment option on 30 December 2011.

There was no material IPO proceed used during the year.

The table below sets forth the utilisation of the net proceeds from the IPO and the unused amount as at 31 December 2016. All the unused proceeds were deposited into licensed banks in the PRC and Hong Kong:

Use of fund raised

	Percentage to total amount	**Net proceeds** *(HK$ million)*	**Utilised amount as at 31 December 2016** *(HK$ million)*	**Unutilised amount as at 31 December 2016** *(HK$ million)*
Licensing or acquisition of additional recognised international brands	**47%**	**380.7**	**234.5**	**146.2**
Expansion and enhancement of existing logistical system	**24%**	**193.1**	**193.1**	**–**
Settlement of shareholder's loan	**19%**	**152.8**	**147.1**	**5.7**
General working capital	**10%**	**77.3**	**–**	**77.3**
	100%	**803.9**	**574.7**	**229.2**

OPERATION REVIEW

Retail and distribution network

As at 31 December 2016, our sales network comprised a total of 614 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 453 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC by brand as at 31 December 2016 and 31 December 2015:

Brand	As at 31 December 2016 Self-operated retail points	Retail points operated by third-party retailers	Total retail points	As at 31 December 2015 Self-operated retail points	Retail points operated by third-party retailers	Total retail points
Jeep						
– Menswear	**210**	**409**	**619**	218	450	668
– Spirit*	**50**	**9**	**59**	65	10	75
SBPRC	**166**	**31**	**197**	188	42	230
London Fog	**57**	**1**	**58**	59	1	60
MCS	**46**	**–**	**46**	52	–	52
Zoo York	**25**	**3**	**28**	21	–	21
Others	**60**	**–**	**60**	68	–	68
Total	**614**	**453**	**1,067**	671	503	1,174

* *including 26 and 38 retail points of Jeep lady as at 31 December 2016 and 31 December 2015, respectively*

Self-operated retail points

As at 31 December 2016, we had a network of 592 self-operated concession counters (31 December 2015: 641 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Parkson (百盛), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Wangfujing (王府井) etc., among which a total of 153 were outlet stores as at 31 December 2016 (31 December 2015: 114 outlet stores).

As at 31 December 2016, we had a network of 22 standalone stores (31 December 2015: 30 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Faced with challenging market conditions and ever evolving consumer behavior, the Group has made the following adjustments to its strategy for self-operated retail points:

- a net increase by 39 outlet stores in response to changes in consumer behavior and rapid sales growth in outlet store channel; and

- a net increase by 16 retail points for the expansion and development of our new brands such as Henry Cotton's, Marina Yachting and Zoo York in 2016.

Retail points operated by third party retailers

Under current uncertain and ever-changing market conditions, our third-party retailers have become more conservative in placing orders and opening new stores. As at 31 December 2016, we had a total of 453 retail points that were operated by third-party retailers, representing a decrease by 9.9% as compared to that of 503 as at 31 December 2015.

E-commerce

We launched our e-commerce business in 2013 and sold off-season products through online platforms and retailers. In 2016, the Group has actively organized sales fairs on online discount platform such as VIP.com, developed new online third-party retailers for online retailing of the Group's products and increased sales from the Group's self-operated e-shops on Tmall.com and JD.com.

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us to capture more market segments, take advantage of a wider range of market opportunities and ultimately increase our overall market share in China's menswear market. Our diversification initiatives in brand portfolio during the year included the followings:

Greg Norman

On 27 April 2016, the Group entered into a trademark license and distribution agreement with Tharanco Lifestyles LLC d/b/a Greg Norman Collection which grants the right to design, manufacture, sell, distribute, advertise and promote of products under the "Greg Norman" brand in the PRC starting from 27 April 2016. The Greg Norman Collection (the "**GNC**") is a leading designer and distributor of golf-inspired sportswear and accessories, targeting active and sophisticated men and women. Established in 1992, GNC was inspired by golfing legend Greg Norman and is built upon a unique combination of performance, luxury and style.

MCS

MCS sponsored the Chinese Super Model Soccer Team including top models of Mr. Rock Ji (紀煥博先生), Mr. Miracle Qi (戚跡先生) etc. MCS also provided some of the apparel for Mr. Andy Lau (劉德華先生), the prominent actor in the movie "Shock Wave" ("拆彈專家") to be shown in cinemas in 2017.

LINCS

During the year, LINCS continued to sponsor apparel for the China Entrepreneur Golf Team and the award for the "Longest Drive Prize" in the golf event "BMW Daonong Cup" Challenge, the leading amateur golf event in China.

Zoo York

Zoo York is the title sponsor for CSP China Skate Park League (CSP全國滑板場聯賽). The events were held across 7 major cities in China including Shanghai, Shenzhen, Chengdu etc., from 26 June 2016 to 25 September 2016. Over 20 skate clubs participated in the events.

Fashion Shows

From 16 March 2016 to 18 March 2016, we organized 8 fashion shows in Shanghai to display the new fall and winter collections of a number of brands operated by us including Barbour, Jeep Spirit, Henry Cotton's, LINCS, Marina Yachting, MCS, Santa Barbara Polo & Racquet Club and Zoo York. Chinese top models Mr. Rock Ji (紀煥博先生) and Ms. Lela Wang (王詩晴女士) and over 100 celebrities attended the event.

Tweed Run Event

A "Tweed Run" event was held in December 2016. The cyclists were dressed in traditional cycling attire from brands such as Barbour, MCS, Henry Cotton's, Marina Yachting etc., and rode through a small village in Jin Shan district in Shanghai. The events were covered by a number of leading media outlets such as Sohu.com and Toutiao.com in China.

Management Team

On 15 August 2016, we appointed Mr. LI Zhujun (李祝軍先生) and Mr. YU Wenlong (余文龍先生) as our new Chief Sales Officer and Chief Marketing Officer, respectively. Both Mr. Li and Mr. Yu have over 15 years of experience in the retail and apparel industry. Previously, Mr. Li was the Chief Marketing Officer of the Group and Mr. Yu was the deputy general manager of a subsidiary of the Group for managing the retail business in the south China region.

We appointed Ms. CHEUNG Laura Pui Wah (張佩華女士) as our Chief Merchandising Officer on 12 December 2016 for developing strategies for purchasing plans and managing the buying activities of the Group. Prior to joining the Group, Ms. Cheung held several senior managerial positions in Escada, Ferragemo and Dunnu and she has over 20 years of experience in the retail and apparel industry.

On 1 January 2017, we appointed Mr. LI Zhuoping (李卓平先生) as our Chief Technology Officer. Mr. Li joined the Group in 2003 and is responsible for development and implementation of the information technology systems of the Group. Mr. Li has over 10 years of experience in the information technology industry as well as the apparel industry.

Design and product development

The local design team kept abreast of the latest trends and developments in new designs through our collaboration with the international design teams from Barbour in London, Greg Norman in Sydney, LINCS in New York, MCS, Henry Cotton's and Marina Yachting in Milan and Venice and Zoo York in Hong Kong.

Production and supply chain

The positing of products in warehouses through our self-developed logistic system and personal digital assistant system was completed during the year. The implementation of new technology along with the operation of the new logistic center in Shanghai have significantly improved the efficiency of our order-fulfillment process in warehouses and transformed our warehousing system into a B2C logistics center for direct distribution of products to customers.

We developed an O2O system that is tailored to our retail network and allows our customers to make purchases on demand even if the desired item is out of stock at a particular location. This in turn both enhances customers' shopping experience and drives our sales. Sales contributed by the system increased by RMB34.0 million, or approximately 95.0%, from RMB35.8 million in 2015 to RMB69.8 million in 2016.

Employee information

As at 31 December 2016, the Group had approximately 2,752 full-time employees. Staff costs, including Directors' remuneration, totalled RMB111.4 million in 2016 (2015: RMB113.7 million).

The Company also operated a share option scheme (the "**Share Option Scheme**") and a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of our Group. A total of 84,012,000 options under the Pre-IPO Share Option Scheme that granted to 17 participants (including 7 directors), were outstanding as at 31 December 2016.

Corporate Social Responsibility

Being a responsible corporate citizen is a core fundamental of our culture. During the year, the Group participated in the sponsorship of an animal protection program organized by the Beijing Loving Animals Foundation (北京愛它動物保護公益基金) and sponsorship of "I fly" (愛飛翔) training program for village school teachers that organised by the Chinese Red Cross Foundation and Cui Yong Yuan Commonwealth Foundation (崔永元公益基金) for the purpose of supporting education in rural areas of China. A total donation of approximately RMB0.5 million was made by the Group to the above program during the year.

The Group is also looking for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact on the environment and set reduction targets as appropriate.

Prospects

The management will continue to focus on the following key objectives for 2017:

- In line with our multi-brand strategy, the Group will seek opportunities to further diversify its brand portfolio and increase the portion of revenue from self-owned brands. We plan to introduce the first spring/summer season products of our new brand Greg Norman in the beginning of 2017;

- The Group will continue to increase spending on marketing and promotion that consists of consumer studies, advertising, public relations, events, online and digital marketing, visual merchandising, and celebrity endorsement to enhance interaction with the customers and to raise brand awareness among our target customers;

- The Group will continue to commit to its multi-channel strategy and place great emphasis on expanding our store network in outlet stores and multi-brand lifestyle stores (多品牌集合店) in order to attract more customer flows. E-commerce is also a priority of our sales channel strategy;

- The Group will continue to encourage sales staff and third-party retailers to use the self-developed O2O system and accelerate the response to ultimate consumers' demands for our products; and

- The Group will actively explore the "new form" of the conventional retail stores that combine sophisticated store decorations, digitalization of product offerings and superior customer experience.

FINAL DIVIDENDS

The Board does not recommend to declare any final dividends in 2016 (2015: Nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding directors' dealings in the Company's securities and securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the year ended 31 December 2016.

CORPORATE GOVERNANCE

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the year ended 31 December 2016, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

During the year ended 31 December 2016, none of the controlling shareholders of CEC Outfitters Limited, Vinglory Holdings Limited and Mr. Zhang Yongli, nor any of their respective associates is a director or a shareholder of any business apart from the business of the Group which competes or likely to compete, either directly or indirectly, with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF SHARES OF THE COMPANY

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except for the trustee of the Employees' Share Award Scheme adopted by the Board on 4 November 2014 (the "**Scheme**"). Pursuant to the terms of the rules and trust deed of the Scheme, a total of 506,000 shares of the Company at a total consideration of about HK$215,000 (equivalent to RMB182,000) were purchased on the Stock Exchange for the year ended 31 December 2016.

AUDIT COMMITTEE

The audit committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2016. It has also reviewed the said consolidated financial statements.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

RECORD DATE FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

All the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 9 May 2017 will be entitled to attend and vote at the Annual General Meeting of the Company to be held on Monday, 15 May 2017 at 2:00 p.m. (the "**AGM**").

In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 9 May 2017.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This result announcement is published on the website of the Company at *www.cohl.hk* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2016 Annual Report and the Notice of AGM will be despatched to the shareholders of the Company and available on the same websites on or about 10 April 2017.

APPRECIATION

Dedicated and loyal employees are our most valuable asset in this extremely challenging and difficult year. We would like to take this opportunity to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
China Outfitters Holdings Limited
Lo Peter
Chairman

Hong Kong, 20 March 2017

As at the date of this announcement, the executive directors are Mr. Lo Peter, Mr. Zhang Yongli, Mr. Sun David Lee and Ms. Huang Xiaoyun; the non-executive directors are Mr. Wang Wei and Mr. Lin Yang; and the independent non-executive directors are Mr. Kwong Wilson Wai Sun, Mr. Cui Yi and Mr. Yeung Chi Wai.