Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3998

ANNUAL REPORT 2016/17

Company Profile

Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a renowned down apparel company in the People's Republic of China (the "PRC") with down apparel brands, namely *Bosideng*, *Snow Flying* and *Bengen*. The Group satisfies different customers and fosters its leading position in the PRC market through its brands.

Leveraging on its well-established down apparel business, the Group is actively propelling the strategy of developing an evergreen business for four seasons and proactively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation, and stride toward becoming a world-renowned integrated apparel brand operator. Currently, the Group's key non-down apparel brands include *Bosideng MAN* for menswear and *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA* for ladieswear.

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Financial Highlights

(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,				
	2017	2016	2015	2014	2013
Revenue	**6,816,599**	5,787,321	6,292,569	8,237,894	9,324,539
Gross profit	**3,163,204**	2,609,218	2,870,009	4,115,456	4,720,549
Profit from operations	**660,007**	337,679	198,900	865,470	1,271,670
Profit attributable to:					
Equity shareholders of the Company	**391,844**	280,942	132,197	694,704	1,078,650
Non-controlling interests	**(22,723)**	(19,109)	5,726	7,634	(26,036)
Dividends per share (HKD cents):					
Interim	**1.0**	–	1.2	3.7	6.0
Final	**0.5**	2.6	1.0	2.0	6.5
Total	**1.5**	2.6	2.2	5.7	12.5
Non-current assets	**3,635,768**	2,698,105	2,765,824	2,900,778	2,540,443
Current assets	**10,482,633**	9,457,503	9,722,882	9,857,414	9,672,764
Current liabilities	**4,382,897**	4,550,876	3,919,967	2,807,280	3,634,987
Non-current liabilities	**380,277**	152,427	1,154,840	2,573,679	1,292,552
Net current assets	**6,099,736**	4,906,627	5,802,915	7,050,134	6,037,777
Total assets	**14,118,401**	12,155,608	12,488,706	12,758,192	12,213,207
Total assets less current liabilities	**9,735,504**	7,604,732	8,568,739	9,950,912	8,578,220
Total equity	**9,355,227**	7,452,305	7,413,899	7,377,233	7,285,668
Gross profit margin (%)	**46.4**	45.1	45.6	50.0	50.6
Operating margin (%)	**9.7**	5.8	3.2	10.5	13.6
Net profit margin (%)*	**5.7**	4.9	2.1	8.4	11.6
Earnings per share					
– basic (RMB cents)	**4.22**	3.54	1.66	8.73	13.55
– diluted (RMB cents)	**4.22**	3.54	1.65	8.72	13.55
Current ratio (x)	**2.4**	2.1	2.5	3.5	2.7
Gearing ratio (%)	**31.9**	45.5	47.7	44.2	36.5

* Net profit margin is calculated by profit attributable to equity shareholders of the Company as a percentage of revenue

Chairman's Statement

Dear shareholders,

Over the past few years, Bosideng has adjusted its businesses in a determined and pragmatic manner. We had decisively closed low-efficiency stores, liquidated inventories and improved self-operated businesses. Besides, we have proactively formulated market-oriented sales strategies, improved terminal stores, and made effort to build a modern and fashionable brand image with an emphasis on shopping experience, and undergone a gradual shift from traditional wholesale business model to retail business model that is closer to the market and consumers. Although the short-term results were inevitably impacted in the course of transformation, the Group's effort has eventually proved to be fruitful. *Bosideng* brand came back to the upward track in the 2016/17 fiscal year, with an increase of 15% in revenue from down apparel business, and its inventory also returned to a healthy level. Profits attributable to equity shareholders of the Company rose by nearly 40%, and net cash inflows from operating activities further increased to approximately RMB1.1 billion, reflecting improved business performance.

With a focus on down apparel as its main business, the Group also forges ahead towards becoming a multi-brand apparel operator. In a rapidly changing market, the Group is committed to reshaping its brand besides providing high-quality products. Not only did we optimize our trademark and launch innovative products, but we also shifted our focus from "product operation" to "brand operation" by extending Bosideng's brand connotation that emphasizes quality to a wider range of products. Apart from developing school uniform and homewear businesses, we also planned to develop businesses on children's wear and outdoor apparel. Through these attempts, the Group intends to exercise Bosideng's reputation of quality and brand value built over the years while appropriately adding more lifestyle functions to its products. Based on these new initiatives as the overall tone, the Group believes its new positioning will better cater for market demands and will be conducive to the Group's long-term growth.

In addition, after years of mergers and acquisitions, the Group has obtained four ladieswear brands: *JESSIE, BUOU BUOU, KOREANO* and *KLOVA*. The business platform of ladieswear has gradually taken shape. The ladieswear sector is expected to become the Group's second largest source of revenue and profit in the next fiscal year, marking the Group's success in multi-brand and all-season strategies, which is also an important milestone of the Group in the path towards an integrated apparel operator. The Group will continue to seek after potential ladieswear brands and further expand its ladieswear platform.

Furthermore, taking into account the status quo and the long-term developmental needs of the apparel industry, we deeply understand the importance of market size, access to resources and international networks. Therefore, the Group will actively seek opportunities for new businesses and external cooperative alliance, such as proactively bringing in strategic investors and partners, so as to promote diversified development. During the year, the Company indirectly introduced strategic shareholder ITOCHU Corporation through loan capitalization. The Company believes that ITOCHU Corporation's rich experience and global resources will benefit its business or investment opportunities.

The Group's encouraging performance this year is attributed to its employees' efforts. To share our achievements with the employees who have made unremitting efforts during Bosideng's development and to encourage them to make continuous efforts for innovation, the Group amended the share award scheme during the year, granted awarded shares and share options to incentivize employees who have made tremendous contributions to the Group's development. We believe that with concerted efforts of all staff, Bosideng is on the road to sustainable business development.

Chairman's Statement

The next fiscal year marks the tenth anniversary of Bosideng's listing in Hong Kong. Over the past ten years, we witnessed rapid changes in China's apparel industry, during which period Bosideng has grown from a company producing single-season down apparel into a multi-product apparel enterprise, laying a solid foundation for our future development. I'm fully convinced that Bosideng will keep growing and thriving in the future, realizing its vision of becoming a world-renowned integrated apparel operator while creating maximum value for shareholders and employees. We anticipate more outstanding achievements in the next ten years to come.

Last but not least, I'd like to extend my sincere gratitude to all employees and the management on behalf of the Group for their hard work in the past year, and to the shareholders for their everlasting support and trust!

Mr. Gao Dekang
Chairman of the Board of Directors
June 26, 2017


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Management Discussion and Analysis

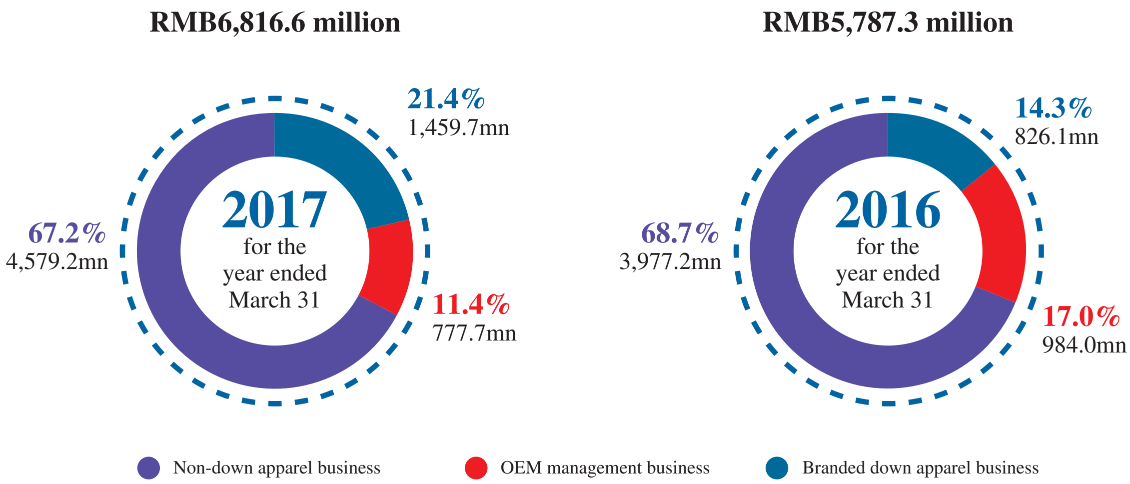
In the past few years, issues such as overcapacity, overexpansion, ambiguous brand image, lack of product differentiation and impacts of e-commerce on physical stores gradually emerged in China's apparel industry. Coupled with intensifying market competition and increasing choices for consumers, the market's operating environment is full of challenges. In response to the market changes, most apparel enterprises underwent positive transformation. While conducting supply-side optimization, they began to pay attention to scientific management, data application and market analysis; and focus on brand maintenance and consumption experience. Being fully aware of the transformation of the industrial ecosystem, the Group endeavored to transform and actively optimized its businesses in the past few years, including clearing inventory, optimizing the sales network and gradually exploring the transition from traditional business model that focuses on wholesale to a retail model that attaches greater importance to the needs of the market and consumers. During this financial year, the Group further reshaped its brand, accelerated brand innovation, introduced young and fashion product series to meet the market demands and consumer expectations. The Group will continue to adopt a practical and proactive approach to enhance its internal competitiveness and operating efficiency so as to lay a solid foundation for the Group's sustainable development.

REVENUE ANALYSIS

To foster a long-term and healthy development of the business, the Group proactively enhanced its down apparel business, emphasized on inventory clearance and sales network optimization in the past two years. The revenue of branded down apparel business picked up in this financial year thanks to the Group's relentless effort in the past two years. Coupled with the integration of the Group's non-down apparel business and contributions from new acquisitions, the overall revenue increased during the year. For the year ended March 31, 2017, revenue of the Group amounted to approximately RMB6,816.6 million, representing a year-on-year increase of approximately 17.8%. During the year, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 67.2% of the Group's revenue, with the remaining 11.4% and 21.4% derived from the OEM management business and the non-down apparel business, respectively. In the previous year, these three business segments accounted for 68.7%, 17.0% and 14.3% of the Group's revenue, respectively.

Revenue from the branded down apparel business, OEM management business and non-down apparel business amounted to approximately RMB4,579.2 million, RMB777.7 million and RMB1,459.7 million for the year, representing a year-on-year increase of 15.1%, decrease of 21.0% and increase of 76.7%, respectively.

Revenue of the Group by business



Branded Down Apparel Business:

In the previous two financial years, the Group adhered to inventory clearance and sales network optimization. This year, the Group continued to devote relentless efforts in these two areas and actively maintained stringent production and product planning. In order to maintain healthy inventory and avoid unnecessary inventory accumulation, the Group took the initiative to guide distributors on ordering and restocking best-selling products according to the sales trend at retail level. Following the improvement of inventory structure, during the year, the Group gradually increased the development of new products and the proportion of trendy new items. The Group also developed more products attuned to market demands, thereby enhancing our product marketability this year. These measures not only increased the revenue of the Group's down apparel business but also uplifted its gross profit margin.

With respect to products, the Group made different new attempts and innovations during the year and launched many new product series, bringing freshness to the market and consumers. With the opening of Shanghai Disneyland Park in 2016, the Group captured the opportunities to work with The Walt Disney Company to introduce *Bosideng x Disney* series down apparel products for adults and kids. The *Bosideng x Disney* series was officially launched in 42 major stores nationwide including Shanghai and Beijing, and online on September 10, 2016, and was well received by the market. With the grand release of the Disney Movie Beauty and the Beast all over the world during the spring and summer of 2017, *Bosideng* launched Disney's Beauty and the Beast series products. The *Bosideng x Disney* series not only created a buzz for the brand and increased exposure, but also injected elements of youth, vitality and fashion into *Bosideng* brand via its cooperation with Disney. The Group will continue to cooperate with Disney in the future, and strengthen the scope and content of mutual cooperation.

Management Discussion and Analysis

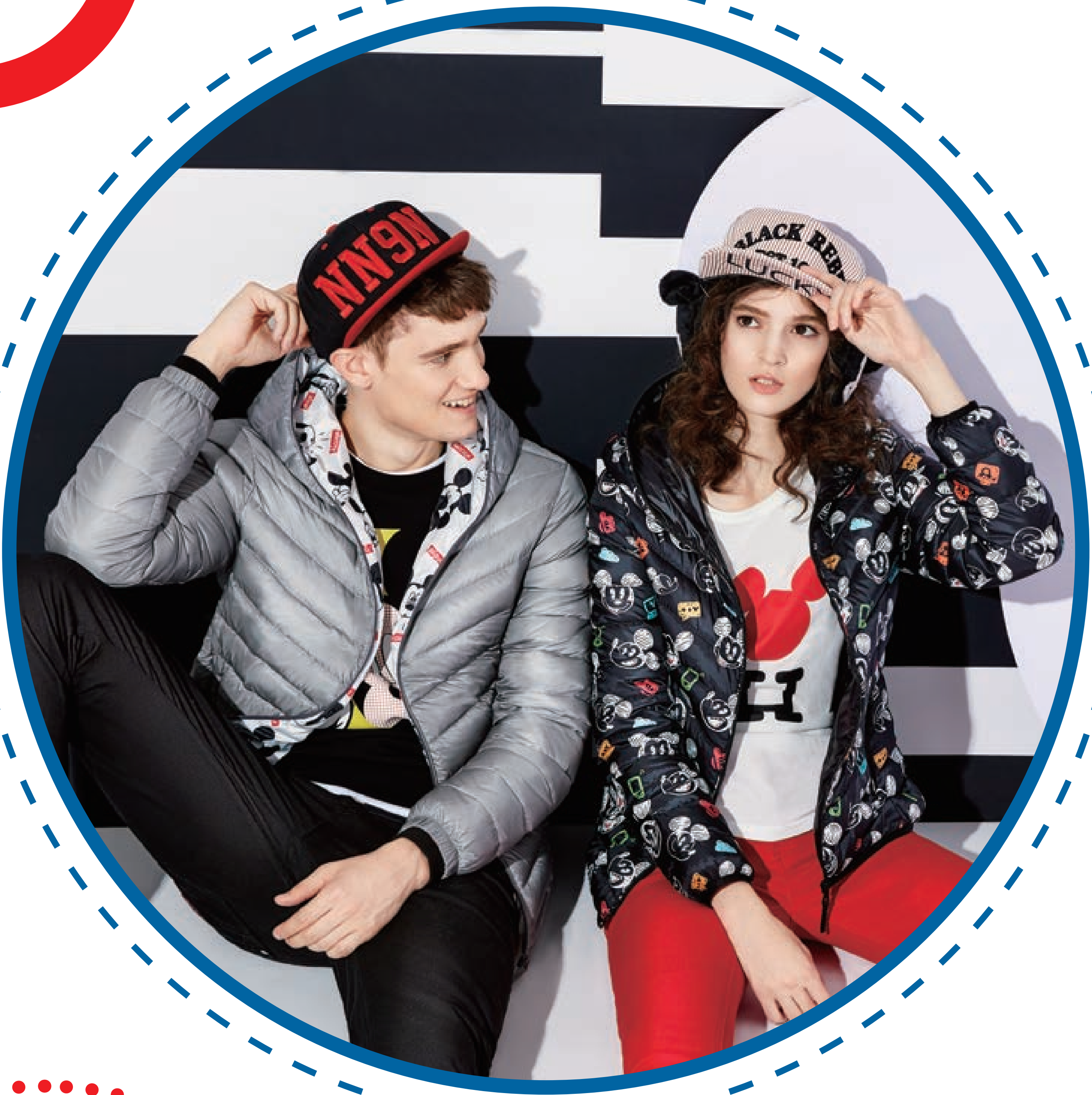
Brand image is crucial even for quality products, the Group therefore actively promoted brand innovation and placed the emphasis of its core business strategies on brand building and image optimization so as to gradually increase consumers' awareness of its brands as well as to enhance its brand value and recognition. During the year, *Bosideng* brand has changed its logo which has been used for many years. In terms of shape, the new logo retains and highlights the original wings pattern and the English name is enlarged to make the overall design more trendy, concise, clear and internationalized. The new logo enhances the aesthetics while maintaining the old elements of *Bosideng*'s logo. The change of logo represents an important milestone of the Group's brand reshaping and also symbolizes the Group's determination to change, developing a market-oriented sales strategy, giving the brand a modern and trendy image. Revenue from *Bosideng* recorded a satisfactory increase of 22.4% during the year due to the newly-launched products and optimized brand image.

BOSIDENG
波司登

During the year, *Snow Flying* strived for transforming into a comprehensive outfitter brand and increasing the proportion of outdoor apparel products. However, after one year's efforts and research, considering the market recognition, distributor's opinions and feedbacks, the consumption patterns of domestic outdoor apparel market as well as investments and returns, the Group believes that further adjustment of *Snow Flying*'s position and development direction is needed. We no longer simply set outdoor apparel as our major development direction but will inject more fashion elements. Although the business adjustment of *Snow Flying* during the year led to a significant decline of revenue, the Group believed that this would be conducive to the development of *Snow Flying* in the long run.

Revenue from down apparel business by brand

	For the year ended March 31,				
	2017		2016		
Brands	**RMB million**	**% of revenue from branded down apparel revenue**	RMB million	% of revenue from branded down apparel revenue	Change
Bosideng	**4,060.7**	**88.7%**	3,316.4	83.4%	22.4%
Snow Flying	**180.8**	**3.9%**	446.5	11.2%	(59.5%)
Bengen	**164.0**	**3.6%**	52.0	1.3%	215.4%
Other brands	**102.8**	**2.2%**	104.9	2.7%	(2.0%)
Others	**70.9**	**1.6%**	57.4	1.4%	23.5%
Total revenue from branded down apparel business	**4,579.2**	**100.0%**	3,977.2	100.0%	15.1%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Revenue from branded down apparel business by sale category					
	For the year ended March 31,				
	2017		2016		
	RMB million	% of revenue from branded down apparel revenue	RMB million	% of revenue from branded down apparel revenue	Change
Self-operated	**2,174.1**	**47.5%**	2,112.2	53.1%	2.9%
Wholesale	**2,334.2**	**51.0%**	1,807.6	45.5%	29.1%
Others*	**70.9**	**1.5%**	57.4	1.4%	23.5%
Total revenue from branded down apparel business	**4,579.2**	**100.0%**	3,977.2	100.0%	15.1%

* *Represents the revenue including sales of raw materials related to down apparel products and other licensing fee*

During the year, the Group continued to actively optimize the retail network and shut down underperforming stores to enhance store quality. The Group also retreated *Combo* brand from the down apparel market, so that as at March 31, 2017, the total number of retail outlets of the Group's down apparel business (net) reduced by 979 from March 31, 2016 to 4,292; self-operated retail outlets and retail outlets operated by third party distributors (net) reduced by 320 and 659 to 1,374 and 2,918, respectively. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 32% and 68%, respectively.

Retail network breakdown by down apparel brand

	Bosideng		Snow Flying		Bengen		Others#		Total	
As at March 31, 2017	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores										
Operated by the Group	452	+141	42	+2	–	–	–	-4	494	+139
Operated by the third party distributors	1,761	-17	60	-125	311	+168	–	-14	2,132	+12
Subtotal	2,213	+124	102	-123	311	+168	–	-18	2,626	+151
Concessionary retail outlets										
Operated by the Group	718	-138	162	-191	–	–	–	-130	880	-459
Operated by the third party distributors	461	-433	67	-93	258	-64	–	-81	786	-671
Subtotal	1,179	-571	229	-284	258	-64	–	-211	1,666	-1,130
Total	**3,392**	**-447**	**331**	**-407**	**569**	**+104**	**–**	**-229**	**4,292**	**-979**

Change: Compared with that as at March 31, 2016

\# Others mainly represent the stores of *Combo* brand. As the Group retreated *Combo* brand from the down apparel market last year, *Combo* had no independent store in operation by March 31, 2017.

Retail network of down apparel business breakdown by region

	As at March 31, 2017	As at March 31, 2016	Change
Eastern China	1,495	1,909	-414
Central China	934	1,008	-74
Northern China	424	506	-82
Northeast China	501	596	-95
Northwest China	533	786	-253
Southwest China	405	466	-61
Total	**4,292**	**5,271**	**-979**

Areas:
Eastern China: Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong
Central China: Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan
Northern China: Beijing, Tianjin, Hebei
Northeast China: Liaoning, Jilin, Heilongjiang, Inner Mongolia
Northwest China: Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia, Shanxi
Southwest China: Sichuan, Tibet, Chongqing, Yunnan, Guizhou

OEM Management Business:

During the year, revenue from the Group's OEM management business decreased by 21.0% to approximately RMB777.7 million as compared with that of last year, accounting for 11.4% of the Group's revenue. As the production cost increases in China every year, of which wage increase is especially prominent, many OEM clients decide to transfer their orders to Southeast Asia where production costs are lower and tax concessions are present. Coupled with the growing trend of OEM clients preferring factories with multinational production capabilities, the Group lost some of its OEM orders, resulting in a decrease in revenue.

In face of the new trend, the Group actively coped with it and planned to fully make use of ITOCHU Corporation's production facilities in Southeast Asia to exploit cost advantage and increase the Group's multinational production capabilities. The Group tentatively expects to process orders at the ITOCHU Corporation's production facilities in Southeast Asia in the coming financial year to improve the Group's OEM management business.

The OEM management business had 15 major clients and the percentage of revenue from the top five customers accounted for approximately 81.0% of the total revenue from OEM management business.

Non-down Apparel Business:

During the year, revenue from the Group's non-down apparel business was approximately RMB1,459.7 million, representing an increase of 76.7% compared with that of last year. The increase was benefited from the business optimization of *Bosideng MAN* and the contribution from newly acquired business. During the year, non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail capabilities to enhance their businesses. Revenue of the non-down apparel brands are as follows:

Revenue from non-down apparel business by brand

Brands	2017 RMB million	2017 % of revenue from non-down apparel revenue	2016 RMB million	2016 % of revenue from non-down apparel revenue	Change
		For the year ended March 31,			
Bosideng MAN	**329.8**	**22.5%**	186.1	22.5%	77.2%
JESSIE	**323.5**	**22.2%**	332.9	40.3%	(2.8%)
Mogao	**248.4**	**17.0%**	295.4	35.8%	(15.9%)
BUOU BUOU	**298.5**	**20.4%**	N/A	N/A	N/A
Bosideng HOME	**186.4**	**12.8%**	N/A	N/A	N/A
Other brands and others	**73.1**	**5.1%**	11.7	1.4%	524.8%
Total revenue from non-down apparel business	**1,459.7**	**100.0%**	826.1	100.0%	76.7%

Revenue from non-down apparel business by sale category

	2017 RMB million	2017 % of revenue from non-down apparel revenue	2016 RMB million	2016 % of revenue from non-down apparel revenue	Change
		For the year ended March 31,			
Self-operated	**866.4**	**59.4%**	579.7	70.2%	49.5%
Wholesale	**584.6**	**40.0%**	242.8	29.4%	140.8%
Others*	**8.7**	**0.6%**	3.6	0.4%	141.7%
Total revenue from non-down apparel business	**1,459.7**	**100.0%**	826.1	100.0%	76.7%

* *Represents rental income*

Bosideng MAN

During the year, revenue from *Bosideng MAN* increased by 77.2% to approximately RMB329.8 million. Revenue from self-operated business and wholesale business increased by 54.7% and 87.1% to approximately RMB88.6 million and RMB241.2 million, respectively. This year, *Bosideng MAN* focused on improving the retail operation and merchandise benefits through the franchisee management by classification, merchandise data management improvement, single store ordering method and restocking plan optimization, to maximize merchandise values. During the year, *Bosideng MAN* continued to adjust the retail network and eliminate less competitive retail outlets while adding new retail outlets so that the total number of retail outlets remained stable. As of March 31, 2017, *Bosideng MAN* had a total of 363 stores, reducing 29 stores (net) as compared to that of last year.

JESSIE

During the year, revenue from *JESSIE* decreased by 2.8% year on year to approximately RMB323.5 million, among which, revenue from self-operated business increased by 5.2% and revenue from wholesale business decreased by 28.0% to approximately RMB266.0 million and RMB57.5 million, respectively. During the year, *JESSIE* concentrated its efforts on strengthening the management capabilities of self-operated stores, increasing the user-end investment as well as maintaining and following up the VIP customer relationships. The decline in the wholesale business was due to inventory clearance conducted by distributors, resulting in a reduction of new orders. *JESSIE* took a prudent approach towards store openings. Following the adjustment and optimisation of its retail network over the past two years, the number of *JESSIE* retail outlets (net) slightly decreased by 7 to 196 during the period.

Newly acquired ladieswear–BUOU BUOU

The Company acquired a 70% equity interest in Buoubuou International Holdings Limited ("Buoubuou International") which holds *BUOU BUOU* brand through Jessie International Holdings Limited for a consideration comprising 850,000,000 shares of the Company (the "Shares", and each a "Share") issued at HKD0.652 per Share and cash payment of RMB70.0 million. Back in 2013, the Company invested RMB150 million to acquire 30% equity interest in Buoubuou International through its subsidiary, Talent Shine Limited ("Talent Shine").

During the year, revenue from *BUOU BUOU* amounted to approximately RMB298.5 million, among which revenue from self-operated and wholesale business amounted to approximately RMB250.4 million and RMB48.1 million, respectively. As of March 31, 2017, *BUOU BUOU* owned a total of 215 stores.

Newly acquired ladieswear–KOREANO and KLOVA

The Group has been actively seeking for appropriate opportunities to expand its business into non-down apparel sector since its listing, so as to diversify its business and reduce its reliance on seasonal products business. The Group is optimistic about the prospect of domestic ladieswear industry. In the past few years, the Group has gradually expanded its ladieswear business through acquisition. In March 2017, the Group announced to acquire the entire issued shares of Joy Smile Development Limited ("Joy Smile") and You Nuo (Tianjin) Clothing Limited ("You Nuo") at a consideration of RMB680 million, and the acquisition was completed in April 2017.

Joy Smile is principally engaged in sourcing and distribution of ladieswear and owns the trademarks of *KOREANO* and *KLOVA* and has its own sales channel and management team. *KOREANO* is positioned as a mid-range and high-end brand of ladieswear in China. The products under the brand feature a chic, elegant and tasteful style, and target office ladies aged between 25 and 35. Meanwhile, *KLOVA* features products of simple but stylish designs and targets discerning female customers aged between 30 and 40. As of March 31, 2017, these two brands have 119 self-operated stores in total.

Pursuant to the acquisition agreement, the Vendor guaranteed that the audited profit after taxation of Joy Smile Group for the financial year ending March 31, 2018 shall not be less than RMB70 million, or the Vendor shall make up for the shortfall amount of the profit to the Group.

Disposal of Mogao business

Taking into account the current domestic economic conditions and consumption patterns as well as the business performance and development potential of *Mogao*, the Group disposed of all its 51.004% equity interests in *Mogao* at a consideration of approximately RMB40.5 million in February 2017, which, in the opinion of the Group, facilitated the Group to focus its resources on apparel brands with greater potential and was more consistent with its long-term development strategies. The Group acquired 56.04% of the equity interests in *Mogao* in 2011 and subsequently distributed approximately 5.036% of the equity interests to *Mogao*'s management team as employee share incentives, which resulted in a decrease to 51.004% of the Group's equity interests in *Mogao*.

During the year, revenue from *Mogao* decreased by 15.9% to approximately RMB248.4 million, among which revenue from self-operated and wholesale business amounted to approximately RMB234.0 million and RMB14.4 million, respectively.

Other new businesses

The Group strived to diversify its business to become a comprehensive apparel operator. It witnesses an enormous domestic school uniform market that many international schools have made a presence in China and that government-established schools are gradually transferring from government-dominated model to school- and parents-dominated model with obvious market orientation. However, as the quality of domestic school uniforms suppliers varies, the Group seeks for high quality, focuses on detailed design and strives to provide differential tailor-making services to meet the individual demands of different schools and to explore new business areas for the Group.

In addition, during the year, the Group transformed the Bosideng undergarments business operation that had historically been authorized to the third parties into self-operated, expanding the business from thermal undergarments to various homewear and successfully transforming single-season business model into all-season business model. At present, the Group has established 15 Bosideng HOME stores and is expected to increase to 50 in the coming year, so as to provide quality homewear to the PRC market.

Retail network breakdown by non-down apparel brand

As at March 31, 2017	Bosideng MAN Number of stores	Bosideng MAN Change	JESSIE Number of stores	JESSIE Change	BUOU BUOU* Number of stores	Total# Number of stores	Total# Change
Specialty stores							
Operated by the Group	76	+52	3	+2	14	93	+68
Operated by the third party distributors	165	-29	23	-5	6	194	-92
Subtotal	241	+23	26	-3	20	287	-24
Concessionary retail outlets							
Operated by the Group	46	+14	106	-6	139	291	-33
Operated by the third party distributors	76	-66	64	+2	60	200	-4
Subtotal	122	-52	170	-4	199	491	-37
Total	**363**	**-29**	**196**	**-7**	**219**	**778**	**-61**

Change: Compared with that as at March 31, 2016

* The comparable data is not applicable as the Group acquired Buoubuou International in July 2016.

\# The total number of stores last year included stores of *Mogao* brand, whose business was terminated by the Group during the year.

Retail network of non-down apparel business breakdown by region

	As at March 31, 2017	As at March 31, 2016	Change
Eastern China	165	210	-45
Central China	247	231	+16
Northern China	64	45	+19
Northeast China	45	103	-58
Northwest China	132	112	+20
Southwest China	125	138	-13
Total	**778**	**839**	**-61**

Areas:
Eastern China: Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong
Central China: Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan
Northern China: Beijing, Tianjin, Hebei
Northeast China: Liaoning, Jilin, Heilongjiang, Inner Mongolia
Northwest China: Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia, Shanxi
Southwest China: Sichuan, Tibet, Chongqing, Yunnan, Guizhou

International businesses:

In view of the economic uncertainty after the Brexit and from the perspective of the returns on investment, the Group closed down its high-end menswear and apparel retail business operated in the flagship store in London, United Kingdom in January 2017, with a plan to lease the property. The Group will return and develop the British market at a suitable time. The Group acquired the property located in London, United Kingdom in 2011 and established its first overseas flagship store. After several years of operation of its British flagship, the Group has gained valuable experience in overseas retail market, enhanced its reputation there and in the capital market.

ONLINE SALES

In addition, in order to meet the strong market demand for online shopping, the Group actively conducted research and development of its online sales, as well as established a professional team to standardise the operation of online sales of all brands to improve operational efficiency and synergy. During the year, revenue from online sales amounted to RMB1,077.1 million, representing a substantial increase of 88.2% year on year, among which, online sales revenue from branded down apparel business and non-down apparel business for the year amounted to approximately RMB757.1 million and RMB320.0 million, respectively, representing a 16.5% and a 21.9% of aggregate revenue from the branded down apparel business and the non-down apparel business, respectively. According to sales categories, revenue from self-operation and wholesale through online sales amounted to approximately RMB574.7 million and RMB502.4 million, respectively.

GROSS PROFIT

During the year, gross profit increased by 21.2% from RMB2,609.2 million to RMB3,163.2 million, and gross profit margin increased by 1.3 percentage points to 46.4%.

The gross profit margin of branded down apparel business increased by 1.1 percentage points to 51.1%, mainly due to the Group's continued efforts to clear inventory to make room for launching new products with higher gross profit margin. The gross profit margin of non-down apparel business decreased by 5.0 percentage points from last year to 45.7%, mainly because the gross profit margin declined as a result of an increase in sales and sales proportion of products with low gross profit margin. The gross profit margin of OEM management business maintained stable at 20.0%.

OPERATING PROFIT

During the year, the Group's operating profit significantly increased by 95.5% to approximately RMB660.0 million. Operating profit margin was 9.7%, representing an increase of 3.9 percentage points as compared to 5.8% of last year, which was mainly attributable to the increase in contribution from branded down apparel business and non-down apparel business, as well as no goodwill impairment.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores and personnel expenses amounted to approximately RMB1,951.1 million, representing an increase of 10.5%, as compared to approximately RMB1,766.2 million in the previous year. The proportion of distribution expenses in the Group's total revenue decreased by 1.9 percentage points from 30.5% in previous year to 28.6%. The increase in distribution expenses was mainly because the Group acquired Buoubuou International during the period.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which mainly comprise salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB608.8 million, representing an increase of 27.4% from approximately RMB477.7 million in the previous year. The proportion of administrative expenses in the Group's total revenue increased slightly by 0.6 percentage point from 8.3% in previous year to 8.9%. The increase in administrative expenses was mainly because the Group acquired Buoubuou International and implemented an option incentive plan during the period.

FINANCE INCOME

During the year under review, the Group's finance income decreased by 12.5% to approximately RMB135.7 million from approximately RMB155.1 million. The decrease was mainly due to the drop in interest rate in China.

FINANCE EXPENSES

The Group's finance expenses for the year under review increased by about 100% to approximately RMB203.5 million which was primarily due to the exchange loss of approximately RMB87.0 million arising from substantial volatility in currencies markets during the year.

TAXATION

For the year ended March 31, 2017, income tax expenses increased from approximately RMB144.7 million to approximately RMB203.8 million. The effective tax rate was approximately 35.6%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiary and withholding tax of dividends appropriated from PRC subsidiaries to overseas companies.

FINAL DIVIDENDS

The Board recommended the payment of a final dividend of HKD0.5 cent (equivalent to approximately RMB0.4 cent) per Share for the year ended March 31, 2017. The proposed dividend is subject to approval by the shareholders of the Company at the annual general meeting (the "AGM") to be held on or around August 25, 2017. Upon shareholders' approval, the proposed final dividends will be paid on or around September 20, 2017 to shareholders whose names appear on the register of members of the Company on September 6, 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopted prudent funding and treasury management policies while maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings.

For the year ended March 31, 2017, the Group's net cash generated from operating activities amounted to approximately RMB1,109.2 million (2016: RMB708.7 million). Cash and cash equivalents as at March 31, 2017 were in the amount of approximately RMB2,835.0 million, as compared to approximately RMB3,023.4 million as at March 31, 2016.

In order to maximize returns on the Group's available cash reserves, the Group has invested in available-for-sale financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets have expected but not guaranteed returns ranging from 2.30% to 4.90% per annum.

As at March 31, 2017, the Group had bank borrowings amounting to approximately RMB2,984.9 million (2016: RMB3,393.9 million). The gearing ratio (i.e. total debt/total equity) of the Group was 31.9% (March 31, 2016: 45.5%).

The Group anticipated that it will be able to arrange with its lenders to obtain new loans to replace the existing borrowings as they will fall due in the foreseeable future, and if it is not available, the Group has sufficient cash and assets held for sale to meet its borrowing repayment requirements.

CONTINGENT LIABILITIES

As at March 31, 2017, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at March 31, 2017, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB13.8 million (March 31, 2016: RMB24.4 million).

OPERATING LEASE COMMITMENT

As at March 31, 2017, the Group had irrevocable operating lease commitments which amounted to approximately RMB138.2 million (March 31, 2016: approximately RMB118.0 million).

PLEDGE OF ASSETS

As at March 31, 2017, bank deposits amounting to approximately RMB1,441.4 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2016: approximately RMB1,127.5 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury department at our head office. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuations in interest rates and foreign currency exchange rates.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group was conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in Renminbi. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries selected US Dollars as their functional currency. On April 8, 2016, the Company obtained a JPY loan (please refer to note 36(b) to the consolidated financial statements for 2015/16 and the announcement of the Company dated January 8, 2016 for details) and the capitalization of the JPY loan was completed on October 26, 2016 (please refer to the announcements of the Company dated September 6, 2016, September 28, 2016 and October 25, 2016 and the circular of the Company dated September 28, 2016 for details). Any significant exchange rate fluctuation of Hong Kong Dollars, US Dollars, JPY and GBP or against each entity's respective functional currency may have a material impact on the Group.

In face of currency market instability, the Group will make use of forward contracts and foreign exchange swaps to mitigate the exchange rate risk as and when appropriate.

HUMAN RESOURCES

As of March 31, 2017, the Group had 4,246 full-time employees (March 31, 2016: 3,867 full-time employees). Staff costs for the year ended March 31, 2017 (including Directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB726.4 million (2016: approximately RMB672.2 million). During the year, the Group acquired Buoubuou International and granted awarded shares and share options. Accordingly, staff costs increased by 8.1% as compared with last year.

The Group's remuneration and bonus policy is primarily based on duties, performance and length of service of each employee with reference to the prevailing market conditions. To provide a comfortable and harmonious living environment to employees of the Group, the Group offers the staff dormitories with hotel-styled management service to those non-local university graduates, professional technicians and management staff who do not have a living place in Changshu once they are employed by the Group.

To attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of its business, the Group has also adopted a share award scheme (the "Share Award Scheme") and a share option scheme (the "Share Option Scheme").

FUTURE DEVELOPMENT

With the rapid development throughout the years, China's economy currently has entered into a slow but steady growth stage; with the deepening of urbanization, China's consumption potential remains huge; however, consumption pattern is becoming more rational and emphasising consumer experience, along with the rise of online consumption, which brought new challenges to traditional Chinese apparel retail enterprises and impacted the business model of physical stores. New challenges impel the industry to evolve, urge enterprises to consistently seek for innovation, and accelerate the transformation of traditional Chinese apparel retail enterprises. In addition, consumers expect more living functions on apparels to improve utility on top of basic heat preservation, fashion and aesthetics. The rapid changes of consumption requirements urge and require apparel enterprises to pay close attention and to respond to market changes. The Group will continue to endeavor to gradually transform from the traditional wholesale business model to a market and consumer-oriented retail model. In the coming year, the Group will focus on the following areas:

Down apparel business: Although down apparel business of *Bosideng* is recovering gradually, the competitive environment and market pressure on down apparel business remain relatively intense. Changes of store traffic in the retail channel and consumer preferences still give rise to a certain amount of pressure on the Group's down apparel business. Looking forward, the Group will comprehensively rebuild *Bosideng* brand series, continue to optimize each key link of retail business model and strengthen the management of retail terminals and the applications of big data, so as to actively enhance its internal competitiveness and operation efficiency. With respect to products, the Group will continue to innovate and incorporate new concepts of trendiness and casual lifestyle into the down apparel's features of lightness, softness and heat preservation to increase living functions, with the goal to provide high-quality, high-utility and trendy down apparel products with high price-performance ratio for consumers. After the transformation to outdoor branding for more than a year, *Snow Flying* brand has accumulated valuable market experience, and plans to incorporate more fashion elements in its positioning in the coming year, make greater efforts to develop new styles and extend its product branding to all-season, with an aim to improving the differentiation of brands and products, and increasing the recognition from markets and consumers.

Building of ladieswear platform: The Group is optimistic about the prospect of domestic ladieswear industry. In the past few years, the Group has gradually expanded its ladieswear business through acquisitions actively. Currently, its ladieswear brands include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*. The scale of the ladieswear business platform has gradually emerged. With the advantages in channels, procurement and other aspects brought by the multi-brand ladieswear platform, the Group will integrate ladieswear resources to improve the synergy effects, and expand premium channels for ladieswear appropriately. Meanwhile, the Group will continue to explore potential ladieswear brands to further develop the platform.

Diversification: In addition to reshaping the brand for the down apparel business, the Group will comprehensively review and rebuild the *Bosideng* brand series, with the living functions of "Magnificent, Fashion and High Quality • Comfort" as the overall tone of the brand, and incorporate living functions into our apparel products properly, such as water proof, smudge proof and other practical functions popular with consumers. Apart from the existing school uniform business and homewear business, the Group will actively extend its research to children's wear and outdoor apparel, etc. to realize the transformation from "product operation" to "brand operation".

In addition, the Group will proactively make good use of existing resources together with the operational experience and global resources of ITOCHU Corporation, being the strategic investor, to explore more potential apparel businesses and brands to further fortify the Group's strengths in various apparel business segments and to strive for the goal of becoming an integrated multi-brand apparel operator, thus achieving diversified business development.

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices. The corporate governance principles of the Company emphasize accountability and transparency and are adopted in the best interests of the Company and its shareholders. The board (the "Board") of directors (the "Directors") of the Company reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and to fulfill its commitment to excellence in corporate governance.

The Group has complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended March 31, 2017 except for Code provision A.2.1, the details of which are disclosed below.

BOARD OF DIRECTORS

The Board is charged with providing effective and responsible leadership for the Company. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of the Group's overall objectives and strategies, internal control and risk management systems, monitoring its operating and financial performance, and evaluating the performance of the senior management. The Directors, individually and collectively, have to make decisions objectively in the best interests of the Company and its shareholders.

As at July 19, 2017 (being the latest practicable date prior to the printing of this report), the Board consisted of eleven Directors, of whom seven are executive Directors and four are independent non-executive Directors. The executive Directors are responsible for implementing business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including but not limited to, the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate directors and officers' liabilities insurance.

The role of the Board includes convening shareholders' meetings and reporting their work to shareholders in shareholders' meetings, implementing the resolutions of the shareholders' meetings, determining the Group's business plans and investment plans, preparing the Group's annual budget and final accounts, putting forward proposals for dividend and bonus distributions and for the increase or reduction of registered or issued share capital, formulating proposals for share repurchase in accordance with any repurchase mandate granted by the shareholders' meeting as well as exercising other powers, functions and duties as conferred by the articles of association of the Company. The Board is also responsible for performing the corporate governance duties set out in Code provision D.3.1. In discharging its responsibilities, the Board meets regularly and acts in good faith, with due diligence and care.

During the financial year ended March 31, 2017, the Board convened a total of seven Board meetings based on the needs of the operation and business development of the Group. The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the financial year ended March 31, 2017, as well as at the extraordinary general meeting held on October 25, 2016 and annual general meeting held on August 26, 2016, are as follows:

	No. of meetings attended/held					
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meetings	Extraordinary General Meeting on October 25, 2016	Annual General Meeting on August 26, 2016
Executive Directors						
Mr. Gao Dekang *(Chairman of the Board and Chief Executive Officer)*	7/7	N/A	2/2	1/1	1/1	1/1
Ms. Mei Dong	6/7*	N/A	N/A	N/A	0/1	0/1
Ms. Gao Miaoqin	7/7	N/A	N/A	N/A	0/1	0/1
Ms. Huang Qiaolian	7/7	N/A	N/A	N/A	0/1	0/1
Mr. Mak Yun Kuen	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Rui Jinsong	6/7*	N/A	N/A	N/A	0/1	0/1
Mr. Gao Xiaodong (Appointed with effect from March 28, 2017)	1/7	N/A	N/A	N/A	0/1	0/1
Independent non-executive Directors						
Mr. Dong Binggen	5/7*	2/2	2/2	1/1	0/1	0/1
Mr. Wang Yao	6/7*	2/2	2/2	1/1	0/1	0/1
Dr. Ngai Wai Fung	6/7*	2/2	N/A	N/A	0/1	0/1
Mr. Lian Jie	6/7*	2/2	N/A	N/A	0/1	0/1

* Directors unable to attend Board meetings had arranged their alternate Directors to attend Board meetings, but the attendance of their alternate Directors was excluded in their attendance records.

Throughout the financial year ended March 31, 2017, the Board had met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having at least four independent non-executive Directors (representing at least one-third of the Board) with one of them (namely, Dr. Ngai Wai Fung) possessing the appropriate accounting professional qualifications.

The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive Directors has confirmed his independence in writing pursuant to Rule 3.13 of the Listing Rules. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

The appointment of each of the Directors may be terminated by either the Company or the Director by giving a three-month written notice and the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

Minutes of the Board meetings are kept by the company secretary and are available for inspection by the Directors and auditor of the Company.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors receive comprehensive, formal and tailored induction on appointment, so as to ensure their understanding of the business and operations of the Group and Directors' responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

All Directors are continually updated on developments in the relevant statutory and regulatory regimes, and the newest business and market changes to facilitate the discharge of their responsibilities and obligations under the Listing Rules and the relevant statutory requirements. Briefings and professional development for Directors will be arranged when necessary.

Pursuant to the requirements of the Code, all Directors should provide their training records to the Company. According to the training records provided by the Directors, the trainings attended by them during the reporting period is summarized as follows:

Directors	Corporate Governance, Regulatory Development and Trainings on other relevant topics
Executive Directors	
Mr. Gao Dekang	√
Ms. Mei Dong	√
Ms. Gao Miaoqin	√
Ms. Huang Qiaolian	√
Mr. Mak Yun Kuen	√
Mr. Rui Jinsong	√
Mr. Gao Xiaodong (Appointed with effect from March 28, 2017)	N/A
Independent non-executive Directors	
Mr. Dong Binggen	√
Mr. Wang Yao	√
Dr. Ngai Wai Fung	√
Mr. Lian Jie	√

THE ROLES OF THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 provides that the roles of the chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

Mr. Gao Dekang is the founder of the Group, the Chairman of the Board and the CEO of the Company for the year ended March 31, 2017. The Board believes that it is necessary to vest the roles of the Chairman of the Board and CEO in the same person due to his unique role, Mr. Gao Dekang's experience and well-established reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decision-making of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the year ended March 31, 2017 and up to the date of this report.

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor the external auditor, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The audited consolidated financial statements of the Group for the year ended March 31, 2017 have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 19, 2017 (being the latest practicable date prior to the printing of this report), the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

Major works performed by the Audit Committee during the year are summarized as follows:

- review of and recommendation for the Board's approval of the 2015/2016 annual report, interim financial information and annual financial statements with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the efficiency of the financial reporting procedures, and systems of internal control and risk management;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

During the meetings held in the year ended March 31, 2017, the Audit Committee had considered the interim and annual results of the Group as well as the report prepared by the external auditor relating to accounting matters and other major findings identified during the course of interim review and annual audit.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established by the Company on September 15, 2007, whose primary duties are to determine the remuneration packages of individual executive Directors and senior management based on the Company's operating results, individual performance and comparable market statistics. Please refer to the terms of reference of the Remuneration Committee published on the websites of the Stock Exchange and the Company for the principal roles and functions of the Remuneration Committee.

As at July 19, 2017 (being the latest practicable date prior to the printing of this report), the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen.

During the year under review, the Remuneration Committee held two meetings and reviewed the Group's policy on remuneration of all the Directors and senior management. During the year, the Remuneration Committee had determined the remuneration packages of all executive Directors and senior management and made recommendation to the Board of the remuneration of the independent non-executive Directors.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established by the Company on September 15, 2007, whose primary functions are to review the structure, size, diversity and composition of the Board, identify individuals suitably qualified to become Board members with reference to the candidates' experience and qualifications and the Company's corporate strategy and diversity policy, assess the independence of independent non-executive Directors and make recommendations to the Board regarding candidates to fill vacancies on the Board. Please refer to the terms of reference of the Nomination Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Nomination Committee.

As at July 19, 2017 (being the latest practicable date prior to the printing of this report), the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao.

The Board adopted a board diversity policy setting out the approach to diversity of members of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives that are appropriate to the requirements of the Company's business. All Board appointments are made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. During the year under review, one meeting was held by the Nomination Committee as the composition of the Board was relatively stable and satisfactory.

EXECUTIVE COMMITTEE

The executive committee of the Company (the "Executive Committee") was established by the Company on June 26, 2014, whose primary functions are to be responsible for the management of major strategies and decisions of the Company and the supervision of major operating activities of the Company. The Executive Committee takes responsibility for the Board and performs the management, coordination and supervision functions during the recess of the Board. The terms of reference of the Executive Committee include: supervising the implementation of the major strategies and tactics of the Company; supervising the implementation of the Board resolutions; reviewing the major investment and financing plans, merger and acquisition plans, business plans, annual operational plans and other management plans submitted by the CEO; and making suggestions to the Board.

As at July 19, 2017 (being the latest practicable date prior to the printing of this report), the Executive Committee consisted of two members, comprising the two executive Directors, namely Mr. Gao Dekang (Chairman) and Mr. Mak Yun Kuen.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company, and each of the independent non-executive Directors has entered into an appointment letter with the Company, for a fixed term of three years, renewable automatically for successive terms of one year, until terminated by either party by giving a three-month written notice. Each Director is subject to re-election by the Company at the annual general meeting upon retirement. The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has an overall responsibility for maintaining sound and effective internal control and risk management systems of the Group. The Company has conducted reviews of its systems of internal control and risk management periodically to ensure the effectiveness and adequacy of the systems. The Company convened meetings with the Audit Committee periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing systems of internal control and risk management is effective and adequate to the Group.

MANAGEMENT FUNCTION

The articles of association of the Company set out matters which are specifically reserved to the Board for its decision. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the senior management under the supervision of the Board. The management team meets regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

DIRECTORS AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to oversee the preparation of the financial statements for each financial period to ensure that they give a true and fair view of the state of affairs, results and cash flow of the Group.

In preparing the financial statements for the year ended March 31, 2017, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, made prudent and reasonable judgments and estimates, and prepared the financial statements on a going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditor of the Group about their reporting responsibilities on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on page 57 and page 62 of this report.

AUDITOR'S REMUNERATION

During the year under review, the fees charged by the Company's external auditor, KPMG, for statutory audit and non-audit services are set out below:

	RMB'000
Statutory audit services (including interim financial report review)	6,000
Non-audit services (including advisory for tax and compliance service)	610
	6,610

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which are subject to the approval by the Board and at the annual general meetings of the Company by its shareholders.

Certain factors that the Audit Committee will take into account when assessing the external auditor include the audit performance, quality and objectivity and independence of the auditor.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

In the light of the good faith principle, the Company strictly complies with and implements the provisions of the Listing Rules to disclose information on a true, accurate, complete and timely basis and all other information that might have a significant impact on the decisions of shareholders and other relevant parties in an active and timely manner. Also, the Company makes an effort in ensuring that all shareholders have equal access to such information. As such, the Company has duly performed its statutory obligation in respect of information disclosure.

The management believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the executive Directors and the Chief Executive Officer held regular briefings and results presentations, attended investors' forums and responded to investors' call-in enquiries, arranged store visits and participated in roadshows to communicate with institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the newest Company's business and development as well as operating strategies and prospects. In delivering information to investors, the Company also listens to their advice and collects feedback from them, in the interests of developing an interactive and mutually beneficial relationship with the Company's investors.

Shareholders may send written enquiries, either by post, by facsimile or by email, addressing to the Company's principal place of business in Hong Kong at the following address or facsimile number or email address:

Address:	Unit 5709, 57/F., The Center, 99 Queen's Road Central, Central, Hong Kong
Email:	bosideng_ir@bosideng.com
Tel:	(852) 2866 6918
Fax:	(852) 2866 6930

SHAREHOLDERS' RIGHTS

Shareholders of the Company may request to convene extraordinary general meetings. Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to hold the meeting shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals at general meetings of the Company by sending the same to the Company, either by post, by facsimile or by email (the contact details are set out in the section headed "Communications with Shareholders and Investor Relations" above), specifying his/her information, contact details and the proposal(s) he/she intends to put forward at the general meeting regarding any specified transaction/business and the supporting documents.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

During the reporting period, no amendment was made by the Company to the memorandum and articles of association of the Company.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Dekang, aged 65, is the Chairman of the Board and the Chief Executive Officer of the Company and a director of certain subsidiaries of the Group. He is a representative of the 10th to 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and is responsible for the overall strategic development of the Group. He has over 40 years of experience in the apparel industry. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002, and obtained a Master's degree in business management from Victoria University in Switzerland in 2012.

Mr. Gao is holding the following public offices:

Year	Public Offices
2004	Vice President of China National Garment Association
2010	President of Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce
2012	Member of the Executive Committee of China Federation of Industry and Commerce
2012	Invited Vice President of China National Light Industry Council
2012	Chairman of the Board of China Federation of Industrial Economics
2012	Invited Vice Chairman of China National Textile and Apparel Council
2015	Director of the Down Apparel and Related Products Committee of China National Garment Association

Mr. Gao has been widely recognized throughout the years:

Year	Award
2009	Outstanding Administrator of the 30th Anniversary (30週年傑出管理者)
2009	National Economic Figure on the 60th Anniversary of the PRC (新中國成立60週年全國經濟新聞人物)
2009	China CEO (中國CEO年度人物)
2009	Meritorious Entrepreneur of China Feather and Down Industry (中國羽絨行業功勳企業家)
2009	60 Outstanding Brand Builders in Memory of the 60th Anniversary of the PRC (建國60年60位功勳品牌人物)
2009	Excellent Contributor of Chinese Socialism (優秀中國特色社會主義事業建設者)
2011	Leader of Textile and Apparel Industry in China (中國紡織服裝領軍人物)
2011	Person of the Year award of the Leaders (《領袖人物》年度人物大獎)
2012	China Charity Award (中華慈善獎)
2013	China's Outstanding Quality People (中國傑出質量人)

Mr. Gao is the spouse of Ms. Mei Dong (an executive Director and the Executive President), cousin of Ms. Gao Miaoqin (an executive Director) and father of Mr. Gao Xiaodong (an executive Director).

Directors and Senior Management

Ms. Mei Dong, aged 49, is an executive Director and the Executive President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the overall operational management of the Group. She has over 20 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation in June 1994, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the spouse of Mr. Gao Dekang (the Chairman, the Chief Executive Officer, a Controlling Shareholder and an executive Director) and the mother of Mr. Gao Xiaodong (an executive Director).

Ms. Gao Miaoqin, aged 66, is an executive Director. Ms. Gao was appointed as an executive Director in July 2006. She has over 20 years' experience in the down apparel industry. Ms. Gao joined Bosideng Corporation in June 1994, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She graduated from Suzhou College of Education in China in 1985 and received a certificate of advanced English education for middle school English teachers. She is the cousin of Mr. Gao Dekang (the Chairman, the Chief Executive Officer, a Controlling Shareholder and an executive Director).

Ms. Huang Qiaolian, aged 52, is an executive Director, the Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company). Ms. Huang was appointed as an executive Director in June 2007 and is responsible for conducting the monographic study on the fashion trend of down apparel, unveiling the fashion trend and designing high-end down apparel products. Her works have been displayed in numerous exhibitions in countries such as Korea, Canada and Russia. She received various honours such as contemporary renowned designer, one of the top ten fashion designers in China and the contributing designer in publishing the research on the garment trend in China. She has over 20 years' experience in the fashion industry. She serves various positions in different associations and organisations, such as the Council Member of the Fashion Art Committee of China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the special researcher for the fashion trend of China Fashion. Ms. Huang joined Bosideng Corporation in March 1997 and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987 and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.

Mr. Mak Yun Kuen, aged 41, is an executive Director and the Company Secretary of the Company and the General Manager of the Ladieswear Division of the Group. He is responsible for company secretarial matters of the Company and operation and management of ladieswear brands under the Group. In addition, Mr. Mak is the director and/or company secretary of certain subsidiaries in the Group. He joined the Group in July 2008 as Chief Financial Officer until resignation on June 26, 2017 and was appointed as an executive Director with effect from May 2013. Mr. Mak graduated from Lingnan University with a Bachelor's Degree in Business Administration (Honours), and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Before joining the Group, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (SEHK, Stock Code: 03308), a company listed on the Stock Exchange.

Mr. Rui Jinsong, aged 45, is an executive Director and the Senior Vice President of the Company and the General Manager of Bosideng Down Wear Limited, a subsidiary of the Company. He was appointed as an executive Director with effect from May 2013. Mr. Rui is fully responsible for the overall management of the operational management business of the Group's core ***Bosideng*** brands. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile Engineering in 1994. He joined Bosideng Corporation in May 2004 and remained with the Group after the reorganisation of the businesses of the Group prior to its listing, from which he acquired practical experience in brand and retail management.

Mr. Gao Xiaodong, aged 41, is the Vice President of the Company. Mr. Gao is fully in charge of the Group's ***Bosideng MAN***. He is a qualified senior economist and has obtained a master's degree in business administration from Centenary College in 2009. He joined Bosideng Corporation in 2002 and joined the Group in 2013, from which he accumulated tremendous experience in apparel, highway, real estate and hotel segments. Mr. Gao is the son of Mr. Gao Dekang (the Chairman, the Chief Executive Officer, an executive Director and a Controlling Shareholder) and Ms. Mei Dong (an executive Director and the Executive President).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 67, a senior engineer, was appointed as an independent non-executive Director in September 2007. He graduated from Eastern China Textile Institute (currently known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman and President, Secretary of the Communist Party Committee. Currently, he is also the Chairman of a PRC company listed on the Shenzhen Stock Exchange ("SZSE"), namely China Union Holdings Ltd. (SZSE, Stock Code: 000036). He had been the Chairman of the Shenzhen Textile Industry Association, the President of the Shenzhen Textile Engineering Association, the member of the Standing Committee and the Invited Vice Chairman of China Textile Industry Association. He is currently also the Vice Chairman of China Textile Industry Enterprise Management Association.

Mr. Wang Yao, aged 58, was appointed as an independent non-executive Director in September 2007. He currently serves as the director of the China National Commercial Information Center and Deputy Secretary General and Vice President of the China General Chamber of Commerce. He received a Ph.D. degree in Engineering from Harbin Institute of Technology in 1989. He also obtained the qualification as a professor-grade senior engineer. He served as an independent non-executive director of Hosa International Limited (SEHK, Stock Code: 02200) and Golden Eagle Retail Group Ltd. (SEHK, Stock Code: 03308).

Dr. Ngai Wai Fung, aged 55, was appointed as an independent non-executive Director in September 2007. He is currently the director and chief executive officer of SW Corporate Services Group Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control, regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is the Immediate Past President of the Hong Kong Institute of Chartered Secretaries, a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants, the Adjunct Professor of Law at Hong Kong Shue Yan University and a member of the General Committee of the Chamber of Hong Kong Listed Companies. Dr. Ngai was appointed by the Chief Executive of The Hong Kong Special Administrative Region as a member of Working Group on Professional Services under the Economic Development Commission since 2013. Dr. Ngai is appointed by Ministry of Finance of the People's Republic of China as Finance Expert Consultant in 2016. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics in 2011 and received a Master's Degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master's Degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's Degree in Law at University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of a dual-listing company whose shares are listed on the Stock Exchange (SEHK) and Shanghai Stock Exchange ("SSE"), namely BBMG Corporation (SEHK, Stock Code: 02009, SSE, Stock Code: 601992). In addition, Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338), Health and Happiness (H&H) International Holdings Limited (formerly known as Biostime International Holdings Limited) (SEHK, Stock Code: 01112), Beijing Capital Grand Limited (formerly known as Beijing Capital Juda Limited) (SEHK, Stock Code: 01329), Powerlong Real Estate Holdings Limited (SEHK, Stock Code: 01238), SITC International Holdings Company Limited (SEHK, Stock Code: 01308), Yangtze Optical Fibre and Cable Joint Stock Limited Company (SEHK, Stock Code: 06869), TravelSky Technology Limited (SEHK, Stock Code: 00696) and China HKBridge Holdings Limited (formerly known as Topsearch International (Holdings) Limited) (SEHK, Stock Code: 02323). Dr. Ngai is also an independent director of LDK Solar Co., Ltd. (OTC Pink Limited Information, Stock Code: LDKYQ) and SPI Energy Co., Ltd. (listed on the Nasdaq Stock Market, Stock Code: SPI). He was the independent non-executive director of China Railway Construction Corporation Limited (SEHK, Stock Code: 01186; SSE, Stock Code: 601186) from November 2007 to October 2014, the independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (SEHK, Stock Code: 00631) from November 2009 to December 2015, the independent non-executive director of China Coal Energy Company Limited (SEHK, Stock Code: 01898, SSE, Stock Code: 601898) from December 2010 to June 2017 and the independent non-executive director of China Railway Group Limited (SEHK, Stock Code: 0390, SSE, Stock Code: 601390) from June 2014 to June 2017.

Directors and Senior Management

Mr. Lian Jie, aged 43, was appointed as an independent non-executive Director with effect from July 2013. Mr. Lian is currently the Partner of Primavera Capital Group which is a China focused private equity firm. Mr. Lian is also an independent director of Bona Film Group Limited which was a company listed on the NASDAQ Stock Market and privatized on May 18, 2016 and a non-executive director of China XLX Fertiliser Limited which is a company listed on the Stock Exchange (SEHK, Stock Code: 1866).

From 2009 to 2010, Mr. Lian served as the Managing Director in China International Capital Corporation ("CICC") Investment Banking Division based in Hong Kong. Prior to joining CICC, Mr. Lian had been the Managing Director of the Investment Banking Division of Goldman Sachs in Hong Kong for more than seven years. Mr. Lian graduated with an MBA from the Tuck School of Management, Dartmouth College.

SENIOR MANAGEMENT

Mr. Liu Wei, aged 49, is the Vice President of the Company and director of office of the Group, responsible for the administration, human resources, legal and party community matters as well as assisting the president to manage the audit department. Mr. Liu joined Bosideng Corporation in 2004, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. He obtained a Master's Degree in Business Administration (MBA) from the Central South University and a Master's Degree in Public Administration (MPA) from Peking University. Mr. Liu is qualified as an internationally certified internal auditor, China Certified Public Accountant, senior auditor and China corporate legal advisor.

Mr. Sun Kejun, aged 46, is the Vice President and investment director of the Company. He joined the Company in 2016 and acted as an assistant to the President. He held a MBA degree of finance from The Chinese University of Hong Kong. Prior to joining the Company, he had acted as an executive Director and Vice President of Ever Fortune International Holdings Limited (SEHX, Stock Code: 00875, currently known as China Finance Investment Holdings Limited), the President of Lianyungang Jinhai Venture Capital Co., Ltd and the Director and Vice President of Jiangsu Sunrain Solar Energy Co., Ltd. (SSE, Stock Code: 603366). Mr. Sun has over 20 years of experience in finance and investment.

Mr. Zhu Gaofeng, aged 42, is an assistant to the president of the Company and the financial controller of the Group, and is qualified as an internationally certified internal auditor and a China certified public accountant. Mr. Zhu graduated from Yancheng Commerce School (鹽城商業學校) in Jiangsu Province in 1993, obtained a professional degree in finance and accounting from Anhui College of Finance and Trading (安徽財貿學院) in 1998 and obtained a bachelor's degree in accounting from Yancheng Teachers University (鹽城師範學院) in 2008. Mr. Zhu joined Bosideng Corporation in 2005. Prior to joining the Group, he had worked in management positions such as finance in Jiangsu Yueda Investment Co., Ltd. (SSE, Stock Code: 600805) for 12 years. Mr. Zhu has previously served as the auditing manager, vice-financial officer, financial controller and assistant to the president of the Group, and has extensive experience in internal auditing, risk management and control, financial management, etc.

CHANGES OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

Below are the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2016/17 interim report:

- Ms Mei Dong, an executive Director, has been appointed as the Executive President of the Group since April 8, 2017.

- Mr. Wang Yao, an independent non-executive Director, had waived his Director's fee of RMB330,000 accrued for the year ended March 31, 2017. Details of changes in the fee of Mr. Wang Yao are set out in Note 11 to the Financial Statements.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of Directors

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2017 set out in the Auditor's Report contained in this annual report (the "Financial Statements").

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability. The Group's operations are substantially conducted through its direct or indirect subsidiaries in the PRC. The Group primarily focuses on developing and managing the portfolio of its down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products, original equipment manufacturing ("OEM") products and non-down apparel products in the PRC.

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated statement of comprehensive income on pages 63 to 64 and Note 5 to the Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position, the future development of the Group's business, and principal business risks and uncertainties are provided in the "Chairman's Statement" and "Management Discussion and Analysis" and "Subsequent Events" sections, respectively on pages 3 to 4 and on pages 6 to 27 and page 56 of this annual report and Note 35(e) to the Financial Statements. Additionally, the financial risk management objectives and policies of the Company can be found in Note 35 to the Financial Statements. These discussions form part of this Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. During the year, the Group was in compliance, in all material respects, with the relevant laws and regulations.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year and up to the date of this report, the Group has complied with all the relevant laws and regulations in the places where the Group operates in all material respects.

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group adopts market remuneration practices by reference to market terms, company performance, and individual qualifications and performance with well and organized management structure, no key and specific employee would materially and significantly affect the Group's success. Meanwhile, no major customers are accounted for more than 5% of the Group's income and no major suppliers cannot be replaced by other appropriate suppliers. In this connection, no customers and suppliers would have any material impact on the success of the Group's business performance.

Report of Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2 of the annual report.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended March 31, 2017 are set out in the Financial Statements. The Board has resolved to recommend the payment of a final dividend of HKD0.5 cents (equivalent to approximately RMB0.4 cents) per ordinary share in respect of the year ended March 31, 2017, totalling approximately HKD53,412,801.

NON-CURRENT ASSETS

Details of acquisition and other movements of the non-current assets during the year are set out in Notes 14 to 19 and Note 32 to the Financial Statements.

SHARE CAPITAL

Details of the movement in the Group's share capital during the year ended March 31, 2017 are set out in Note 33 to the Financial Statements. Shares were issued during the year pursuant to the issue of consideration shares under an acquisition completed on July 22, 2016 and capitalization of the JPY loans which was completed on October 26, 2016. Details of the issue of shares are also set out in Note 33 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the year ended March 31, 2017 are set out in Note 33 to the Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2017 are set out in Note 26 to the Financial Statements.

DONATIONS

The Group's charitable and other donations during the year ended March 31, 2017 amounted to RMB8,937,000 (2016: RMB4,451,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended March 31, 2017 and up to July 19, 2017 (being the latest practicable date prior to the printing of this report) are as follows:

Executive Directors:

Mr. Gao Dekang *(Chairman of the Board and Chief Executive Officer)*
Ms. Mei Dong
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Mr. Mak Yun Kuen
Mr. Rui Jinsong
Mr. Gao Xiaodong *(Appointed with effect from March 28, 2017)*

Independent non-executive Directors:
Mr. Dong Binggen
Mr. Wang Yao
Dr. Ngai Wai Fung
Mr. Lian Jie

All of the Directors were appointed for a fixed term of three years under their respective service contracts or appointment letters entered into with the Company, renewable automatically for successive terms of one year, until terminated by either party by giving a three-month notice. In accordance with Article 87 of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and these retiring Directors shall be eligible for re-election at that annual general meeting. Accordingly, Mr. Gao Dekang, Ms. Gao Miaoqin, Mr. Rui Jinsong and Mr. Dong Binggen shall retire by rotation at the forthcoming annual general meeting (the "AGM"). Mr. Gao Dekang, Mr. Rui Jinsong and Mr. Dong Binggen, being eligible, will offer themselves for re-election at the AGM. Due to retirement, Ms. Gao Miaoqin will not offer herself for re-election and shall retire upon conclusion of the AGM.

Pursuant to Article 86 of the Articles, Mr. Gao Xiaodong, who was appointed as an executive Director with effect from March 28, 2017, will hold office only until the AGM and will then be eligible for re-election at the AGM.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors the confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers the independent non-executive Directors to be independent.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" in this report.

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

As at March 31, 2017, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other *(Note 1)*	3,198,791,201	29.94%
	Deemed interest *(Note 3)*	2,763,697	0.03%
	Controlled corporation *(Note 4)*	3,844,862,385	35.99%
Ms. Mei Dong	Other *(Notes 1 and 4)*	3,198,791,201	29.94%
	Beneficial owner *(Note 2)*	2,763,697	0.03%
	Deemed interest *(Note 4)*	3,844,862,385	35.99%
Ms. Gao Miaoqin	Beneficial owner *(Notes 2, 5, 6)*	12,203,697	0.11%
Ms. Huang Qiaolian	Beneficial owner *(Notes 2, 5, 6)*	13,963,697	0.13%
Mr. Mak Yun Kuen	Beneficial owner *(Notes 5, 6)*	22,400,000	0.20%
Mr. Rui Jinsong	Beneficial owner *(Notes 2, 5, 6)*	24,278,242	0.22%
Mr. Gao Xiaodong	Other *(Note 1)*	3,198,791,201	29.94%

Notes:

1. These shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited was wholly owned by Kova Group Limited, which was in turn wholly owned by The GDK Trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The GDK Trust was a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong was deemed to be interested in such Shares under the SFO.

2. Each of Ms. Mei Dong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 shares, respectively. Mr. Rui Jinsong was granted 1,878,242 shares, under the share scheme over a vesting period, of which Ms. Gao Miaoqin had already disposed of 1,760,000 shares granted under the Share Scheme.

3. Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 shares held by Ms. Mei Dong under the SFO.

4. These shares were directly held by New Surplus International Investment Limited ("New Surplus"), the ordinary shares of which are wholly owned by Topping Wealth Limited ("Topping Wealth") and the non-voting preference shares of which are wholly owned by IC International Company Limited. Topping Wealth is wholly owned by Mr. Gao Dekang. Accordingly, Mr. Gao Dekang is deemed to be interested in such shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 3,844,862,385 shares held by the controlled corporation of Mr. Gao Dekang under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth.

5. Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 11,200,000 shares, 11,200,000 shares, 5,600,000 shares and 5,600,000 shares in August 2016 which were not yet vested and held by the Share Award Scheme Trustee.

6. Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 11,200,000 options, 11,200,000 options, 5,600,000 options and 5,600,000 options in August 2016 which were not yet vested.

Save as disclosed above, as at March 31, 2017, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or is likely to compete (either directly or indirectly) with the Group's business at any time during the year ended March 31, 2017 and up to the date of this report.

As disclosed in the Prospectus, Mr. Gao Dekang has entered into a Non-competition Deed (as defined in the Prospectus) dated September 15, 2007 in favour of the Company. Mr. Gao Dekang has provided the Group with a written confirmation that he and his associates (other than members of the Group) have fully complied with the Non-competition Deed as at the date of this report.

The independent non-executive Directors have, based on the information available to them, including information and confirmation provided by or obtained from Mr. Gao Dekang and his associates (other than members of the Group), for the financial year ended March 31, 2017, conducted a review of the compliance with the Non-competition Deed and are of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Mr. Gao Dekang and his associates (as defined in the Listing Rules) have entered into certain transactions as further described below under the heading "Connected Transactions" and Note 39 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Gao Miaoqin is the cousin of Mr. Gao Dekang and Mr. Xiaodong is the son of Mr. Gao Dekang and Ms. Mei Dong. Save as disclosed, no Director or an entity connected with a Director had a material interest in any transaction, arrangement or contract of significance to the Group's business for the year ended March 31, 2017 in which the Group was a party.

REMUNERATION POLICY

The remuneration policy of the Group to reward its employees is based on their performance, qualifications and competence displayed.

The remuneration of the Directors recommended by the Remuneration Committee to the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the remuneration of the Directors and of the five highest paid individuals in the Group are set out in Notes 11 and 12 to the Financial Statements.

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

The Group's employees in the PRC participate in various defined contribution schemes provided by the relevant provincial and municipal governments under which the Group is required to make monthly contributions to these schemes. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary provided by the relevant provincial and municipal government.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a maximum contribution of HKD1,500 per month (for period after June 1, 2014) and thereafter contributions are voluntary.

The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the year ended March 31, 2017 were RMB59,457,000.

Details of the Group's contributions to the retirement benefit schemes are shown in Note 7 to the Financial Statements.

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

As at March 31, 2017, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares of the Company which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the number of the issued shares carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of shares in long position	Approximate percentage of interest in the Company
Cititrust Private Trust (Cayman) Limited	Trustee *(Note 1)*	3,198,791,201	29.94%
Kova Group Limited	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.94%
Kong Bo Investment Limited	Corporate interest *(Note 1)*	3,146,219,202	29.45%
New Surplus	Beneficial interest *(Note 2)* Party to s317 agreement *(Note 3)*	3,844,862,385 3,201,554,898	35.99% 29.97%
Topping Wealth	Interest of controlled corporation *(Note 2)* Party to s317 agreement *(Note 3)*	3,844,862,385 3,201,554,898	35.99% 29.97%
IC International Company Limited	Party to s317 agreement *(Note 4)*	7,046,417,283	65.96%
ITOCHU Corporation	Party to s317 agreement *(Notes 4&5)*	7,046,417,283	65.96%
ITOCHU Hong Kong Limited	Party to s317 agreement *(Notes 4&5)*	7,046,417,283	65.96%
CITIC International Assets Management Limited ("CIAM")	Party to s317 agreement *(Notes 5&6)*	7,046,417,283	65.96%
CITIC International Financial Holdings Limited	Interest of controlled corporation *(Notes 5&6)*	7,046,417,283	65.96%
CITIC Limited	Interest of controlled corporation *(Notes 5&6)*	7,046,417,283	65.96%
CITIC Group Corporation	Interest of controlled corporation *(Notes 5&6)*	7,046,417,283	65.96%
Kingford Investment Development Limited	Beneficial interest *(Note 7)*	814,542,857	7.62%
Yvonne Lee	Interest of controlled corporation *(Note 7)*	814,542,857	7.62%
Lion Group Holdings Private Limited	Interest of controlled corporation *(Note 7)*	814,542,857	7.62%
Lion Trust (Singapore) Limited	Interest of controlled corporation *(Note 7)*	814,542,857	7.62%
Kong Shengyuan	Interest of controlled corporation *(Note 7)*	814,542,857	7.62%
Kong Xin Development Limited	Interest of controlled corporation *(Note 7)*	814,542,857	7.62%
Cultivate Rise Limited	Interest of controlled corporation *(Note 7)*	814,542,857	7.62%

Notes:

1. These shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited was wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Trust, the trustee of which was Cititrust Private Trust (Cayman) Limited. The GDK Trust was a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong was deemed to be interested in such Shares under the SFO.

2. New Surplus is a company, the ordinary shares of which are wholly owned by Topping Wealth and the non-voting preference shares of which are wholly owned by IC International Company Limited. Topping Wealth is wholly owned by Mr. Gao Dekang. Accordingly, Mr. Gao Dekang is deemed to be interested in such Shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is also deemed to be interested in the 3,844,862,385 shares held by the controlled corporations of Mr. Gao Dekang under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth.

3. New Surplus and Topping Wealth were parties acting in concert with Mr. Gao Dekang and IC International Company Limited under s317(1)(a) of the SFO. By virtue of the SFO, New Surplus and Topping Wealth were deemed to be interested in 3,201,554,898 shares, in addition to the 3,844,862,385 shares interested by them.

4. ITOCHU Corporation was deemed to be interested in a total of 7,046,417,283 shares in the Company by virtue of its control over ITOCHU Hong Kong Limited, which controlled IC International Company Limited, a party acting in concert with Mr. Gao Dekang, Topping Wealth and New Surplus under s317(1)(a) of the SFO. By virtue of the SFO, each of ITOCHU Corporation, ITOCHU Hong Kong Limited and IC International Company Limited was deemed to be interested in 7,046,417,283 shares.

5. CIAM and Feather Shade Limited are parties acting in concert with ITOCHU Corporation, ITOCHU Hong Kong Limited and IC International Company Limited under s317(1)(a) of the SFO. By virtue of the SFO, CIAM and Feather Shade Limited were deemed to be interested in 7,046,417,283 shares.

6. Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited and CIAM was deemed to be interested in a total of 7,046,417,283 shares by virtue of its control over several corporations, according to the disclosure forms filed by them on October 28, 2016, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC Polaris Limited	CITIC Group Corporation	100.00	N	7,046,417,283
CITIC Limited	CITIC Polaris Limited	32.53	N	7,046,417,283
CITIC Glory Limited	CITIC Group Corporation	100.00	N	7,046,417,283
CITIC Limited	CITIC Glory Limited	25.60	N	7,046,417,283
CITIC Corporation Limited	CITIC Limited	100.00	N	7,046,417,283
China CITIC Bank Corporation Limited	CITIC Corporation Limited	65.37	N	7,046,417,283
CITIC New Horizon Limited	CITIC Corporation Limited	100.00	N	7,046,417,283
Extra Yield International Limited	CITIC New Horizon Limited	100.00	N	7,046,417,283
China CITIC Bank Corporation Limited	Extra Yield International Limited	0.02	N	7,046,417,283
Metal Link Limited	CITIC Limited	100.00	N	7,046,417,283
China CITIC Bank Corporation Limited	Metal Link Limited	0.58	N	7,046,417,283
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	N	7,046,417,283
CIAM	CITIC International Financial Holdings Limited	40.00	N	7,046,417,283
Feather Shade Limited	CIAM	100.00	N	7,046,417,283

7. Each of Yvonne Lee, Lion Group Holdings Private Limited, Lion Trust (Singapore) Limited, Kong Shengyuan, Kong Xin Development Limited and Cultivate Rise Limited was deemed to be interested in a total of 814,542,857 shares by virtue of its direct or indirect control over Kingford Investment Development Limited, according to the disclosure forms filed by them on October 31, 2016, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
Lion Group Holdings Private Limited	Yvonne Lee	47.50	Y	814,542,857
Lion Trust (Singapore) Limited	Lion Group Holdings Private Limited	100.00	N	814,542,857
Kingford Investment Development Limited	Lion Trust (Singapore) Limited	45.00	N	814,542,857
Kong Xin Development Limited	Kong Shengyuan	100.00	Y	814,542,857
Cultivate Rise Limited	Kong Xin Development Limited	100.00	N	814,542,857
Kingford Investment Development Limited	Cultivate Rise Limited	42.50	N	814,542,857

Save as disclosed above, as at March 31, 2017, none of the substantial shareholders of the Company had an interest or short position in the shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of the issued shares carrying rights to vote in all circumstances at general meeting of the Company.

MANAGEMENT CONTRACTS

Save as disclosed below under the section headed "Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2017.

CONNECTED TRANSACTIONS

Loan Capitalization (the "Loan Capitalization")

On September 6, 2016, the Company has entered into the subscription agreement (the "Subscription Agreement") with New Surplus pursuant to which New Surplus has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 1,834,862,385 new shares (the "Subscription Shares") at the subscription price of HKD0.93 per Subscription Share by capitalizing a loan of JPY24 billion owed by the Company to New Surplus, subject to the terms and conditions set out in the Subscription Agreement.

As at the date of the Subscription Agreement, New Surplus was a substantial Shareholder directly holding 2,010,000,000 shares and was a company of which its ordinary shares are indirectly wholly owned by Mr. Gao Dekang (the Chairman of the Company), and hence, New Surplus was a connected person of the Company under the Listing Rules. As such, the Loan Capitalization constituted a connected transaction for the Company and was subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Loan Capitalization was completed on October 26, 2016. Further details of the Loan Capitalization are set out in the Company's announcements dated September 6, 2016, September 28, 2016 and October 25, 2016 and the circular dated September 28, 2016.

Disposal of a property in the PRC

On February 17, 2017, Shandong Bingfei Fashion Co., Ltd. (the "Vendor") (a wholly-owned subsidiary of the Company) and Shandong Kangbo Property Co., Ltd. (the "Purchaser") entered into a disposal agreement, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to purchase, the land use rights of the land and the building erected in Dezhou Economic Development Zone for the consideration of RMB54,215,539.71 (the "Disposal").

The Purchaser is a company incorporated in the PRC, of which Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is a controlling shareholder, the Purchaser is an associate of Mr. Gao Dekang and therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constituted a connected transaction of the Company. The Disposal was subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders. Further details of the Disposal are set out in the Company's announcement dated February 17, 2017.

Acquisition of Joy Smile and You Nuo

On March 28, 2017, Bosideng International Fashion Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, and Jun Da Group Limited (the "Vendor") entered into a share purchase agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the 100% of the issued shares of Joy Smile at the consideration of RMB660 million (the "Acquisition"). Upon completion of the Acquisition on April 28, 2017, the Purchaser held 100% of the issued shares of Joy Smile.

Mr. Chow Mei Wo is the substantial shareholder of Shenzhen Jessie Fashion Co., Limited, a subsidiary of the Company. Given that the Vendor was a company of which Mr. Chow was interested in 100%, the Vendor was an associate of Mr. Chow and therefore a connected person of the Company at the subsidiary level under the Listing Rules. The entering into of the agreement and the Acquisition constituted a discloseable and connected transaction of the Company and subject to reporting and announcement requirements under Chapter 14A of the Listing Rules. Further details of the Acquisition are set out in the Company's announcements dated March 28, 2017 and April 28, 2017.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions with Mr. Gao Dekang and his associates (as defined in the Listing Rules) (other than members of the Group) (the "Parent Group"), which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Certain related party transactions as disclosed in Note 39 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above mentioned connected transactions.

Further details of these transactions are set out below, in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the Prospectus and in the Company's announcements dated March 11, 2010, January 9, 2012, April 22, 2013, June 26, 2014, December 23, 2014, March 23, 2016 and March 28, 2017 and circulars dated March 31, 2010, February 7, 2012, July 25, 2014, January 21, 2015 and May 12, 2017.

FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

The Group outsourced the manufacturing process of down apparel and OEM products to third party manufacturers and the Parent Group on a non-exclusive basis. Under the framework manufacturing outsourcing and agency agreement (the "Framework Manufacturing Outsourcing and Agency Agreement") entered into between the Company and Mr. Gao Dekang on September 15, 2007, the Parent Group shall provide labour, factory, premises, necessary equipment, water and electricity for the processing of the down apparel products of the Group. The processing fee is to be charged at the costs to be incurred for the processing services estimated by the Group and the applicable mark-up rate of not more than 10% (depending on place, quantity and the turnaround time of the processing services required) (the "Estimated Cost"), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Should the terms offered by independent manufacturers be lower than the Estimated Cost with other terms better than or similar to those offered by the Parent Group, the Group will then appoint the other outsourcing manufacturers for the processing of down apparel products.

The Framework Manufacturing Outsourcing and Agency Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and further extended to September 14, 2017, renewable for another term of three years by giving at least three months' notice prior to the expiry of the term.

Subject to the approval by the independent shareholders of the renewal of the Framework Manufacturing Outsourcing and Agency Agreement (including the proposed annual caps thereof), the Company has served the notice to the Parent Group indicating that it intended to renew the Agreement for a further term of up to September 14, 2020.

At the extraordinary general meeting of the Company held on February 6, 2015, the shareholders approved to revise the annual caps for the three financial years ended March 31, 2015, 2016 and 2017 to RMB770,000,000, RMB950,000,000 and RMB1,150,000,000, respectively. The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2017 was RMB554,555,000. On March 28, 2017, the Board also resolved to propose to the independent shareholders to obtain new annual caps for each of the three financial years ending March 31, 2018, 2019 and 2020, being RMB950,000,000, RMB1,150,000,000 and RMB1,380,000,000, respectively.

PROPERTY LEASE AGREEMENT AND ITS SUPPLEMENTAL AGREEMENTS

The Parent Group leased 16 properties with a total area of approximately 106,002 square metres to the Group, which were used as the Group's regional offices, warehouses or staff dormitory, pursuant to the property lease agreement dated September 15, 2007 and agreements supplemental to the property lease agreement entered into between the Company and Mr. Gao Dekang.

Under the property lease agreement and its supplemental agreements, the annual rental paid and expected to be paid by the Group to the Parent Group for the leasing of properties have been determined on an arm's length basis by reference to the prevailing market condition in the PRC and the market rates of comparable properties, which in any event are not higher than the rent applicable to a third party tenant at the relevant time.

The term of each lease granted under the property lease agreement shall be no more than 20 years. Under the property lease agreement, the Group may terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent.

In April 2009, the Company terminated the leases of three premises and on March 11, 2010, the Company and Mr. Gao Dekang entered into the supplemental property lease agreement, pursuant to which the Parent Group agreed to lease five additional premises to the Company for a term not exceeding 20 years from the date of the supplemental property lease agreement. On April 22, 2013, the Company and Mr. Gao Dekang entered into the second supplemental lease agreement pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 1, 2013. The new leases to be entered into under the second supplemental lease agreement shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the term. The Board approved the proposed annual caps of RMB30,000,000, RMB33,000,000 and RMB36,000,000 for the three financial years ending March 31, 2017, 2018 and 2019, respectively, on March 23, 2016. The Company also served a notice of renewal to the Parent Group on April 6, 2016 to renew the agreement for another term of three years from September 15, 2016.

The actual amount of rental payable by the Group to the Parent Group for the year ended March 31, 2017 was RMB16,918,000.

FRAMEWORK INTEGRATED SERVICE AGREEMENT

The Parent Group had also provided the Group with various ancillary services, which currently include the provision of hotel accommodation, property management services, which include repair and maintenance, security and general cleaning, for the properties occupied by the Group in the PRC and warehouse storage services, pursuant to the framework integrated service agreement (the "Framework Integrated Service Agreement") dated September 15, 2007 entered into between the Company and Mr. Gao Dekang.

The Framework Integrated Service Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and further extended to September 14, 2019. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Framework Integrated Service Agreement is renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the term.

The service fees payable by the Group to the Parent Group under the Framework Integrated Service Agreement are determined by reference to (i) the rate set by the PRC Government, or (ii) the rate not higher than the rate recommended by the PRC Government (if the PRC Government has not fixed a rate), or (iii) the rate not higher than the market price for similar services or products provided in the vicinity or the market price for similar services or products provided in the PRC if no market price for similar services provided in the vicinity is available, or (iv) a fee agreed by the parties after taking into account the actual cost or reasonable cost (whichever is lower) plus reasonable profits for the provision of similar services or products if bases (i) to (iii) are not available.

The Board approved the proposed annual caps of RMB15,000,000, RMB17,000,000 and RMB19,000,000 for the three financial years ending March 31, 2017, 2018 and 2019, respectively, on March 23, 2016.

The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2017 was RMB4,553,000.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above and in Note 39 to the Financial Statements were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on better terms to the Group than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the Company's auditor to perform certain agreed-upon procedures in respect of the continuing connected transactions set out above on a sample basis. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board and has confirmed that the continuing connected transactions set out above have complied with the requirements under Rule 14A.56 of the Listing Rules.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the Board on September 15, 2007. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group, to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the Group's future development and expansion, by providing them with the opportunity to acquire equity interests in the Company. The Board may, at its absolute discretion, offer any employee, management member or Director of the Company, or any of the Group's subsidiaries and third party service providers options ("Options") to subscribe for shares on the terms set out in the Share Option Scheme. The amount payable on acceptance of an Option is HKD1.00. Details of the Share Option Scheme were provided in the Prospectus.

Unless otherwise terminated by the Board or the Company's shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the October 11, 2007 (the "Listing Date"), after which no further Options will be granted or offered, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Option granted prior to the expiry of this 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Listing Date (such 10% representing 787,000,000 shares and approximately 9.84% of the Company's issued share capital as at the date of this annual report) without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time. No Option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

The period within which the Options must be exercised will be specified by the Company at the time of grant, and must expire no later than 10 years from the date of grant of the Option (being the date on which the Board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains separate shareholders' approval in relation to such grant.

The amount payable for each share to be subscribed for under an Option upon exercise shall be not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

On August 5, 2016 (the "Date of Grant"), the Company granted an aggregate of (a) 180,900,000 awarded shares and (b) 180,900,000 Options at the exercise price of HKD0.71 per share of the Company to 4 executive Directors (namely, Mr. Mak Yun Kuen (11,200,000 Share Options), Mr. Rui Jinsong (11,200,000 Share Options), Ms. Gao Miaoqin (5,600,000 Share Options) and Ms. Huang Qiaolian (5,600,000 Share Options)) and 62 employees of the Company (147,300,000 Share Options), (i) 40% of which shall be vested during the period commencing from first anniversary date from the Date of Grant and ending on the last trading date of the 24-month period from the Date of Grant; (ii) 30% which shall be vested during the period commencing from first trading day after expiry of the 24-month period from the Date of Grant and ending on the last trading date of the 36-month period from the Date of Grant; and (iii) 30% which shall be vested during the period commencing from first trading day after expiry of the 36-month period from the Date of Grant and ending on the last trading date of the 48-month period from the Date of Grant.

The closing price of the shares of the Company immediately before the Date of Grant was HK$0.69.

As at March 31, 2017, 180,900,000 Awarded Shares and 180,900,000 Share Options granted by the Group under the Share Award Scheme and the Share Option Scheme remained outstanding and no Option had been vested or exercised.

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

For the year ended March 31, 2017, the Company had repurchased 3,880,000 of its shares on the Stock Exchange at an aggregate consideration of about HKD2.3 million before expenses. Details of the share repurchases are as follows:

Month of repurchases	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate consideration paid HKD
May 2016	3,880,000	0.60	0.60	2,328,000

Except for the repurchase of the Company's shares as set out above, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

The repurchased shares were cancelled on delivery of the share certificates during the year. The Directors are of the view that such repurchases have the effect of enhancing the earnings per share of the Group and would benefit the shareholders as a whole. Depending on the market circumstances, the Company may undertake further share repurchases as the Directors may consider to be appropriate.

During the year, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, the Company purchased on the Stock Exchange a total of 21,812,000 shares of the Company at an aggregate consideration of about HKD15.2 million.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Report of Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at July 19, 2017 (being the latest practicable date prior to the issue of this report).

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2017, the Group's five largest suppliers (comprising suppliers of down, fabric and ancillary materials) together accounted for less than 30% of the Group's total raw material purchases.

Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd., the Group's supplier of fabric developed from nanotechnology, is 68% indirectly controlled by Mr. Gao Dekang and his associates. For the year ended March 31, 2017, no purchases were made by the Group from this supplier. Save as disclosed above, none of the Directors, their associates or any shareholder of the Company (who or which, to the knowledge of the Directors, owns more than 5% of the Company's number of issued shares) had any equity interest in any of the Group's major suppliers.

For the year ended March 31, 2017, the Group's five largest customers accounted for less than 30% of the Group's revenue and none of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) had any interest in any of the Group's major customers.

COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 36 to the Financial Statements.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

SUBSEQUENT EVENTS

Details of the Group's events after the reporting period up to the date of this report are set out in Note 41 to the Financial Statements.

AUDITOR

The Financial Statements have been audited by KPMG. A resolution for the re-appointment of KPMG as the Company's auditor will be proposed at the Company's forthcoming annual general meeting.

By order of the Board
Gao Dekang
Chairman

Hong Kong, June 26, 2017

Independent Auditor's Report

Independent Auditor's Report to the shareholders of
Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Bosideng International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 63 to 149, which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of potential impairment of goodwill	
Refer to note 16 to the consolidated financial statements and the accounting policies on page 75.	
The Key Audit Matter	**How the matter was addressed in our audit**
For the purpose of impairment testing, goodwill in the consolidated statement of financial position is allocated to three cash-generating units ("CGUs") which are derived from the Group's acquisitions of the menswear and two ladieswear (including Jessie brand and Buoubuou brand) businesses. Due to increased competition from traditional and on-line retailers, revenue generated from the menswear and two ladieswear businesses has been lower than originally anticipated at the time of the respective acquisitions by the Group. An annual impairment assessment of goodwill is performed by management. Management assesses impairment of goodwill by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in estimating future sales growth rates and the discount rates applied. We identified assessing impairment of goodwill as a key audit matter because assessing impairment involves forecasting future cash flows which is complex and inherently uncertain and could be subject to management bias.	Our audit procedures to assess the valuation of goodwill included the following: • assessing management's identification of CGUs and the allocation of assets and liabilities to each CGU with reference to the requirements the prevailing accounting standards; • involving our internal valuation specialists to assist us in evaluating the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • comparing the most significant inputs in the discounted cash flow forecasts, including future revenue, future margins and cost growth rates, with the latest financial budgets approved by the board of directors, historical performance, management's forecasts, industry reports and business developments subsequent to the reporting date and assessing the discount rates applied in the discounted cash flow forecasts by benchmarking against the discount rates of similar retailers; • obtaining sensitivity analyses of both the discount rates and future cash flows and considering the resulting impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and • considering the disclosures in the consolidated financial statements in respect of assessing impairment of goodwill with reference to the requirements of the prevailing accounting standards.

Key audit matters (continued)

<table>
<tr><th colspan="2">Valuation of inventories</th></tr>
<tr><td colspan="2">Refer to note 20 to the consolidated financial statements and the accounting policies on page 83.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Sales of inventories in the apparel industry can be volatile with consumer demand changing according to current fashion trends.

The Group typically sells or disposes of off-season inventories at a markdown from the original price to maintain the strength of the brand and make room for new season inventories. Accordingly, the actual future selling prices of some items of inventories may fall below their purchase costs.

For the branded down apparel, management calculates the inventory provision based on the forecast net realisable value of sales of inventories. The forecast quantities to be sold and the corresponding selling prices are prepared based on the Group's sales and marketing strategies, the current market conditions (including weather conditions, customer tastes and purchasing power) and the historical experience of distributing and selling products of a similar nature. Management also compares the subsequent sales quantities and selling prices with the forecast in each of the subsequent periods.

For non-down apparel, management calculates the inventory provision based on the inventory ageing report and sales forecasts with reference to historical records and management's apparel industry experience.

We identified the valuation of inventories as a key audit matter because significant management judgement is required to be exercised in determining the appropriate level of inventory provisions which can be inherently uncertain.</td><td>Our audit procedures to assess the valuation of inventories included the following:

• assessing whether the inventory provisions at the reporting date were consistent with the Group's inventory provision policy by recalculating the inventory provisions based on the mechanisms and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards;

• attending the Group's inventory counts at the year end to assess, on a sample basis, the quantity and condition of inventories at that date;

• assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the ageing of the sampled items with information relating to production dates on the labels of garments we inspected during our attendance at the Group's inventory counts;

• assessing the Group's inventory provision policy by comparing management's forecasts of the quantities of inventories which will be unsold at the end of each season and the corresponding forecast markdowns with the historical sales amounts and markdown data for the current and the prior years;

• comparing inventory balances by season with respective balances in prior years and the movement by season with historical movements to identify inventories which were relatively slow moving;

• comparing the carrying amounts of a sample of inventory items at the reporting date with the selling prices actually achieved subsequent to the reporting date; and

• enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.</td></tr>
</table>

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fung Ping Kwong.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

June 26, 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2017
(Expressed in Renminbi)

	Note	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Revenue	5	**6,816,599**	5,787,321
Cost of sales		**(3,653,395)**	(3,178,103)
Gross profit		**3,163,204**	2,609,218
Other income	6	**65,686**	55,824
Selling and distribution expenses		**(1,951,137)**	(1,766,182)
Administrative expenses		**(608,809)**	(477,730)
Impairment losses on goodwill	16	**–**	(79,000)
Other expenses		**(8,937)**	(4,451)
Profit from operations		**660,007**	337,679
Finance income		**135,707**	155,056
Finance costs		**(203,533)**	(100,764)
Net finance (costs)/income	9	**(67,826)**	54,292
Share of (losses)/profits of an associate, net of tax	32	**(19,291)**	14,557
Profit before income tax		**572,890**	406,528
Income tax expense	10	**(203,769)**	(144,695)
Profit for the year		**369,121**	261,833
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(199,424)**	(157,179)
Other comprehensive income for the year, net of tax		**(199,424)**	(157,179)
Total comprehensive income for the year		**169,697**	104,654

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2017
(Expressed in Renminbi)

	Note	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Profit attributable to:			
Equity shareholders of the Company		**391,844**	280,942
Non-controlling interests		**(22,723)**	(19,109)
Profit for the year		**369,121**	261,833
Total comprehensive income attributable to:			
Equity shareholders of the Company		**192,400**	123,749
Non-controlling interests		**(22,703)**	(19,095)
Total comprehensive income for the year		**169,697**	104,654
Earnings per share	13		
– basic (RMB cents)		**4.22**	3.54
– diluted (RMB cents)		**4.22**	3.54

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Statement of Financial Position

At March 31, 2017
(Expressed in Renminbi)

	Note	At March 31, 2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment	14	**818,867**	927,246
Lease prepayments	15	**30,134**	37,375
Intangible assets and goodwill	16	**1,480,817**	759,638
Prepayments for an acquisition	17	**595,000**	–
Non-current trade and other receivables		**111,671**	90,759
Investment properties	18	**182,614**	194,480
Interest in an associate	32	**–**	237,013
Deferred tax assets	19	**416,665**	451,594
		3,635,768	2,698,105
Current assets			
Inventories	20	**1,436,500**	1,628,588
Trade, bills and other receivables	21	**1,189,388**	1,506,466
Receivables due from related parties	39	**289,837**	300,123
Forward contracts	27	**3,388**	–
Prepayments for materials and service suppliers		**410,375**	109,797
Available-for-sale financial assets	22	**2,610,210**	1,258,481
Pledged bank deposits	23	**1,441,446**	1,127,527
Time deposits with maturity over 3 months	24	**266,500**	503,100
Cash and cash equivalents	25	**2,834,989**	3,023,421
		10,482,633	9,457,503
Current liabilities			
Current income tax liabilities	10(d)	**172,785**	126,041
Interest-bearing borrowings	26	**2,984,882**	3,393,915
Trade and other payables	28	**1,204,006**	1,025,370
Payables due to related parties	39	**21,224**	2,331
Derivative financial liabilities	29	**–**	3,219
		4,382,897	4,550,876
Net current assets		**6,099,736**	4,906,627

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Statement of Financial Position

At March 31, 2017
(Expressed in Renminbi)

	Note	At March 31, 2017 RMB'000	2016 RMB'000
Total assets less current liabilities		**9,735,504**	7,604,732
Non-current liabilities			
Deferred tax liabilities	19	**224,846**	152,427
Non-current other payables	30	**155,431**	–
		380,277	152,427
Net assets		**9,355,227**	7,452,305
Capital and reserves			
Share capital	33(c)	**803**	622
Reserves		**9,174,939**	7,241,755
Equity attributable to equity shareholders of the Company		**9,175,742**	7,242,377
Non-controlling interests		**179,485**	209,928
Total equity		**9,355,227**	7,452,305

Approved and authorized for issue by the board of directors on June 26, 2017.

Gao Dekang
Chairman of the Board of Directors

Mak Yun Kuen
Director

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2017
(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 *(note 33)*	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 *(note 31(b))*	Capital reserves RMB'000 *(note 33(d))*	Statutory reserves RMB'000 *(note 33(d))*	Translation reserves RMB'000 *(note 33(d))*	Fair value reserves RMB'000	Other reserves RMB'000 *(note 29)*	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2015	622	–	(71,778)	76,066	824,115	(267,288)	–	(107,109)	6,730,588	7,185,216	228,683	7,413,899
Total comprehensive income for the year:												
Profit for the year	–	–	–	–	–	–	–	–	280,942	280,942	(19,109)	261,833
Foreign currency translation differences – foreign operations	–	–	–	–	–	(157,193)	–	–	–	(157,193)	14	(157,179)
Total comprehensive income for the year	–	–	–	–	–	(157,193)	–	–	280,942	123,749	(19,095)	104,654
Transactions with owners, recorded directly in equity:												
Treasury shares held for Share Award Scheme	–	–	(13,900)	–	–	–	–	–	–	(13,900)	–	(13,900)
Capital contribution to a subsidiary from non-controlling interests	–	–	–	–	–	–	–	–	–	–	340	340
Disposal of subsidiaries	–	–	–	–	(1,514)	–	–	–	1,514	–	–	–
Written put option to non-controlling interests (note 29)	–	–	–	–	–	–	–	12,209	–	12,209	–	12,209
Dividends (note 33(b))	–	–	–	–	–	–	–	–	(61,979)	(61,979)	–	(61,979)
Purchase of own shares (note 33(c))	–	–	–	–	–	–	–	–	(2,918)	(2,918)	–	(2,918)
Balance at March 31, 2016	622	–	(85,678)	76,066	822,601	(424,481)	–	(94,900)	6,948,147	7,242,377	209,928	7,452,305

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2017
(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 *(note 33)*	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 *(note 31(b))*	Capital reserves RMB'000 *(note 33(d))*	Statutory reserves RMB'000 *(note 33(d))*	Translation reserves RMB'000 *(note 33(d))*	Fair value reserves RMB'000	Other reserves RMB'000 *(note 29)*	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2016	622	–	(85,678)	76,066	822,601	(424,481)	–	(94,900)	6,948,147	7,242,377	209,928	7,452,305
Total comprehensive income for the year:												
Profit for the year	–	–	–	–	–	–	–	–	391,844	391,844	(22,723)	369,121
Foreign currency translation differences – foreign operations	–	–	–	–	–	(199,444)	–	–	–	(199,444)	20	(199,424)
Total comprehensive income for the year	–	–	–	–	–	(199,444)	–	–	391,844	192,400	(22,703)	169,697
Transactions with owners, recorded directly in equity:												
Capitalization of a loan payable (note 33)	124	1,491,487	–	–	–	–	–	–	–	1,491,611	–	1,491,611
Equity settled share-based transactions (note 34)	–	–	–	30,978	–	–	–	–	–	30,978	–	30,978
Treasury shares held for Share Award Scheme (note 31 (b))	–	–	(13,482)	–	–	–	–	–	–	(13,482)	–	(13,482)
Capital contribution to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	–	–	11,115	11,115
Acquisition through a business combination (note 37)	57	465,416	–	–	–	–	–	–	–	465,473	19,916	485,389
Disposal of a subsidiary	–	–	–	–	(19)	–	–	–	19	–	(38,771)	(38,771)
Appropriation to reserves	–	–	–	–	15,157	–	–	–	(15,157)	–	–	–
Written put option to non-controlling interests (note 29)	–	–	–	–	–	–	–	57,909	–	57,909	–	57,909
Dividends (note 33(b))	–	–	–	–	–	–	–	–	(289,562)	(289,562)	–	(289,562)
Purchase of own shares (note 33(c))	–	–	–	–	–	–	–	–	(1,962)	(1,962)	–	(1,962)
Balance at March 31, 2017	803	1,956,903	(99,160)	107,044	837,739	(623,925)	–	(36,991)	7,033,329	9,175,742	179,485	9,355,227

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2017
(Expressed in Renminbi)

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Operating activities		
Profit for the year	**369,121**	261,833
Adjustments for:		
Income tax expense	**203,769**	144,695
Depreciation	**127,841**	108,787
Amortization	**46,075**	36,470
Impairment losses	**–**	79,000
Remeasurement to fair value of pre-existing interest in acquiree	**(29,083)**	–
Equity settled share-based transactions	**30,978**	–
Change in fair value of derivative financial assets	**(3,388)**	–
Change in fair value of derivative financial liabilities	**(3,219)**	1,784
Net interest income	**(23,089)**	(52,113)
Share of losses/(profits) of associates	**19,291**	(14,557)
Operating profit before changes in working capital	**738,296**	565,899
Decrease in inventories	**295,537**	280,330
Decrease in trade, bills and other receivables and prepayments	**163,040**	517,291
Increase in non-current trade and other receivables	**(20,912)**	(90,759)
Decrease/(increase) in receivables due from related parties	**10,286**	(142,966)
Increase/(decrease) in trade and other payables	**111,490**	(214,246)
(Decrease)/increase in payables due to related parties	**(2,331)**	847
Cash generated from operations	**1,295,406**	916,396
Interest paid	**(76,936)**	(86,669)
Income tax paid	**(109,229)**	(121,048)
Net cash generated from operating activities	**1,109,241**	708,679
Investing activities		
Acquisition of subsidiaries, net of cash acquired (note 37)	**(55,575)**	–
Disposal of a subsidiary, net of cash disposed of (note 38)	**27,646**	–
Prepayments made for an acquisition (note 17)	**(462,881)**	–
Payment of deposits in relation to the written put option	**–**	(130,099)
Acquisition of property, plant and equipment	**(62,116)**	(79,484)
Payment of leasehold improvement of investment properties	**(1,953)**	–
Proceeds from disposal of property, plant and equipment	**–**	6,302
Proceeds from disposal of lease prepayment	**5,422**	–
Acquisition of available-for-sale financial assets	**(8,085,483)**	(5,473,985)
Proceeds from disposal of available-for-sale financial assets	**6,733,754**	6,242,685
Proceeds from disposal of other financial assets	**–**	234,060
(Increase)/decrease in pledged bank deposits	**(2,429)**	5,991
Decrease/(increase) in time deposits with maturity over 3 months	**236,600**	(234,200)
Acquisition of secured loans	**–**	(81,032)
Advances to a fellow subsidiary of the non-controlling shareholder of a subsidiary (note 21)	**(32,617)**	–
Interest received	**122,421**	138,782
Net cash (used in)/generated from investing activities	**(1,577,211)**	629,020

The notes on pages 71 to 149 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2017
(Expressed in Renminbi)

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Financing activities		
Proceeds from interest-bearing borrowings	**1,161,631**	1,441,265
Repayment of interest-bearing borrowings	**(1,774,229)**	(1,781,868)
Decrease/(increase) in bank deposits pledged for bank loans	**85,391**	(389,298)
Increase in bank deposits pledged for issuing standby letters of credit for bank loans	**(396,881)**	(10,757)
Capital contribution to a subsidiary from non-controlling interests	**11,115**	340
Proceeds received from employees in relation to equity-settled share-based transactions	**50,652**	–
Proceeds of loan from a related party (note 33)	**1,432,872**	–
Purchase of own shares	**(1,962)**	(2,918)
Payment for purchase of shares in connection with the Share Award Scheme	**(13,482)**	(13,900)
Dividends paid	**(289,562)**	(61,979)
Net cash generated from/(used in) from financing activities	**265,545**	(819,115)
Net (decrease)/increase in cash and cash equivalents	**(202,425)**	518,584
Cash and cash equivalents at the beginning of the year	**3,023,421**	2,470,780
Effect of foreign currency exchange rate changes	**13,993**	34,057
Cash and cash equivalents at the end of the year	**2,834,989**	3,023,421

The notes on pages 71 to 149 form part of these financial statements.

1 GENERAL INFORMATION OF THE REPORTING ENTITY

Bosideng International Holdings Limited (the "Company") was incorporated in the Cayman Islands on July 10, 2006 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. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, original equipment manufacturing ("OEM") products and non-down apparel products in the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on October 11, 2007.

2 BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out in note 3.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(e) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for derivative financial assets, available-for-sale financial assets, contingent considerations payable and derivative financial liabilities measured at fair value in the consolidated statement of financial position.

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). These financial statements are presented in Renminbi ("RMB", the "presentation currency"). All financial information presented in RMB has been rounded to the nearest thousand except where otherwise stated. The functional currency of the Company is United States Dollars.

2 BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

(e) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1: Presentation of financial statement: Disclosure Initiative

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

(a) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 3(m) or (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (or, when appropriate, the cost on initial recognition of an investment in an associate (see note 3(b)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses (see note 3(j)).

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 3(d) and (j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3(d)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 3(j)).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 3(j)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(d) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any dividends or interest earned on these investments as these are recognized in accordance with the policies set out in note 3(v).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortized cost less impairment losses (see note 3(j)).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Other investments in debt and equity securities (continued)

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. Interest income from debt securities calculated using the effective interest method are recognized in profit or loss in accordance with the policies set out in notes 3(v). Foreign exchange gains and losses resulting from changes in the amortized cost of debt securities are also recognized in profit or loss.

When the investments are derecognized or impaired (see note 3(j)), the cumulative gain or loss recognized in equity is reclassified to profit or loss. Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

(e) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on the remeasurement to fair value is recognized immediately in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 3(j)). Cost includes expenditure that is directly attributable to the acquisition of the investment property. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of 20 to 60 years. Depreciation methods, useful lives and residual values are re-assessed at the end of each reporting period and adjusted if appropriate. Rental income from investment properties is accounted for as described in note 3(s)(v).

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 3(j)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3(u)). Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained earnings and is not reclassified to profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property remains measured at cost less accumulated depreciation and impairment losses (see note 3(j)).

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Freehold land with unlimited useful life is measured at cost and not depreciated.

Depreciation is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of an item of property, plant and equipment.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

	Useful lives	Residual value
Land and buildings	20-60 years	0%~10%
Machinery	5-10 years	4%~10%
Motor vehicles and others	2-10 years	0% ~10%
Leasehold improvements	Over the shorter of the un-expired term of the lease and useful lives	0%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill)

(i) Customer relationships

Customer relationships acquired by the Group upon acquisition of subsidiaries are measured at fair value upon initial recognition. Subsequent to initial recognition, customer relationships are measured at cost less accumulated amortization and accumulated impairment losses (see note 3(j)). The estimated useful life of customer relationships is 8 to 15 years. The amortization method and useful lives are reviewed at the end of each reporting period.

(ii) Trademarks

Separately acquired trademarks are carried at cost less accumulated amortization and accumulated impairment losses (see note 3(j)). 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. 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 20 years.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and trademarks, is recognized in profit or loss as incurred.

(iv) Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Lease prepayments

Lease prepayments represent prepayments of land use rights paid to the various PRC land bureaus. Lease prepayments are carried at cost less amortization and accumulated impairment losses (see note 3(j)). Amortization is recognized in profit or loss on a straight-line basis over the period of the land use rights, which are 50 years from the respective dates that they are available for use.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(j) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortized cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognized as follows:

– For investments in associates accounted for under the equity method in the consolidated financial statements (see note 3(b)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3(j)(ii). The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with note 3(j)(ii).

– For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

– For available-for-sale securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

  Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- investment properties;
- lease prepayments;
- intangible assets;
- goodwill; and
- investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 3(j)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 3(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Share-based payment transactions

The grant date fair values of restricted shares granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the restricted shares. The fair value is measured at grant date using the Asian option model, taking into account the terms and conditions upon which the restricted shares were granted. The amount recognized as an expense is adjusted to reflect the actual number of restricted shares for which the related service and non-market vesting conditions are met.

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained earnings).

Share-based payment transactions in which the Company grants shares to its subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's statement of financial position which is eliminated on consolidation.

(iv) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax expense for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(r) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 3(r)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value-added tax ("VAT") or other sales taxes, returns or allowances, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Sales of branded down apparel products and non-down apparel products to distributors in the PRC and sales of OEM apparels overseas are recognized in accordance with the terms of delivery, provided the collectability of sales proceeds is reasonably assured. Sales of branded down apparel products and non-down apparel products through department stores and retail stores are recognized at the time of sale to the retail end customers.

(ii) Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(iv) Royalty income

Royalties arising from the use by others of the Group's brands are recognized in profit or loss as other income on an accrual basis in accordance with the substance of the relevant agreements.

(v) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated to the respective functional currencies of Group entities at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve ("translation reserve").

On disposed of a foreign operation, the cumulative amount in the translation reserve relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized directly in other comprehensive income, and presented in the translation reserve in equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the costs of the qualifying assets commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets ready for their intended use or sale are interrupted or complete.

(v) Finance income and costs

Finance income comprises interest income on funds invested (including investment in other financial assets and available-for-sale financial assets), and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues using the effective interest method.

Finance costs comprise interest expenses on borrowings, fair value change of financial liabilities at fair value through profit or loss and derivative financial liabilities, losses on disposal of available-for-sale financial assets, bank charges and foreign currency losses and other interest expense.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 ACCOUNTING JUDGMENT AND ESTIMATES

(a) Critical accounting judgments in applying the Group's accounting policies

Information about judgments made in applying the Group's accounting that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 31(b) – consolidation: whether the Group has control over a trust;
- Note 36(b) – lease classification.

(b) Sources of estimation uncertainty

Notes 10, 16, 19, 21, 27, 29, 34 and 37 contain information about the assumptions and their risk factors relating to income tax, goodwill impairment, impairment for bad and doubtful debts, fair value of financial instruments, fair value of share options and restricted shares granted, and fair value of assets acquired and liabilities assumed upon acquisition. Other key sources of estimation uncertainty are as follows:

(i) Net realizable value of inventories

The Group reviews the carrying amounts of inventories at each reporting date to determine whether the inventories are carried at lower of cost and net realisable value in accordance with the accounting policy set out in Note 3(k). For the branded down apparel, management calculates the inventory provision based on the forecast net realisable value of sales of inventories. For non-down apparel, management calculates the inventory provision based on the inventory aging report and sales forecasts with reference to historical records and management's apparel industry experience. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's profit and net asset value.

(ii) Impairment for non-current assets

The management determines the impairment loss on non-current assets other than goodwill if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. Goodwill is tested annually for impairment. Management assesses impairment of goodwill by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

5 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major reportable segments. Certain operating segments have been aggregated to form the following reportable segments.

- Down apparels – The down apparel segment carries on the business of sourcing and distributing branded down apparels.

- OEM management – The OEM management segment carries on the business of sourcing and distributing OEM products.

- Non-down apparels – The non-down apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded apparels of menswear, ladieswear and casual wear.

(a) Segment results

	For the year ended March 31, 2017			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	4,579,169	777,759	1,459,671	6,816,599
Inter-segment revenue	–	8,508	14,634	23,142
Reportable segment revenues	4,579,169	786,267	1,474,305	6,839,741
Reportable segment profit	673,445	94,572	(1,902)	766,115
Amortization	(1,084)	–	(44,991)	(46,075)
Share of losses of associates	–	–	(19,291)	(19,291)

5 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results (continued)

	For the year ended March 31, 2016			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	3,977,197	983,980	826,144	5,787,321
Inter-segment revenue	–	509	11,424	11,933
Reportable segment revenues	3,977,197	984,489	837,568	5,799,254
Reportable segment profit from operations	393,141	135,696	(15,135)	513,702
Amortization	(219)	–	(36,251)	(36,470)
Share of profits of associates	–	–	14,557	14,557
Impairment losses on goodwill	–	–	(79,000)	(79,000)

(b) Reconciliations of reportable segment revenues, profit before income tax

	For the year ended March 31,	
	2017 RMB'000	2016 RMB'000
Revenue		
Reportable segment revenues	**6,839,741**	5,799,254
Elimination of inter-segment revenue	**(23,142)**	(11,933)
Consolidated revenue	**6,816,599**	5,787,321

5 REVENUE AND SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit before income tax (continued)

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Profit before income tax		
Reportable segment profit	**766,115**	513,702
Amortization expenses	**(46,075)**	(36,470)
Government grants	**24,357**	39,975
Gain on disposal of a lease prepayment and buildings	**4,132**	–
Impairment losses	**–**	(79,000)
Unallocated expenses	**(107,813)**	(85,971)
Finance income	**135,707**	155,056
Finance costs	**(203,533)**	(100,764)
Consolidated profit before income tax	**572,890**	406,528

(c) Geographic information

Except for land and buildings and investment properties with the aggregate carrying amount of RMB256,288,000 (March 31, 2016: RMB281,807,000) located in the United Kingdom, all of the Group's property, plant and equipment and investment properties are located in mainland China at March 31, 2017.

The geographical location of an asset is based on the physical location of the asset, in the case of property, plant and equipment and investment property, and the location of the operation to which they are allocated, in the case of intangible assets.

For the year ended March 31, 2017, except for revenue of RMB7,234,000 derived from the Group's European operation (2016: RMB9,998,000), all revenue is derived from the People's Republic of China ("PRC").

6 OTHER INCOME

	Note	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Royalty income	(i)	**8,114**	15,849
Government grants	(ii)	**24,357**	39,975
Gain on disposal of a lease prepayment and buildings	15&16	**4,132**	–
Remeasurement to fair value of pre-existing interest in acquiree	37	**29,083**	–
Other income		**65,686**	55,824

(i) Royalty income arises from the use by other entities of the Group's brands.

(ii) The Group received unconditional discretionary grants amounting to RMB24,357,000 for the year ended March 31, 2017 (2016: RMB39,975,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

7 PERSONNEL EXPENSES

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Salaries, wages and other benefits	**635,940**	621,453
Equity settled share-based payments (note 34)	**30,978**	–
Contributions to defined contribution plans	**59,457**	50,763
	726,375	672,216

Contributions made by the Group to pension funds are dealt with in profit or loss when incurred. The Group contributes to pension funds based on certain percentages of the average salary level according to the pension fund requirements of the various provinces in the PRC in which its operations are located. The Group remits all pension fund contributions to the respective social security offices, which are responsible for the payment and liabilities relating to the pension funds.

The Group has no other material obligation for the payment of retirement benefits other than the contributions described above.

8 EXPENSES BY NATURE

The following expenses are included in cost of sales, selling and distribution expenses and administrative expenses:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**3,603,328**	3,162,238
Inventory provision	**50,067**	15,865
Depreciation		
– Assets leased out under operating leases	**5,967**	5,972
– Other assets	**121,874**	102,815
Amortization	**46,075**	36,470
Operating lease charges	**114,182**	139,375
Provision for impairment of bad and doubtful debts	**19,178**	37,340
Auditors' remuneration	**6,000**	6,500

9 NET FINANCE (COSTS)/INCOME

	For the year ended March 31,	
	2017	2016
	RMB'000	RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**18,918**	30,093
Interest income on available-for-sale financial assets	**102,331**	105,869
Interest income on other financial assets	**–**	2,820
Total interest income on financial assets not at fair value through profit or loss	**121,249**	138,782
Change in fair value of derivative financial assets (note 27)	**3,388**	–
Change in fair value of derivative financial liabilities (note 29)	**3,219**	–
Net foreign exchange gain	**–**	16,274
Others	**7,851**	–
Finance income	**135,707**	155,056
Interest on interest-bearing borrowings	**(98,160)**	(86,669)
Bank charges	**(18,355)**	(12,311)
Change in fair value of derivative financial liabilities (note 29)	**–**	(1,784)
Net foreign exchange loss	**(87,018)**	–
Finance costs	**(203,533)**	(100,764)
Net finance (costs)/income recognized in profit or loss	**(67,826)**	54,292

10 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Current tax expenses		
Provision for PRC income tax	**137,534**	134,260
Deferred tax benefit		
Origination and reversal of temporary difference (note 19(a))	**66,235**	10,435
	203,769	144,695

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No tax provision has been made for BSD Fashion Co., Ltd., Bosideng America Inc., Bosideng UK Limited and Bosideng Retail Limited, as they do not have any assessable profits subject to income tax in the Republic of Korea, the United States or the United Kingdom during the year.

(iii) No tax provision has been made for Golden Progress Limited, Talent Shine Limited, Hong Kong Bestmate Limited, Long Pacific (H.K.) Ltd., Rocawear (China) Limited and Delight Kingdom Group Limited, as they do not have any assessable profits subject to Hong Kong Profits Tax during the year.

(iv) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

For the year ended March 31, 2017, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, which was granted a tax holiday by the local tax bureau of tax-exemption for 2 years starting from January 1, 2012 and 50% reduction on the applicable income tax rates for 3 years starting from January 1, 2014 to December 31, 2016 and Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides service of purchase, production planning, order management, storage and logistics management, and client service to group companies was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016.

(v) The EIT Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from January 1, 2008. Undistributed earnings generated prior to January 1, 2008 are exempted from such withholding tax. Deferred tax liabilities have been recognized for the retained earnings recorded in the books and accounts of the Group's PRC subsidiaries generated after January 1, 2008, which management estimates will be distributed outside of the PRC within the foreseeable future.

The effective tax rate for the year ended March 31, 2017 was approximately 35.6%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets, tax preferential rates enjoyed by certain subsidiaries and withholding tax on dividends to be appropriated from PRC subsidiaries to overseas companies.

10 INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Profit before income tax	**572,890**	406,528
Income tax at the applicable PRC income tax rate of 25%	**143,223**	101,632
Tax losses not recognized as deferred tax assets	**45,135**	23,698
Non-deductible expenses	**6,174**	32,882
Effect of tax concessions of PRC operations	**(11,678)**	(15,827)
Withholding tax on dividends to be appropriated from PRC subsidiaries to overseas companies	**24,605**	–
Others	**(3,690)**	2,310
Income tax expense	**203,769**	144,695

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31, 2017			2016		
	Before tax amount RMB'000	**Tax expense RMB'000**	**Net of tax amount RMB'000**	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Foreign currency translation differences – foreign operations	**(199,424)**	**–**	**(199,424)**	(157,179)	–	(157,179)
Other comprehensive income	**(199,424)**	**–**	**(199,424)**	(157,179)	–	(157,179)

10 INCOME TAX EXPENSE (continued)

(d) Income tax payable in the consolidated statement of financial position represents:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Balance at beginning of the year	**126,041**	112,829
Acquisition of a subsidiary (note 37)	**18,439**	–
Provision for current income tax for the year	**137,534**	134,260
Payments during the year	**(109,229)**	(121,048)
Income tax payable at the end of the year	**172,785**	126,041

11 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed to section 38(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended March 31, 2017

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	563	4,654	–	–	–	5,217
Mei Dong	180	2,204	–	–	83	2,467
Gao Miaoqin	180	1,016	–	959	–	2,155
Huang Qiaolian	180	1,202	–	959	11	2,352
Mak Yun Kuen	180	1,800	–	1,918	15	3,913
Rui Jinsong	180	1,778	–	1,918	35	3,911
Gao Xiaodong	2	690	–	–	16	708
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao	–	–	–	–	–	–
Ngai Wai Fung	385	–	–	–	–	385
Lian Jie	330	–	–	–	–	330
	2,510	13,344	–	5,754	160	21,768

During the year ended March 31, 2017, Mr. Wang Yao, an independent non-executive director, waived director's fee of approximately RMB330,000.

11 DIRECTORS' EMOLUMENTS (continued)

For the year ended March 31, 2016

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	480	4,665	–	–	–	5,145
Mei Dong	180	2,169	–	–	82	2,431
Gao Miaoqin	180	1,026	–	–	–	1,206
Huang Qiaolian	180	1,113	–	–	29	1,322
Mak Yun Kuen	180	1,687	–	–	15	1,882
Rui Jinsong	180	1,503	–	–	20	1,703
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao	248	–	–	–	–	248
Ngai Wai Fung	385	–	–	–	–	385
Lian Jie	330	–	–	–	–	330
	2,673	12,163	–	–	146	14,982

During the years ended March 31, 2017 and 2016, no amount was paid or payable by the Group to the directors or any of the other five highest paid individuals set out in note 12 below as an inducement to join or upon joining the Group or as compensation for loss of office.

12 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2016: five) are directors whose emoluments are disclosed in note 11.

13 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2017 is based on the profit attributable to equity shareholders of the Company of RMB391,844,000 for the year ended March 31, 2017 (2016: RMB280,942,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2017, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2017	2016
	'000	'000
Issued ordinary shares at April 1	**7,924,990**	7,953,842
Effect of treasury shares held for Share Award Scheme (note 31(b))	**(3,342)**	(15,214)
Effect of issue of new shares for business combination	**586,849**	–
Effect of capitalization of a loan payable (note 33(c))	**784,215**	–
Effect of repurchased shares (note 33(c))	**(4,108)**	(967)
Weighted average number of ordinary shares at March 31	**9,288,604**	7,937,661
Basic earnings per share (RMB cents)	**4.22**	3.54

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2017 is based on the profit attributable to equity shareholders of the Company of RMB391,844,000 for the year ended March 31, 2017 (2016: RMB280,942,000) and the weighted average number of ordinary shares outstanding during the year ended March 31, 2017 as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2017	2016
	'000	'000
Weighted average number of ordinary shares (diluted) at March 31	**9,288,604**	7,937,661
Diluted earnings per share (RMB cents)	**4.22**	3.54

The diluted earnings per share for the year ended March 31, 2017 are the same as the basic earnings per share because the performance conditions had not been met by March 31, 2017 for neither restricted shares nor share options (note 34) and because the potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 29) were anti-dilutive.

14 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At March 31, 2015	760,294	29,406	270,513	227,411	32,406	1,320,030
Additions	1,540	1,027	12,637	32,092	22,794	70,090
Transfer	57	8,187	29,632	2,927	(40,803)	–
Movement of exchange rate	3,678	–	150	–	–	3,828
Disposals	(3,000)	(49)	(23,757)	(16,290)	–	(43,096)
At March 31, 2016	762,569	38,571	289,175	246,140	14,397	1,350,852
Acquisition of a subsidiary through a business combination (note 37)	–	941	2,114	22,015	–	25,070
Additions	–	1,563	20,057	28,908	12,464	62,992
Transfer	–	–	308	22,684	(22,992)	–
Movement of exchange rate	(13,638)	–	(91)	–	–	(13,729)
Disposal	(54,995)	(13)	(20,105)	(5,530)	–	(80,643)
Disposal through disposal of a subsidiary (note 38)	–	(21)	(7,562)	(53,512)	–	(61,095)
At March 31, 2017	693,936	41,041	283,896	260,705	3,869	1,283,447
Accumulated depreciation:						
At March 31, 2015	(66,388)	(15,108)	(184,302)	(91,482)	–	(357,280)
Depreciation charged for the year	(29,611)	(2,108)	(34,443)	(36,653)	–	(102,815)
Movement of exchange rate	(199)	–	(106)	–	–	(305)
Disposals	14	30	20,459	16,291	–	36,794
At March 31, 2016	(96,184)	(17,186)	(198,392)	(111,844)	–	(423,606)
Depreciation charged for the year	(29,517)	(2,882)	(31,439)	(58,036)	–	(121,874)
Movement of exchange rate	434	–	49	–	–	483
Disposal	6,467	9	17,323	3,981	–	27,780
Disposal through disposal of a subsidiary (note 38)	–	13	6,740	45,884	–	52,637
At March 31, 2017	(118,800)	(20,046)	(205,719)	(120,015)	–	(464,580)
Net book value:						
At March 31, 2017	575,136	20,995	78,177	140,690	3,869	818,867
At March 31, 2016	666,385	21,385	90,783	134,296	14,397	927,246

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Except for freehold land and buildings with the carrying amount of RMB157,668,000 (March 31, 2016: RMB174,122,000) which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2017. The properties located in the United Kingdom were acquired by the Group in June 2011, and function as the Group's European flagship store as well as its headquarters in Europe. As the Bosideng Retail Limited ceased its operation in January 2017, the Group rent out the properties of the European flagship store to Retail Space Management Limited on February 2, 2017.

As at March 31, 2017, no interest expense was capitalized as the borrowing costs directly attributable to the acquisition of qualifying assets are not significant.

On February 17, 2017, the building of Shandong Bingfei Fashion Co., Ltd. ("Shandong Bingfei") with net book value of RMB46,231,000 was sold to a related party Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") for RMB46,505,000. The gain on disposal RMB274,000 was recognized in profit or loss.

15 LEASE PREPAYMENTS

	At March 31, 2017 RMB'000	2016 RMB'000
Cost:		
At April 1	**42,572**	42,572
Disposal	**(6,802)**	–
At March 31	**35,770**	42,572
Accumulated amortization:		
At April 1	**(5,197)**	(4,308)
Amortization charge for the year	**(876)**	(889)
Disposal	**437**	–
At March 31	**(5,636)**	(5,197)
Net book value:		
At March 31	**30,134**	37,375

Lease prepayments represent cost of land use rights in respect of land located in the PRC with a lease period of 50 years when granted.

On February 17, 2017, the land use right of Shandong Bingfei with net book value RMB6,365,000 was sold to a related party Shandong Kangbo Property for RMB10,223,000. The gain on disposal RMB3,858,000 was recognized in profit or loss.

16 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At March 31, 2015 and 2016	777,053	597,882	206,765	1,581,700
Acquisition through a business combination (note 37)	525,137	37,720	205,980	768,837
Disposal through disposal of a subsidiary (note 38)	–	–	(5,000)	(5,000)
At March 2017	1,302,190	635,602	407,745	2,345,537
Amortization and impairment losses:				
At March 31, 2015	(242,274)	(429,156)	(36,051)	(707,481)
Amortization charge for the year	–	(24,993)	(10,588)	(35,581)
Impairment losses	(79,000)	–	–	(79,000)
At March 2016	(321,274)	(454,149)	(46,639)	(822,062)
Amortization charge for the year	–	(27,787)	(17,412)	(45,199)
Disposal through disposal of a subsidiary (note 38)	–	–	2,541	2,541
At March 2017	(321,274)	(481,936)	(61,510)	(864,720)
Net book value:				
At March 2017	980,916	153,666	346,235	1,480,817
At March 2016	455,779	143,733	160,126	759,638

The amortization of customer relationships and trademarks charge for the year is included in "selling and distribution expenses" in the consolidated statement of profit or loss and other comprehensive income.

16 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each cash generating unit (CGU) is as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Menswear	**92,467**	92,467
Ladieswear – Jessie brand	**363,312**	363,312
Ladieswear – Buoubuou brand	**525,137**	–
	980,916	455,779

The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses 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 rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimate of value in use of Menswear CGU, Jessie brand Ladieswear CGU and Buoubuou brand Ladieswear CGU was determined using a discount rate of 20%, 24% and 17%, respectively.

Based on the assessment, there was no impairment required on the Menswear CGU, Jessie brand Ladieswear CGU and Buoubuou brand Ladieswear CGU.

17 PREPAYMENTS FOR AN ACQUISITION

In March 2017, prepayments of RMB595,000,000 were made to the vendors for the acquisition of Joy Smile Development Limited ("Joy Smile") and You Nuo (Tianjin) Clothing Limited ("You Nuo") (note 41(b)).

18 INVESTMENT PROPERTIES

	At March 31, 2017 RMB'000	2016 RMB'000
Cost:		
At April 1	**217,149**	214,921
Additions	**1,953**	–
Effect of movement in exchange rates	**(8,311)**	2,228
At March 31	**210,791**	217,149
Accumulated depreciation:		
At April 1	**(22,669)**	(16,599)
Charge for the year	**(5,967)**	(5,972)
Effect of movement in exchange rates	**459**	(98)
At March 31	**(28,177)**	(22,669)
Net book value:		
At March 31	**182,614**	194,480

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2017, freehold investment properties of RMB98,620,000 (March 31, 2016: RMB107,685,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB83,994,000 (March 31, 2016: RMB86,795,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically five to eight years.

As at March 31, 2017, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP14,298,000 (equivalent of RMB123,131,000) (March 31, 2016: GBP14,607,000 (equivalent of RMB135,758,000)), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis. The aggregate fair value of the investment properties located in mainland China was approximately RMB115,193,000 (2016: RMB115,193,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

18 INVESTMENT PROPERTIES (continued)

During the year ended March 31, 2017, rental income of RMB6,920,000 (2016: RMB3,644,000) was recognized in profit or loss.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Within 1 year	**4,725**	4,886
After 1 year but within 5 years	**6,935**	9,463
After 5 years	**884**	–
	12,544	14,349

19 DEFERRED TAX ASSETS AND LIABILITIES

(a) The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during the years are as follows:

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and Trademark RMB'000	Withholding tax on dividends RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At March 31, 2015	79,481	16,189	(84,005)	(68,311)	127,968	221,688	16,592	309,602
Credited/(charged) to profit or loss	3,627	6,568	8,771	–	(40,342)	19,873	(8,932)	(10,435)
At March 31, 2016	83,108	22,757	(75,234)	(68,311)	87,626	241,561	7,660	299,167
Acquisition through a business combination	11,579	1,606	(58,510)	–	173	4,039	–	(41,113)
Credited/(charged) to profit or loss	(20,306)	(3,174)	8,771	(24,605)	(11,544)	(9,849)	(5,528)	(66,235)
At March 31, 2017	74,381	21,189	(124,973)	(92,916)	76,255	235,751	2,132	191,819

The EIT Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from January 1, 2008. Undistributed earnings generated prior to January 1, 2008 are exempted from such withholding tax. Deferred tax liabilities have been recognized for the retained earnings recorded in the books and accounts of the Group's PRC subsidiaries generated after January 1, 2008, which management estimates will be distributed outside of the PRC within the foreseeable future.

19 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(b) Reconciliation to the consolidated statement of financial position:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Net deferred tax assets	**416,665**	451,594
Net deferred tax liabilities	**(224,846)**	(152,427)
	191,819	299,167

(c) Deferred tax assets and liabilities not recognized

Deferred tax assets/(liabilities) have not been recognized in respect of the following items:

	At March 31, 2017 RMB'000	2016 RMB'000
Accumulated tax losses of subsidiaries	**417,196**	480,756
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(4,001,387)**	(4,417,379)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2017 which will expire from 2017 to 2021, as management consider that it is not probable that the entities concerned will generate sufficient future taxable profits against which the unused tax losses can be utilized. Under the PRC tax regulations, tax losses can be carried forward for five years after the year of loss.

A liability for PRC withholding tax of RMB92,916,000 was recognized in respect of the expected dividends to be distributed from PRC subsidiaries in the foreseeable future. Except for this, deferred tax liabilities in relation to withholding tax have not been recognized in respect of the above retained earnings from PRC subsidiaries as the Company controls the timing and amounts of distribution and does not expect to incur such liabilities in the foreseeable future.

20 INVENTORIES

	At March 31, 2017 RMB'000	2016 RMB'000
Raw materials	**265,424**	201,953
Work in progress	**9,413**	6,140
Finished goods	**1,161,663**	1,420,495
	1,436,500	1,628,588

At March 31, 2017, inventories carried at net realizable value amounted to approximately RMB305,110,000 (2016: RMB492,840,000).

All of the inventories are expected to be recovered within one year.

21 TRADE, BILLS AND OTHER RECEIVABLES

	At March 31, 2017 RMB'000	2016 RMB'000
Trade receivables	**629,747**	797,014
Bills receivable	**78,715**	127,858
Less: allowance for doubtful debts	**(102,123)**	(102,961)
	606,339	821,911
Third party other receivables:		
– VAT recoverable	**74,488**	174,348
– Deposits	**173,706**	159,023
– Advances to employees	**36,426**	37,658
– Deposits paid to the non-controlling shareholder of a subsidiary, in relation to the written put option (note 29)	**–**	132,119
– Secured loans receivable	**81,032**	81,032
– Receivables from companies controlled by the former controlling shareholder of a newly acquired subsidiary	**87,164**	–
– Advances to a fellow subsidiary of the non-controlling shareholder of a subsidiary	**98,136**	65,519
– Others	**32,097**	34,856
	1,189,388	1,506,466

All of the trade, bills and other receivables are expected to be recovered within one year.

21 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade, bills and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of impairment losses on bad and doubtful debts, is as follows:

	At March 31,	
	2017	2016
	RMB'000	RMB'000
Within credit terms	**503,523**	506,700
1 to 3 months past due	**54,992**	79,012
Over 3 months but less than 6 months past due	**13,293**	210,805
Over 6 months but less than 12 months past due	**95**	23,027
Over 1 year past due	**34,436**	2,367
	606,339	821,911

Trade receivables and bills receivable are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and exposure to credit and currency risk related to trade, bills and other receivables are disclosed in note 35.

(b) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivable directly (see note 3(j)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	For the year ended March 31,	
	2017	2016
	RMB'000	RMB'000
At April 1	**102,961**	73,729
Provision for impairment of bad and doubtful debts	**19,178**	37,340
Uncollectible amounts written off	**(20,016)**	(8,108)
At March 31	**102,123**	102,961

At March 31, 2017, none of the Group's trade receivables (2016: RMB6,000,000) were individually determined to be impaired. The individually impaired receivables as at March 31, 2016, related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. As at March 31, 2017, no specific allowances for doubtful debts (2016: RMB368,000) were recognised.

21 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(c) Trade receivables and bills receivable that are not impaired

The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Neither past due nor impaired	**503,523**	501,068
1 to 3 months past due	**51,519**	77,013
Over 3 months but less than 6 months past due	**10,981**	209,618
Over 6 months but less than 12 months past due	**–**	22,935
Over 1 year past due	**34,436**	2,258
	96,936	311,824
	600,459	812,892

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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, management believes that no impairment allowance 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.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets represent investments in short-term wealth management products issued by banks in the PRC, with guaranteed principals and expected but not guaranteed returns, ranging from 2.30% to 4.90% (2016: 1.60% to 6.30%) per annum.

23 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as security for the following activities:

	At March 31, 2017 RMB'000	2016 RMB'000
Standby letters of credit	**871,058**	474,177
Bank borrowings (note 26)	**553,907**	639,298
Bills payable and letter of credit facilities	**16,481**	14,052
	1,441,446	1,127,527

The pledged bank deposits will be released upon the settlement of the relevant bank borrowings, bills payable and letters of credit facilities.

24 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB266,500,000 (March 31, 2016: RMB503,100,000) as at March 31, 2017 were deposited in banks for a period of over three months.

25 CASH AND CASH EQUIVALENTS

	At March 31, 2017 RMB'000	2016 RMB'000
Cash at bank and on hand	**4,542,935**	4,654,048
Less: pledged bank deposits	**(1,441,446)**	(1,127,527)
time deposits with maturity over 3 months	**(266,500)**	(503,100)
Cash and cash equivalents	**2,834,989**	3,023,421

Cash at bank and on hand are denominated in:

	At March 31, 2017 RMB'000	2016 RMB'000
– RMB	**3,538,292**	4,468,754
– USD	**605,172**	130,215
– HKD	**141,106**	44,732
– GBP	**4,006**	8,117
– EUR	**119**	1
– KRW	**2,176**	2,229
– JPY	**252,064**	–
	4,542,935	4,654,048

The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

26 INTEREST-BEARING BORROWINGS

At March 31, 2017, the interest-bearing borrowings were repayable as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Within 1 year or on demand	**2,984,882**	3,393,915

At March 31, 2017, the interest-bearing borrowings were secured as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Bank loans		
– Secured	**2,970,138**	2,337,261
– Unsecured	**14,744**	1,056,654
	2,984,882	3,393,915

Bank borrowings of RMB1,695,579,000 as at March 31, 2017 (March 31, 2016: RMB1,024,966,000) were secured by standby letters of credit.

Bank borrowings of RMB1,274,559,000 as at March 31, 2017 (March 31, 2016: RMB1,312,295,000) were secured by pledged bank deposits of RMB553,907,000 (March 31, 2016: RMB639,298,000) (note 23).

Further details of the Group's management of liquidity risk are set out in note 35(b).

27 DERIVATIVE FINANCIAL ASSETS

Derivative financial assets represent foreign currency forward contracts entered to mitigate the foreign currency risk, which were not designated as a hedging instrument under hedge accounting.

As at March 31, 2017, the fair value of outstanding forward contracts amounted to RMB3,388,000 (March 31, 2016: nil), which was recorded as derivative financial assets with a gain on fair value change of RMB3,388,000 (note 9) being recognized in profit or loss.

28 TRADE AND OTHER PAYABLES

	At March 31, 2017 RMB'000	2016 RMB'000
Trade payables	**495,077**	427,441
Other payables and accrued expenses		
– Deposits from customers	**206,229**	165,441
– Construction payables	**29,310**	28,434
– Accrued advertising expenses	**14,695**	1,054
– Accrued payroll, welfare and bonus	**202,711**	152,068
– Cash-settled written put option (note 29)	**22,923**	80,832
– VAT payable	**38,542**	66,591
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a newly acquired subsidiary (note 37)	**13,014**	–
– Advances from a company controlled by the former controlling shareholder of a newly acquired subsidiary	**29,159**	–
– Payables in relation to unvested restricted shares (note 34(b))	**20,261**	–
– Others	**127,085**	98,509
	1,204,006	1,025,370

All of the trade and other payables are expected to be settled within one year.

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Within 1 month	**364,505**	252,530
1 to 3 months	**130,572**	174,911
	495,077	427,441

29 DERIVATIVE FINANCIAL LIABILITIES

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Jessie") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement, the Group granted a written put option to Talent Shine International Limited, the non-controlling shareholder of Jessie, giving it the right to sell its entire 30% interest in Jessie after March 31, 2015 at a consideration which comprises cash and a variable number of shares of Bosideng. The consideration for exercising the put option depends on Jessie's adjusted net profit for the previous financial year and in total shall not exceed RMB900,000,000. The put option was not yet exercised by Talent Shine International Limited as at March 31, 2017.

As at March 31, 2017, the present value of the redemption price of the cash settled portion of the written put option of RMB22,923,000 was recorded as a current payable (2016: RMB80,832,000). The decrease of RMB57,909,000 during the year was recorded as an increase of other reserves.

As at March 31, 2017, the fair value of the share settled portion of the written put option was zero (2016: RMB3,219,000), and the fair value change of RMB3,219,000 (note 9) was recognized in profit or loss.

In August 2015, a deposit of RMB132,119,000 was paid to Talent Shine International Limited in connection with the put option. In March 2017, it was agreed by all parties concerned, that this deposit would be transferred as a prepayment for the acquisition of Joy Smile and You Nuo (Note 41(b))..

30 NON-CURRENT OTHER PAYABLES

	At March 31, 2017 RMB'000	At March 31, 2016 RMB'000
Dividends payable to the former controlling shareholder of a newly acquired subsidiary (note 37)	**110,872**	–
Payables in relation to equity share-based transactions (note 34(b))	**29,433**	–
Sales performance bonus accrual	**15,126**	–
	155,431	–

31 INVESTMENT IN SUBSIDIARIES

(a) Subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
1) Enterprises established outside the PRC						
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	British Virgin Islands ("BVI")	USD1	100%	100%	-	Investment holding
Bosideng UK Limited 波司登（英國）有限公司	United Kingdom	GBP1	100%	-	100%	Sourcing and distribution of non-down apparels
2) Wholly foreign owned enterprises established in the PRC						
Bosideng International Fashion (China) Limited 波司登國際服飾（中國）有限公司	PRC	USD138,000,000	100%	-	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Garment Development Co., Ltd. 江蘇波司登服裝發展有限公司	PRC	USD35,000,000	100%	-	100%	Sourcing and distribution of non-down apparels
Shanghai Bosideng Trade Development Co. Ltd. 上海波司登商貿發展有限公司	PRC	RMB200,000,000	100%	-	100%	Distribution of down apparels
3) Sino-foreign equity joint venture enterprises established in the PRC						
Bingjie Fashion Limited 冰潔服飾有限公司	PRC	USD68,000,000	100%	-	100%	Sourcing and distribution of down apparels
Bosideng Down Wear Limited 波司登羽絨服裝有限公司	PRC	USD80,000,000	100%	-	100%	Sourcing and distribution of down apparels
Kangbo Fashion Limited 康博服飾有限公司	PRC	USD85,000,000	100%	-	100%	Sourcing and distribution of down apparels
Shanghai Shuangyu Fashion Limited 上海雙羽服飾有限公司	PRC	USD68,000,000	100%	-	100%	Sourcing and distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation/ establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
4) Domestic companies established in the PRC						
Changshu Bosideng Advertising Co., Ltd. 常熟市波司登廣告有限責任公司	PRC	RMB10,000,000	100%	-	100%	Advertisement agency
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	PRC	RMB76,500,000	70%	-	100%	Sourcing and distribution of non-down apparels
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	PRC	RMB5,000,000	100%	-	100%	Sourcing and distribution of OEM products
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	PRC	RMB200,000,000	100%	-	100%	Distribution of down apparels
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	PRC	RMB50,000,000	100%	-	100%	Distribution of down apparels
Shenzhen Buoubuou Fashion Co., Ltd. (note 31(ii)) 深圳邦寶時尚服飾有限公司	PRC	HKD10,000,000	91%	-	91%	Sourcing and distribution of non-down apparels
Shanghai Bosideng Information Technology Co., Ltd. 上海波司登信息科技有限公司	PRC	RMB50,000,000	100%	-	100%	Network consulting and e-business of down and non-down apparels
Xuezhongfei Enterprise Co., Ltd. 雪中飛實業有限公司	PRC	RMB500,000,000	100%	-	100%	Distribution of down apparels
Shanghai Bosideng Electronic commerce Co., Ltd. 上海波司登電子商務有限公司	PRC	RMB28,000,000	100%	-	100%	E-commerce of down and non-down apparels

i) The English translation of the names of the companies registered in the PRC above is for reference only. The official names of these companies are in Chinese.

ii) Subsidiary acquired during the year ended March 31, 2017.

As at March 31, 2017 and 2016, none of the Group's subsidiaries have non-controlling interests that are material to the Group's consolidated financial statements.

31 INVESTMENT IN SUBSIDIARIES (continued)

(b) A trust for the Share Award Scheme (the "Trust")

On September 23, 2011, the Company adopted a share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares. The Share Award Scheme will remain in force for a period commencing on September 23, 2011 and ending on March 31, 2018.

The Company has appointed a trustee for administration of the Share Award Scheme (the "Trustee"). The principal activity of the Trustee is administrating and holding the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in the Trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of the Company's shares held by the Trustee under the Share Award Scheme will not exceed 1.5% of the total issued shares of the Company at any time.

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "Awarded Shares") through their continued employment with the Group, the Group is required to consolidate the Trust.

As at March 31, 2017, the Company had contributed RMB83,025,000 (March 31, 2016: RMB72,269,000) to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

During the year ended March 31, 2017, the Trustee purchased 21,812,000 shares of the Company at a total cost (including related transaction costs) of RMB13,482,000. As at March 31, 2017, total number of shares purchased by the Trustee was 98,400,000 (March 31, 2016: 76,588,000) at a total cost (including related transaction costs) of RMB99,160,000 (March 31, 2016: RMB85,678,000).

32 INTEREST IN AN ASSOCIATE

The following list contains the pre-existing interest in an associate prior to the business combination in July 2016 (note 37):

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Buoubuou International Holdings Limited 邦寶國際控股有限公司	Incorporated	BVI	600,000,000 ordinary shares of US$0.0001 each	21%	–	30%	Sourcing and distribution of non-down apparels

Note: The entity and its subsidiaries are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of "BUOU BUOU" branded ladieswear apparels in the PRC market.

The above associate was accounted for using the equity method in the consolidated financial statements as at March 31, 2016.

As at March 31, 2017 and 2016, the Group's associate is not material to the Group's consolidated financial statements.

Information of the associate that is not individually material:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Carrying amount of individually immaterial associate in the consolidated financial statements	**–**	237,013
Amounts of the Group's share of the associate:		
(Losses)/profits from continuing operations	**(19,291)**	14,557
Other comprehensive income	**–**	–
Total comprehensive income	**(19,291)**	14,557

33 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital RMB'000 (note 33(c))	Share premium RMB'000 (note 33(e))	Capital reserves RMB'000 (note 33(d))	Translation reserves RMB'000 (note 33(d))	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2015	622	–	76,066	(794,930)	1,323,560	605,318
Changes in equity for the year:						
Loss for the year	–	–	–	–	(95,553)	(95,553)
Foreign currency translation differences -foreign operations	–	–	–	29,756	–	29,756
Dividends (note 33(b))	–	–	–	–	(63,112)	(63,112)
Purchase of own shares (note 33(c))	–	–	–	–	(2,918)	(2,918)
Balance at March 31, 2016	622	–	76,066	(765,174)	1,161,977	473,491
Changes in equity for the year:						
Acquisition through a business combination (note 37)	57	465,416	–	–	–	465,473
Capitalization of a loan payable (note 26)	124	1,491,487	–	–	–	1,491,611
Loss for the year	–	–	–	–	(227,404)	(227,404)
Equity settled share-based transactions (note 34)	–	–	30,978	–	–	30,978
Foreign currency translation differences -foreign operations	–	–	–	73,651	–	73,651
Dividends (note 33(b))	–	–	–	–	(292,909)	(292,909)
Purchase of own shares (note 33(c))	–	–	–	–	(1,962)	(1,962)
Balance at March 31, 2017	803	1,956,903	107,044	(691,523)	639,702	2,012,929

33 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Interim dividend declared and paid of RMB0.9 cent per ordinary share (2016: interim dividend declared and paid of nil per ordinary share)	**94,752**	–
Final dividend proposed after the end of the reporting period of RMB0.4 cent per ordinary share (2016: RMB2.2 cents per ordinary share)	**46,699**	176,795
	141,451	176,795

The final dividends proposed after the end of the reporting period have not been recognized as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB2.2 cents per ordinary share (2016: final dividend of RMB0.8 cents per ordinary share)	**198,157**	63,112

33 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

Movements in the authorized and issued and fully paid share capital of the Company during the years are as follows:

	2017 No. of shares ('000)	**2017** RMB'000	2016 No. of shares ('000)	2016 RMB'000
Authorized:				
Ordinary shares	**20,000,000**	**1,556**	20,000,000	1,556
USD equivalent ('000)		**200**		200
Ordinary shares, issued and fully paid:				
At April 1 and March 31	**10,682,560**	**803**	8,001,578	622

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of USD100, divided into 100 shares of par value of USD1.00 each. Through a series of changes in share capital, the authorized share capital is USD200,000 divided into 20,000,000,000 ordinary shares of USD0.00001 each after the completion of the Hong Kong Public Offering and the International Placing.

33 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital (continued)

Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share RMB	Lowest price paid per share RMB	Aggregated price paid RMB'000
05/2016	592,000	0.50	0.50	299
05/2016	2,162,000	0.50	0.50	1,094
05/2016	1,126,000	0.51	0.51	569
				1,962

These repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The total amount paid on the repurchased shares of RMB1,962,000 was charged to retained earnings.

Capitalization of a loan payable

On January 8, 2016, the Company entered into a JPY24 billion facility agreement with New Surplus International Investment Limited (a company ultimately controlled by Mr. Gao Dekang, the controlling shareholder of the Company) ("New Surplus"), pursuant to which New Surplus advanced the loan to the Company at a compound interest rate of 2.5% per annum with a repayment date of March 23, 2017. The loan was drawn down in April 2016. On September 6, 2016, the Company entered into the subscription agreement with New Surplus, pursuant to which New Surplus conditionally agreed to subscribe and the Company conditionally agreed to allot and issue an aggregate of 1,834,862,385 new shares by capitalizing the loan of JPY24 billion payable to New Surplus. Upon completion of the subscription agreement on October 25, 2016, the Company's share capital increased by RMB124,000.

33 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves at March 31, 2017 and 2016 represent the value of employee services in respect of shares granted to employees and consultants.

(ii) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the entities now comprising the Group which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

(iii) Foreign currency translation reserves

The foreign currency translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC which are dealt with in accordance with the accounting policies as set out in note 3(t).

(iv) Fair value reserves

The fair value reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

(e) Distributable reserves

Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, all reserves (including share premium and retained earnings) of the Company may be applied for payment of distributions or dividends to equity shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at March 31, 2017, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB2,012,126,000 (2016: RMB472,869,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

33 CAPITAL, RESERVES AND DIVIDENDS (continued)

(f) Capital management (continued)

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity and redeemable preference shares, other than amounts recognized in equity relating to cash flow hedges, less unaccrued proposed dividends.

During the year ended March 31, 2017, the Group's strategy, which was unchanged from 2016, was to maintain the adjusted net debt-to-capital ratio at the lower end of the range 10% to 30%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The adjusted net debt-to-equity ratio as at March 31, 2017 and 2016 was as follows:

	Note	**2017** **RMB'000**	2016 RMB'000
Current liabilities:			
Interest-bearing borrowings	26	**2,984,882**	3,393,915
Total debt		**2,984,882**	3,393,915
Add: Proposed dividends	33(b)	**46,699**	175,103
Less: Cash and cash equivalents	25	**(2,834,989)**	(3,023,421)
Adjusted net debt		**196,592**	545,597
Total equity		**9,355,227**	7,452,305
Less: Proposed dividends	33(b)	**(46,699)**	(175,103)
Adjusted capital		**9,308,528**	7,277,202
Adjusted net debt to-capital ratio		**2%**	7%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme and share award scheme

A share option scheme (the "Share Option Scheme") was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the Board on September 15, 2007. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

On September 23, 2011, the Company adopted a share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares.

On August 5, 2016, the Company amended the Share Award Scheme so that (i) directors of the Company shall also be eligible to participate in the Share Award Scheme, subject to the terms of their service agreements or other agreements with the Company or any member of the Company; and (ii) the relevant scheme limits under the Share Award Scheme can be increased, with effect from that date.

(b) Restricted shares

On August 5, 2016, the Group granted an aggregate number of 180,900,000 restricted shares to 66 selected persons who are directors and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.33 per share.

These restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ending March 31, 2018 and 2019, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.33 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2017, payment for all restricted shares were received by the Group and such payments were recorded as current other payables amounting to RMB20,261,000 and non-current other payables amounting to RMB30,391,000.

No shares were forfeited during the year ended March 31, 2017. As at March 31, 2017, no shares were vested, as the performance had not been met by March 31, 2017.

(c) Share options

On August 5, 2016, the Group granted 180,900,000 share options to 66 selected persons who are directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.71 per share.

These share options are valid for four years, and vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ending March 31, 2018 and 2019.

During the year ended March 31, 2017, no share options were forfeited. As at March 31, 2017, no share options were vested.

34 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(d) Fair value of restricted shares and share options and assumptions

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the restricted shares granted is measured based on an Asian option model. The discount of lack of marketability ("DLOM") during the lock-up period of the restricted shares is used as one of the key inputs into this model. The key inputs and assumptions used in the model are as follows.

Fair value of restricted shares and assumptions

Fair value at grant date	HKD0.3013~0.3064
Share price at grant date	HKD0.71
Purchase price	HKD0.33
Expected DLOM (weighted average)	10.370%~11.080%
Lock-up period	12 months
Expected dividend	3.660%
Risk-free interest rate (based on government bonds)	0.571%~0.582%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as one of the key inputs into this model. Expectations of early exercise and demission rate are incorporated into the binomial lattice model. The key inputs and assumptions used in the model are as follows.

Fair value of share options and assumptions

Fair value at grant date	HKD0.1656~0.1710
Share price at grant date	HKD0.71
Exercise price	HKD0.71
Expected volatility (weighted average)	40.097%
Expected life (weighted average)	4 years
Expected dividend	3.660%
Risk-free interest rate (based on government bonds)	0.577%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Both restricted shares and share options were granted under a service condition and certain non-market performance conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the restricted shares and share option grants.

(e) Expense recognized in profit or loss

For details of the related employee benefit expenses, see note 8.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to business risks primarily arising from the weather conditions and competition.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables and receivables due from related parties. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are in general due within 30 to 90 days from the date of billing. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no significant concentration of credit risk.

The maximum exposure to credit risk without taking account of any collateral is represented by the carrying amount of trade and other receivables and receivables due from related parties in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

(ii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

(iii) Available-for-sale financial assets and other financial assets

Available-for-sale financial assets and other financial assets are arranged with financial institutions with established credit ratings. Pursuant to the agreements with the financial institutions, there is limited credit risk on the principal amounts, as majority of these are guaranteed by the financial institutions.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2017 Contractual undiscounted cash flow						2016 Contractual undiscounted cash flow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at March 31 RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at March 31 RMB'000
The Group												
Interest-bearing borrowings	3,017,989	–	–	–	3,017,989	2,984,882	3,434,746	–	–	–	3,434,746	3,393,915
Trade and other payables	1,204,006	–	–	–	1,204,006	1,204,006	1,025,370	–	–	–	1,025,370	1,025,370
Payables due to related parties	21,224	–	–	–	21,224	21,224	2,331	–	–	–	2,331	2,331
Non-current other payables	–	70,003	93,279	–	163,282	155,431	–	–	–	–	–	–
	4,243,219	70,003	93,279	–	4,406,501	4,365,543	4,462,447	–	–	–	4,462,447	4,421,616

As shown in the above analysis, bank loans of the Group amounting to RMB3,017,989,000 were due to be repaid during the year ending March 31, 2018. The short-term liquidity risk inherent in this contractual maturity date is expected to be addressed after the end of the reporting period by obtaining new loan financing from new and existing lenders.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below:

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing borrowings at the end of the reporting period:

	2017		2016	
Variable rate borrowings	**Effective Interest rate**	**RMB'000**	Effective Interest rate	RMB'000
The Group				
Interest-bearing borrowings	**2.69%**	**(2,984,882)**	2.27%	(3,393,915)
		(2,984,882)		(3,393,915)

(ii) Sensitivity analysis

At March 31, 2017, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB28,767,000 (2016: decreased/increased by approximately RMB32,799,000). Other components of equity would not have been affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2016.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB have to take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. The Group is exposed to currency risk primarily through bank deposits and interest-bearing borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars and Hong Kong Dollars.

(i) Exposure to currency risk

The following table details the Group's major exposures at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Renminbi)							
	2017				2016			
	Renminbi RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000	Japanese Yen RMB'000	Renminbi RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000	Japanese Yen RMB'000
Bank deposits	–	265,427	140,822	252,064	–	30,543	115,826	–
Trade receivables	–	34,351	–	–	–	7,084	–	–
Prepayments for materials and service suppliers	–	40,799	9	–	–	41,207	–	–
Trade payables	–	(1,331)	–	–	–	(1,749)	–	–
Interest-bearing borrowings	(147,450)	–	(829,077)	(153,767)	(200,000)	–	(778,047)	–
	(147,450)	339,246	(688,246)	98,297	(200,000)	77,085	(662,221)	–

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2017			2016		
	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000
Hong Kong Dollars	**10%**	**(63,488)**	**–**	10%	(61,221)	–
United States Dollars	**10%**	**25,445**	**–**	10%	5,782	–
Renminbi	**10%**	**(14,745)**	**–**	10%	(20,000)	–
Japanese Yen	**10%**	**9,830**	**–**	10%	–	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2016.

(e) Business risk

The Group's primary business is research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, which experiences seasonal fluctuations. As such, the sales volumes and revenue in the second half of the financial year are normally substantially higher than those during the first half of the financial year. The Group's financial results are influenced by the weather conditions during the year and the rapidity with which designs are copied by competitors and reproduced at lower prices, as well as by the Group's ability to develop new designs that capture market demand, maintain an effective distribution network, manufacture sufficient quantities to meet cyclical sales, and manage an optimal level of inventories. Based on these factors, the Group may experience significant fluctuations in its future financial results.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(f) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group

		Fair value measurements as at March 31, 2017 categorized into	
	Fair value at March 31, 2017 RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 22)	**2,610,210**	**2,610,210**	–
Derivative financial assets (note 27)	**3,388**	**3,388**	–
Financial liabilities:			
Derivative financial liabilities (note 29)	–	–	–

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The Group

	Fair value at March 31, 2016 RMB'000	Fair value measurements as at March 31, 2016 categorized into: Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 22)	1,258,481	1,258,481	–
Financial liabilities:			
Derivative financial liabilities (note 29)	3,219	–	3,219

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of available-for-sale financial assets in Level 2 is determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

Information about Level 3 fair value measurement

The fair value of derivative financial liabilities is determined by using appropriate valuation techniques with significant unobservable inputs.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2017 and 2016.

36 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at March 31, 2017 not provided for in the consolidated financial statements were as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Contracted for	**13,820**	24,440
Authorized but not contracted for	**–**	–
	13,820	24,440

The Company had no capital commitments outstanding at March 31, 2017 and 2016.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At March 31, 2017 RMB'000	2016 RMB'000
Within 1 year	**61,173**	61,683
After 1 year but within 5 years	**76,895**	55,200
Over 5 years	**177**	1,141
	138,245	118,024

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of between one and six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the year, were RMB746,121,000 for the year ended March 31, 2017 (2016: RMB661,478,000).

(c) Contingent liabilities

As at March 31, 2017, the Group did not have any significant contingent liabilities.

37 BUSINESS COMBINATION

Acquisition of Buoubuou International Holdings Limited

Pursuant to the agreement dated July 8, 2016 and supplemental agreement dated July 12, 2016, the Group obtained control of Buoubuou International Holdings Limited (the "Target Company") on July 22, 2016 ("the Acquisition Date") by acquiring an additional 70% of the shares and voting interests in the Target Company.

The revenue and net profit that the Target Company contributed to the Group during the period ended March 31, 2017 are RMB298,499,000 and RMB29,495,000 respectively. If the acquisition had occurred on April 1, 2016, management estimates that the Group's consolidated revenue and consolidated profit for the period ended March 31, 2017 would have been RMB6,930,667,000 and RMB304,816,000 respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition have occurred on April 1, 2016.

The total consideration payable by the Group comprises cash consideration of RMB70,000,000 and issuance of 850,000,000 new ordinary shares with a fair value of RMB465,473,000. The fair value of the ordinary shares issued was based on the listed share price of the Company on July 22, 2016 of HKD0.636 per share.

The Group's pre-existing interest in the Target Company was remeasured to fair value on the Acquisition Date, which resulted in a gain of RMB29,083,000 being recognized in profit or loss by reference to the difference between its fair value of RMB191,032,000 and its carrying amount of RMB161,949,000 as at the Acquisition Date.

37 BUSINESS COMBINATION (continued)

The above acquisition had the following effect on the Group's assets and liabilities.

The amounts disclosed in the interim report were provisional due to the proximity of the acquisition to the Group's half-year end. The amounts were therefore based on the latest available draft completion accounts at the time and have since been completed within the 12-month measurement period permitted by IFRS 3 Business Combinations.

	Pre-acquisition carrying amounts RMB'000	Fair value Adjustments RMB'000	Recognized values on acquisition RMB'000
Property, plant and equipment	25,070	–	25,070
Intangible assets (note 16)	–	243,700	243,700
Inventories	232,440	(65,992)	166,448
Trade and other receivables	230,560	(6,915)	223,645
Prepayments for materials and service suppliers	7,201	–	7,201
Cash and cash equivalents	14,425	–	14,425
Trade and other payables	(143,757)	–	(143,757)
Income tax payables	(18,439)	–	(18,439)
Dividends payable (note 28&30)	(185,911)	–	(185,911)
Interest-bearing borrowings	(69,985)	–	(69,985)
Deferred tax assets/(liabilities) (note 19(b))	3,314	(44,427)	(41,113)
Net identifiable assets	94,918	126,366	221,284
Non-controlling interests arising from the acquisition			(19,916)
Goodwill arising from the acquisition (note 16)			525,137
Total consideration			726,505
Representing:			
Fair value of pre-existing equity interest			191,032
Cash			70,000
Allotment of new ordinary shares			465,473
			726,505
Analysis of the net cash outflow in respect of the acquisition:			
Cash consideration paid			70,000
Less: cash acquired			(14,425)
Net cash outflow in acquisition			55,575

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognized on acquisition are their estimated fair values. The valuation techniques used for measuring the fair value of material assets acquired were as follows.

37 BUSINESS COMBINATION (continued)

Assets acquired	Valuation technique
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The goodwill recognized on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the Target Company into the Group's existing ladieswear business.

38 DISPOSAL OF A SUBSIDIARY

Pursuant to a sale and purchase agreement dated February 17, 2017, the Group disposed of its entire equity interest in Shanghai Xugao Fashion Co., Ltd., the then subsidiary indirectly held by the Group, to an independent third party for a cash consideration of RMB40,526,698. The disposal transaction was completed on March 15, 2017.

The above disposal had the following effect on the Group's assets and liabilities upon the date when control was lost:

Net assets disposed of:	RMB'000
Property, plant and equipment	8,458
Inventories	62,999
Trade and other receivables	90,637
Prepayments for materials and service suppliers	3,746
Intangible assets	2,459
Cash and cash equivalents	12,881
Trade and other payables	(100,710)
Net assets	80,470
Non-controlling interests	(39,430)
Loss on disposal of subsidiaries	(513)
Cash proceeds from disposal of subsidiaries	40,527

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Cash consideration	40,527
Less: cash disposed of	(12,881)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	27,646

39 RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
Bosideng Corporation 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family ("the Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") 山東康博置業有限公司(「山東康博置業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. ("Shandong Kangbo Industrial") 山東康博實業有限公司(「山東康博實業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司(「江蘇蘇甬」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣制衣有限公司(「江蘇康欣」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd. ("Zhongke Bosideng") 中科波司登納米服飾(蘇州)有限公司(「中科波司登」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
New Surplus International Investment Limited 盈新國際投資有限公司	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since Oct 25, 2016

39 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

	For the year ended March 31, 2017 RMB'000	2016 RMB'000
Purchase of raw materials		
Bosideng Corporation	247	164
Jiangsu Kangxin	–	3
Total	247	167
Interest expenses		
New surplus	21,224	–
Total	21,224	–
Rental expenses for lease of properties		
Bosideng Corporation	12,909	16,600
Shandong Kangbo Industrial	–	2,135
Jiangsu Suyong	4,009	3,585
Total	16,918	22,320
Processing fee costs		
Bosideng Corporation	539,236	681,073
Shandong Kangbo Industrial	3,965	4,302
Jiangsu Kangxin	11,354	3,293
Total	554,555	688,668
Integrated service fees		
Bosideng Corporation (i)	4,516	5,533
Jiangsu Suyong	37	–
Total	4,553	5,533
Disposal of a lease prepayment and buildings		
Shandong Kangbo Property	51,105	–
Total	51,105	–

Key management personnel remuneration is disclosed in note 11.

The interest-bearing borrowings of RMB1,466,719,000 from New Surplus during the year was capitalized into shares, as disclosed in note 33 (c).

39 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

(i) The fees were mainly paid to a hotel owned by Bosideng Corporation, which provided hotel accommodation services to the Group, and property management fee paid to a property management company owned by Bosideng Corporation.

The related party transactions above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section, Continuing Connected Transactions of the Report of directors.

(b) Balances with related parties

	2017 **RMB'000**	2016 RMB'000
Other receivables due from:		
Bosideng Corporation	**234,523**	295,589
Jiangsu Kangxin	**3,621**	4,410
Jiangsu Suyong	**133**	124
Shandong Kangbo Property	**51,560**	–
	289,837	300,123
Total receivables due from related parties	**289,837**	300,123
Other payables due to:		
Shandong Kangbo Industrial	**–**	2,222
Jiangsu Suyong	**–**	109
New Surplus	**21,224**	–
	21,224	2,331
Total payables due to related parties	**21,224**	2,331

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At March 31, 2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**833**	657
Investment in subsidiaries		**1,932,076**	1,050,290
		1,932,909	1,050,947
Current assets			
Trade, bills and other receivables		**21,401**	137,060
Dividends due from a subsidiary		**1,677,220**	1,570,718
Cash and cash equivalents		**634,377**	275,783
		2,332,998	1,983,561
Current liabilities			
Interest-bearing borrowings		**2,194,556**	2,553,148
Trade and other payables		**58,422**	7,869
		2,252,978	2,561,017
Net current liabilities		**80,020**	(577,456)
Total assets less current liabilities		**2,012,929**	473,491
Non-current liabilities		**–**	–
Net assets		**2,012,929**	473,491
Capital and reserves			
Share capital	33(c)	**803**	622
Reserves	33(d)	**2,012,126**	472,869
Total equity		**2,012,929**	473,491

41 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to March 31, 2017, the Company proposed a final dividend of RMB46,699,000 representing RMB0.4 cents per ordinary share to the equity shareholders of the Company.

(b) Pursuant to an agreement dated March 28, 2017, the Company acquired 100% of issued shares and voting interests of Joy Smile from Jun Da Group Limited, a fellow subsidiary of Talent Shine International Limited, and acquired 100% equity interests of You Nuo from three natural persons on April 28, 2017. The total consideration payable comprises cash consideration of RMB680 million subject to adjustments based on the performance of Joy Smile and You Nuo for the financial year ending March 31, 2018.

Joy Smile is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. Joy Smile and its subsidiaries are principally engaged in sourcing and distribution of ladieswear with brands, including KOREANO and KLOVA. It owns the trademarks for these two brands and has its own sales channel and management team.

You Nuo is a company incorporated in the PRC with limited liability and is principally engaged in manufacturing, processing and sales of high-end ladieswear. It is currently the sole production agent of Joy Smile ladieswear with the brands KOREANO and KLOVA. The Company intends to use the land owned by You Nuo as a production base and logistics centre for Joy Smile.

42 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2017 to be Kong Bo Investment Limited, which is incorporated in the British Virgin Islands.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2017

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended March 31, 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after (unless specified)
Amendments to IAS 7, *Statement of cash flows: Disclosure initiative*	January 1, 2017
Amendments to IAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*	January 1, 2017
IFRIC 22, *Foreign currency transactions and advance consideration*	January 1, 2018
IFRS 9, *Financial instruments*	January 1, 2018
IFRS 15, *Revenue from contracts with customers*	January 1, 2018
Amendments to IFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	January 1, 2018
IFRS 16, *Leases*	January 1, 2019

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2017 (continued)

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified certain aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards:

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:.

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

– The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

– For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of IFRS 9.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group is in the process of assessing whether this new requirement would have impact on the measurement for the financial liability designated at FVTPL, once IFRS 9 is adopted.

(b) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2017 (continued)

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting IFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 3(s). Currently, revenue arising from the provision of services is recognised in proportion to the stage of completion of the transaction, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts IFRS 15 for some of the Group's contracts, the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2017 (continued)

IFRS 15, Revenue from contracts with customers (continued)

(b) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

The Group is in the process of assessing whether this component in the Group's advance payment schemes would be significant to the contract and therefore whether, once IFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue.

(c) Sales with a right of return

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales.

The Group expects that the adoption of IFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

IFRS 16, Leases

As disclosed in note 3(i), currently the Group's accounting policy is to classify leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Currently the Group does not have any leases which meet the criteria for classification as finance lease. The group enters into the lease of certain investment properties as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2017 (continued)

IFRS 16, Leases (continued)

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 36(b), at March 31, 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB138,245,000 for properties, some of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

The Group is considering whether to adopt IFRS 16 before its effective date of 1 January 2019. However, early adoption of IFRS 16 is only permitted if this is no earlier than the adoption of IFRS 15. It is therefore unlikely that IFRS 16 will be adopted before the effective date of IFRS 15, being 1 January 2018.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang (Chairman of the Board and Chief Executive Officer) *(Notes 1 & 2)*
Ms. Mei Dong
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Mr. Mak Yun Kuen
Mr. Rui Jinsong
Mr. Gao Xiaodong

Independent Non-executive Directors

Mr. Dong Binggen *(Notes 1, 2 & 3)*
Mr. Wang Yao *(Notes 1, 2 & 3)*
Dr. Ngai Wai Fung *(Note 3)*
Mr. Lian Jie *(Note 3)*

COMPANY SECRETARY

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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Tel: (852) 2866 6918
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WEBSITES

http://company.bosideng.com
http://www.bosideng.com

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

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Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5709, 57/F., The Center
99 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited (formerly known Royal Bank of Canada Trust Company (Cayman) Limited)
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Changshu Sub-branch
Bank of China Limited, Changshu Sub-branch
China Construction Bank Corporation, Changshu Sub-branch
China Minsheng Banking Corp., Ltd., Suzhou Sub-branch
Standard Chartered Bank (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Bank of Communications Co., Ltd., Hong Kong Branch

Notes:

(1) Members of Remuneration Committee, Mr. Wang Yao is the Chairman of the Committee

(2) Members of Nomination Committee, Mr. Gao Dekang is the Chairman of the Committee

(3) Members of Audit Committee, Dr. Ngai Wai Fung is the Chairman of the Committee

Shareholder Information

IMPORTANT DATES

Closure of Register of Members

August 22, 2017 to August 25, 2017
(for attending the Annual General Meeting) (both days inclusive)

September 4, 2017 to September 6, 2017
(for entitlement to the Final Dividends) (both days inclusive)

ANNUAL GENERAL MEETING

On or around August 25, 2017

Dividends

Final Dividend	:	HKD0.5 cents per ordinary share
Payable on	:	On or around September 20, 2017

Financial Year End

March 31

Board Lot

2,000 Shares

波司登

BSD

BOSIDENG