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波司登國際控股有限公司
Bosideng International Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3998)

ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2016

HIGHLIGHTS

- Revenue decreased by 8.0% to approximately RMB5,787.3 million
- Gross profit margin slightly decreased by 0.5 percentage points to 45.1%
- Net profit attributable to equity shareholders of the Company surged 112.5% to approximately RMB280.9 million
- Net cash from operating activities further enhanced to net inflow of approximately RMB708.7 million
- The Board proposed a final dividend of HKD2.6 cents per ordinary share

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Bosideng International Holdings Limited (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended March 31, 2016, together with the comparative figures for the year ended March 31, 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2016
(Expressed in Renminbi)

	<i>Note</i>	For the year ended March 31, 2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Revenue	3	5,787,321	6,292,569
Cost of sales		<u>(3,178,103)</u>	<u>(3,422,560)</u>
Gross profit		2,609,218	2,870,009
Other income	4	55,824	85,775
Selling and distribution expenses		(1,766,182)	(2,108,497)
Administrative expenses		(477,730)	(536,273)
Impairment losses on goodwill		(79,000)	(98,000)
Other expenses – donations		<u>(4,451)</u>	<u>(14,114)</u>
Profit from operations		<u>337,679</u>	<u>198,900</u>
Finance income		155,056	166,890
Finance costs		<u>(100,764)</u>	<u>(152,572)</u>
Net finance income	6	<u>54,292</u>	<u>14,318</u>
Share of profits of an associate, net of tax		<u>14,557</u>	<u>24,871</u>
Profit before income tax		406,528	238,089
Income tax expense	7	<u>(144,695)</u>	<u>(100,166)</u>
Profit for the year		<u>261,833</u>	<u>137,923</u>
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(157,179)	10,578
Change in the fair value of available-for-sale financial assets		–	5,310
Available-for-sale financial assets reclassified to profit or loss on disposal		–	(2,588)
Income tax on items that may be reclassified subsequently to profit or loss		<u>–</u>	<u>(680)</u>
Other comprehensive income for the year, net of tax		<u>(157,179)</u>	<u>12,620</u>
Total comprehensive income for the year		<u>104,654</u>	<u>150,543</u>

	For the year ended March 31,		
	<i>Note</i>	2016	2015
		RMB'000	RMB'000
Profit attributable to:			
Equity shareholders of the Company		280,942	132,197
Non-controlling interests		(19,109)	5,726
		<u>280,942</u>	<u>132,197</u>
Profit for the year		<u>261,833</u>	<u>137,923</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		123,749	144,204
Non-controlling interests		(19,095)	6,339
		<u>123,749</u>	<u>144,204</u>
Total comprehensive income for the year		<u>104,654</u>	<u>150,543</u>
Earnings per share			
– basic (<i>RMB cents</i>)	8	<u>3.54</u>	<u>1.66</u>
– diluted (<i>RMB cents</i>)		<u>3.54</u>	<u>1.65</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At March 31, 2016***(Expressed in Renminbi)*

	<i>Note</i>	At March 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		927,246	962,750
Non-current receivables		90,759	–
Lease prepayments		37,375	38,264
Intangible assets and goodwill	9	759,638	874,219
Investment properties		194,480	198,322
Interest in an associate		237,013	222,456
Deferred tax assets		451,594	469,813
		2,698,105	2,765,824
Current assets			
Inventories	10	1,628,588	1,908,918
Trade, bills and other receivables	11	1,506,466	1,793,709
Receivables due from related parties		300,123	157,157
Prepayments for materials and service suppliers		109,797	128,714
Other financial assets		–	234,060
Available-for-sale financial assets		1,258,481	2,027,181
Pledged bank deposits		1,127,527	733,463
Time deposits with maturity over 3 months		503,100	268,900
Cash and cash equivalents		3,023,421	2,470,780
		9,457,503	9,722,882
Current liabilities			
Current income tax liabilities		126,041	112,829
Interest-bearing borrowings		3,393,915	2,544,435
Trade and other payables	12	1,025,370	1,261,219
Payables due to related parties		2,331	1,484
Derivative financial liabilities		3,219	–
		4,550,876	3,919,967
Net current assets		4,906,627	5,802,915
Total assets less current liabilities		7,604,732	8,568,739

	<i>Note</i>	At March 31,	
		2016	2015
		RMB'000	RMB'000
Non-current liabilities			
Interest-bearing borrowings		–	993,194
Derivative financial liabilities		–	1,435
Deferred tax liabilities		<u>152,427</u>	<u>160,211</u>
		<u>152,427</u>	<u>1,154,840</u>
Net assets		<u>7,452,305</u>	<u>7,413,899</u>
Capital and reserves			
Share capital		622	622
Reserves		<u>7,241,755</u>	<u>7,184,594</u>
Equity attributable to equity shareholders of the Company		7,242,377	7,185,216
Non-controlling interests		<u>209,928</u>	<u>228,683</u>
Total equity		<u>7,452,305</u>	<u>7,413,899</u>

NOTES TO THE CONSOLIDATED 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 (the “Listing Date”).

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.

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(b) 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) 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 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

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 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. No operating segment has 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, 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	<u><u>3,977,197</u></u>	<u><u>984,489</u></u>	<u><u>837,568</u></u>	<u><u>5,799,254</u></u>
Reportable segment profit from operations	<u><u>393,141</u></u>	<u><u>135,696</u></u>	<u><u>(15,135)</u></u>	<u><u>513,702</u></u>
Depreciation	(72,735)	(181)	(35,871)	(108,787)
Share of profits of associates	–	–	14,557	14,557
Impairment losses on goodwill	–	–	(79,000)	(79,000)
	For the year ended March 31, 2015			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	4,079,842	1,201,806	1,010,921	6,292,569
Inter-segment revenue	–	1,238	22,616	23,854
Reportable segment revenues	<u><u>4,079,842</u></u>	<u><u>1,203,044</u></u>	<u><u>1,033,537</u></u>	<u><u>6,316,423</u></u>
Reportable segment profit from operations	<u><u>306,254</u></u>	<u><u>128,695</u></u>	<u><u>(8,678)</u></u>	<u><u>426,271</u></u>
Depreciation	(59,937)	(223)	(56,481)	(116,641)
Share of profits of associates	–	–	24,871	24,871
Impairment losses on goodwill	–	–	(98,000)	(98,000)

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

	For the year ended March 31,	
	2016	2015
	RMB'000	RMB'000
Revenue		
Reportable segment revenues	5,799,254	6,316,423
Elimination of inter-segment revenue	<u>(11,933)</u>	<u>(23,854)</u>
Consolidated revenue	<u>5,787,321</u>	<u>6,292,569</u>
	For the year ended March 31,	
	2016	2015
	RMB'000	RMB'000
Profit before income tax		
Reportable segment profit derived from the Group's external customers	513,702	426,271
Amortization expenses	(36,470)	(36,635)
Government grants	39,975	69,560
Gain on disposal of lease prepayments	–	1,177
Impairment losses	(79,000)	(98,000)
Unallocated expenses	(85,971)	(138,602)
Finance income	155,056	166,890
Finance costs	<u>(100,764)</u>	<u>(152,572)</u>
Consolidated profit before income tax	<u>406,528</u>	<u>238,089</u>

4 OTHER INCOME

		For the year ended March 31,	
	Note	2016	2015
		RMB'000	RMB'000
Royalty income	(i)	15,849	15,038
Government grants	(ii)	39,975	69,560
Gain on disposal of lease prepayments		<u>–</u>	<u>1,177</u>
Other income		<u>55,824</u>	<u>85,775</u>

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

(ii) The Group received unconditional discretionary grants amounting to RMB39,975,000 for the year ended March 31, 2016 (2015: RMB69,560,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

5 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,	
	2016 RMB'000	2015 RMB'000
Cost of inventories recognized as expenses included in cost of sales	3,162,238	3,490,199
Write down/(reversal) of inventory costs to their net realizable value	15,865	(67,639)
Depreciation		
– Assets leased out under operating leases	5,972	7,988
– Other assets	102,815	135,048
Amortization	36,470	36,635
Operating lease charges	139,375	174,379
Provision/(reversal) for impairment of bad and doubtful debts	37,340	(7,941)
Auditors' remuneration	6,500	6,600

6 NET FINANCE INCOME

	For the year ended March 31,	
	2016 RMB'000	2015 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	30,093	36,293
Interest income on available-for-sale financial assets	105,869	104,719
Interest income on other financial assets	2,820	14,604
	<hr/>	<hr/>
Total interest income on financial assets not at fair value through profit or loss	138,782	155,616
Change in fair value of contingent consideration payables	–	659
Change in fair value of derivative financial liabilities	–	10,615
Net foreign exchange gain	16,274	–
	<hr/>	<hr/>
Finance income	155,056	166,890
	<hr/>	<hr/>
Interest on interest-bearing borrowings	(86,669)	(100,188)
Bank charges	(12,311)	(8,179)
Change in fair value of derivative financial liabilities	(1,784)	–
Net foreign exchange loss	–	(44,205)
	<hr/>	<hr/>
Finance costs	(100,764)	(152,572)
	<hr/>	<hr/>
Net finance income recognized in profit or loss	54,292	14,318
	<hr/>	<hr/>

7 **INCOME TAX EXPENSE**

(a) **Income tax in profit or loss represents:**

	For the year ended March 31,	
	2016	2015
	RMB'000	RMB'000
Current tax expenses		
Provision for PRC income tax	134,260	128,371
Deferred tax benefit		
Reversal/(origination) of temporary differences	<u>10,435</u>	<u>(28,205)</u>
	<u>144,695</u>	<u>100,166</u>

- (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. and Rocawear (China) 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, 2016, 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.

The effective tax rate for the year ended March 31, 2016 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 mentioned above.

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

	For the year ended March 31,	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	<u>406,528</u>	<u>238,089</u>
Income tax at the applicable PRC income tax rate of 25%	101,632	59,522
Tax losses not recognized as deferred tax assets	23,698	14,057
Non-deductible expenses	32,882	43,570
Effect of tax concessions of PRC operations	(15,827)	(24,334)
Others	<u>2,310</u>	<u>7,351</u>
Income tax expense	<u>144,695</u>	<u>100,166</u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2016 is based on the profit attributable to equity shareholders of the Company of RMB280,942,000 for the year ended March 31, 2016 (2015: RMB132,197,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2016, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2016 '000	2015 '000
Issued ordinary shares at April 1	7,953,842	7,953,842
Effect of treasury shares held for Share Award Scheme	(15,214)	—
Effect of repurchased shares	(967)	—
	<u>7,937,661</u>	<u>7,953,842</u>
Weighted average number of ordinary shares at March 31	<u>7,937,661</u>	<u>7,953,842</u>
Basic earnings per share (<i>RMB cents</i>)	3.54	1.66

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2016 is based on the profit attributable to equity shareholders of the Company of RMB280,942,000 for the year ended March 31, 2016 (2015: RMB132,197,000) and the weighted average number of ordinary shares outstanding during the year ended March 31, 2016 after adjustment for the effect of dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2016 '000	2015 '000
Weighted average number of ordinary shares at March 31	7,937,661	7,953,842
Effect of dilution-Written put option	—	62,325
	<u>7,937,661</u>	<u>8,016,167</u>
Weighted average number of ordinary shares(diluted) at March 31	<u>7,937,661</u>	<u>8,016,167</u>
Basic earnings per share (<i>RMB cents</i>)	3.54	1.65

9 INTANGIBLE ASSETS AND GOODWILL

	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:				
At March 31, 2014, 2015 and 2016	777,053	597,882	206,765	1,581,700
Amortization and impairment losses:				
At March 31, 2014	(144,274)	(404,163)	(25,463)	(573,900)
Amortization charge for the year	–	(24,993)	(10,588)	(35,581)
Impairment losses	(98,000)	–	–	(98,000)
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 31, 2016	(321,274)	(454,149)	(46,639)	(822,062)
Net book value:				
At March 31, 2016	<u>455,779</u>	<u>143,733</u>	<u>160,126</u>	<u>759,638</u>
At March 31, 2015	<u>534,779</u>	<u>168,726</u>	<u>170,714</u>	<u>874,219</u>

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.

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, 2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Menswear	92,467	171,467
Ladieswear	<u>363,312</u>	<u>363,312</u>
	<u>455,779</u>	<u>534,779</u>

The recoverable amounts of Menswear CGU and Ladieswear CGU 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 and Ladieswear CGU was determined using a discount rate of 20% and 24%, respectively. Based on the assessment, the carrying amount of Menswear CGU was higher than its recoverable amount of RMB534,658,000 and impairment losses of RMB79,000,000 was recognized in profit or loss. The impairment losses were fully allocated to goodwill.

10 INVENTORIES

	At March 31,	
	2016	2015
	RMB'000	RMB'000
Raw materials	201,953	174,394
Work in progress	6,140	4,174
Finished goods	<u>1,420,495</u>	<u>1,730,350</u>
	<u>1,628,588</u>	<u>1,908,918</u>

At March 31, 2016, inventories carried at net realizable value amounted to approximately RMB492,839,797 (2015: RMB443,338,000).

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

11 TRADE, BILLS AND OTHER RECEIVABLES

	At March 31,	
	2016	2015
	RMB'000	RMB'000
Trade receivables	797,014	1,317,696
Bills receivable	127,858	23,218
Less: allowance for doubtful debts	<u>(102,961)</u>	<u>(73,729)</u>
	821,911	1,267,185
Third party other receivables:		
– VAT recoverable	174,348	238,049
– Deposits	159,023	181,031
– Advances to employees	8,913	7,808
– Deposits in relation to written put option	132,119	–
– Secured loans receivables	81,032	–
– Others	<u>129,120</u>	<u>99,636</u>
	<u>1,506,466</u>	<u>1,793,709</u>

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

(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,	
	2016	2015
	RMB'000	RMB'000
Within credit terms	506,700	959,685
1 to 3 months past due	79,012	169,449
Over 3 months but less than 6 months past due	210,805	90,655
Over 6 months but less than 12 months past due	23,027	39,794
Over 1 year past due	<u>2,367</u>	<u>7,602</u>
	<u>821,911</u>	<u>1,267,185</u>

Trade receivables and bills receivable are generally due within 30 to 90 days from the date of billing.

(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.

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	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
At April 1	73,729	111,613
Provision/(reversal) for impairment of bad and doubtful debts	37,340	(7,941)
Uncollectible amounts written off	<u>(8,108)</u>	<u>(29,943)</u>
At March 31	<u><u>102,961</u></u>	<u><u>73,729</u></u>

At March 31, 2016, the Group's trade receivables of RMB6,000,000 (2015: RMB74,769,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB368,000 (2015: RMB9,209,000) were recognized.

(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	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	----- 501,068 -----	----- 894,125 -----
1 to 3 months past due	77,013	162,998
Over 3 months but less than 6 months past due	209,618	89,101
Over 6 months but less than 12 months past due	22,935	39,680
Over 1 year past due	<u>2,258</u>	<u>7,602</u>
	<u><u>311,824</u></u>	<u><u>299,381</u></u>
	<u><u>812,892</u></u>	<u><u>1,193,506</u></u>

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.

12 TRADE AND OTHER PAYABLES

	At March 31,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	427,441	608,848
Other payables and accrued expenses		
– Deposits from customers	165,441	182,195
– Construction payables	5,102	14,496
– Accrued advertising expenses	1,054	3,582
– Accrued payroll and welfare	152,068	152,130
– Cash-settled written put option	80,832	93,041
– VAT payable	66,591	45,699
– Dividends payable	5,000	5,000
– Others	121,841	156,228
	<u>1,025,370</u>	<u>1,261,219</u>

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,	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	252,530	191,742
1 to 3 months	174,911	417,106
	<u>427,441</u>	<u>608,848</u>

13 DIVIDENDS

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

	For the year ended March 31,	
	2016	2015
	RMB'000	RMB'000
Interim dividend declared and paid of nil per ordinary share (2015: interim dividend of RMB1.0 cent per ordinary share)	–	76,080
Final dividend proposed after the end of the reporting period of RMB2.2 cents per ordinary share (2015: RMB0.8 cent per ordinary share)	<u>176,795</u>	<u>63,112</u>
	<u>176,795</u>	<u>139,192</u>

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,	
	2016	2015
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.8 cent per ordinary share (2015: final dividend of RMB1.6 cents per ordinary share)	<u>63,112</u>	<u>127,131</u>

14 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to March 31, 2016, the Company proposed a final dividend of RMB176,795,000, representing RMB2.2 cents per ordinary share to the equity shareholders of the Company.
- (b) On January 8, 2016, the Company entered into an agreement in connection with an unsecured loan facility in an aggregate amount of JPY24 billion (the “Loan”) with New Surplus International Investment Limited (a company ultimately controlled by Mr. Gao Dekang, the controlling shareholder of the Company) (“New Surplus”) (the “Facility Agreement”). The Company drew down the Loan in one lump sum on April 8, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

In recent years, the operating environment in China has been filled with uncertainties. The economic growth in China continued to slow down, which affected consumer sentiments. This has resulted in weak domestic demand and even worries over deflation. The apparel industry itself is also faced with rigorous challenges such as overcapacity, decreased brand competitiveness and the change of consumption pattern brought by the new trend of e-commerce. Moreover, more and more overseas brands accelerate their pace of business expansion in the PRC market exacerbated competition within the industry. As a result, traditional players in the PRC apparel industry are battling vigorously. In addition, the market's expectation and demand for down apparel products has been on the rise and not just limited to warmth but also the type of fabrics, fashion, brand image and design that combines lifestyle and science as well as shopping experience. Although these market trends have brought numerous challenges to the industry or even resulted in a situation where only the fittest can survive, they also pushed enterprises to seek changes and accelerate the transition from traditional mode of operation that focuses on wholesale and expansion through opening new stores, to a retail model that attaches great importance to the needs of consumers. Hence, down apparel companies are encouraged to make quick response to market changes throughout their business operation, including branding, product design and production, logistics and retail, so as to meet consumer expectations.

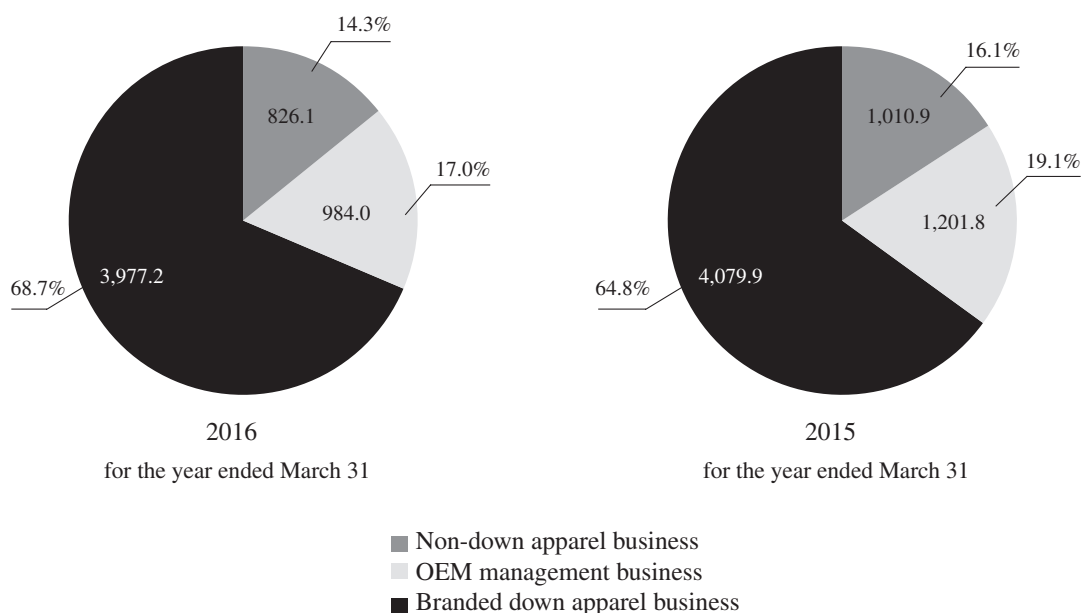
REVENUE ANALYSIS

Affected by the macro-economic environment in China, coupled with the Group's efforts to clear inventory, adjustment of the sales network and preparation for the enhancement of the brand portfolio of its down apparel business, had led to a decrease in overall revenue of the Group for the year. For the year ended March 31, 2016, revenue of the Group amounted to approximately RMB5,787.3 million, representing a year-on-year decrease of approximately 8.0%. During the year, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 68.7% of the Group's revenue, with the remaining 17.0% and 14.3% derived from the OEM management business and the non-down apparel business, respectively. In the previous year, these three business segments accounted for 64.8%, 19.1% and 16.1%, respectively, of the Group's revenue.

Revenue from the branded down apparel business, OEM management business and non-down apparel business amounted to approximately RMB3,977.2 million, RMB984.0 million and RMB826.1 million for the year, representing a year-on-year decrease of 2.5%, 18.1% and 18.3%, respectively.

Revenue of the Group by business

(RMB million)



Branded Down Apparel Business:

Subsequent to last year's business strategy, the Group further stepped up its efforts to optimize the retail network and clear inventory, and implemented a more stringent production and product planning for the year. During the year, the Group made use of specific sales channels such as temporary outlets, large-sized chain supermarkets and factory stores to clear inventory proactively and avoid overlapping with new arrivals which may affect the sales at its quality stores. In addition, after thorough analysis of retail statistics, the Group was able to precisely organize the production of various product styles, including the introduction of trial marketing, pursuant to which the Group would carry out trial marketing of some flagship products and styles in physical stores prior to formulating the production and sales plans to test and understand the market reaction, such that the Group would be able to formulate the corresponding production and sales plans to avoid unnecessary inventory to make the inventory level gradually revert to a reasonable and healthy level. However, revenue from various brands decreased inevitably as a result of strict control over production volume. Moreover, the Group was engaged in the groundwork and preparation for the brand restructuring in future years. Accordingly, *Snow Flying* and *Bengen* only developed a few new styles; whereas *Combo* focused its efforts in inventory clearance and did not develop any new style during the year to give room to clear old inventory. As a result, *Combo* recorded a comparatively larger decrease in sales during the year.

Revenue from down apparel business by brand

Brands	For the year ended March 31				
	2016		2015		Change
	RMB million	% of revenue from branded down apparel revenue	RMB million	% of revenue from branded down apparel revenue	
<i>Bosideng</i>	3,316.4	83.4%	3,225.0	79.0%	2.8%
<i>Snow Flying</i>	446.5	11.2%	478.9	11.7%	-6.8%
<i>Bengen</i>	52.0	1.3%	72.4	1.8%	-28.2%
<i>Combo</i>	83.0	2.1%	157.1	3.9%	-47.2%
Other brands	21.9	0.6%	66.4	1.6%	-67.0%
Others	57.4	1.4%	80.1	2.0%	-28.3%
Total revenue from branded down apparel business	<u>3,977.2</u>	<u>100.0%</u>	<u>4,079.9</u>	<u>100.0%</u>	<u>-2.5%</u>

Revenue from branded down apparel business by sale category

	For the year ended March 31				
	2016		2015		Change
	RMB million	% of revenue from branded down apparel revenue	RMB million	% of revenue from branded down apparel revenue	
Self-operated	2,112.2	53.1%	2,080.3	51.0%	1.5%
Wholesale	1,807.6	45.5%	1,919.5	47.0%	-5.8%
Others*	<u>57.4</u>	<u>1.4%</u>	<u>80.1</u>	<u>2.0%</u>	<u>-28.3%</u>
 Total revenue from branded down apparel business	 <u>3,977.2</u>	 <u>100.0%</u>	 <u>4,079.9</u>	 <u>100.0%</u>	 <u>-2.5%</u>

* Represents sales of raw materials related to down apparel products and other licensing fee, etc.

The consumption pattern in China has undergone significant changes in recent years. With the launch of more shopping malls, consumers prefer consumption channel that comprises shopping, dining and entertainment. Accordingly, during the year, the Group also reduced the number of store openings in less influential department stores to achieve better resource utilization. Despite fewer traditional sales channels, the Group swiftly responded to the changes in consumption model and adopted a new approach to sales and marketing. During the year, *Bosideng* made use of the “Pop-up Store” concept for the first time and successively organized six pop-up stores at prime shopping locations in six key China markets during the peak sales season from September to December to market *Bosideng*’s new down apparel products for the year. The pop-up stores attracted customer flow with innovative displays and eye-catching designs. Various live events, performances and games were introduced to increase interaction with consumers, thus enhancing brand recognition. The pop-up stores were well received by the market, which not only successfully became talk of the town with widespread media coverage, but also drove *Bosideng*’s local sales performance. The Group believes that it will accelerate store opening in large-scale shopping malls in the long run to allow the retail network of the Group to better satisfy the needs of the consumers.

As to the management of sales network, the Group endeavored to actively optimize the retail network and shut down underperforming stores to enhance store quality during the year. In addition, in line with the Group’s brand restructuring strategy, the Group started making adjustment to the sales network of *Snow Flying* since the end of the financial year by gradually combining some of the quality sales outlets with those under *Bosideng* while directly shutting down some sales outlets. As at March 31, 2016, the total number of retail outlets of the Group’s down apparel business (net) reduced by 1,328 to 5,271; self-operated outlets (net) reduced by 833 to 1,694; and retail outlets operated by third-party distributors (net) reduced by 495 to 3,577. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 32.1% and 67.9%, respectively.

Retail network breakdown by down apparel brand

As at March 31, 2016	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Combo</i>		<i>Bengen</i>		Total	
	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	311	-79	40	-44	4	-10	-	-2	355	-135
Operated by the third party distributors	1,778	-290	185	-220	14	-90	143	-39	2,120	-639
Subtotal	2,089	-369	225	-264	18	-100	143	-41	2,475	-774
Concessionary retail outlets										
Operated by the Group	856	-234	353	-195	130	-170	-	-99	1,339	-698
Operated by the third party distributors	894	245	160	-117	81	-174	322	190	1,457	144
Subtotal	1,750	11	513	-312	211	-344	322	91	2,796	-554
Total	3,839	-358	738	-576	229	-444	465	50	5,271	-1,328

Change: Compared with that as at March 31, 2015

Retail network of down apparel business breakdown by region

	As at March 31, 2016	As at March 31, 2015	Change
Eastern China	1,909	2,487	-578
Central China	1,008	1,221	-213
Northern China	506	731	-225
Northeast China	596	767	-171
Northwest China	786	768	18
Southwest China	466	625	-159
Total	5,271	6,599	-1,328

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 18.1% to RMB984.0 million, accounting for 17.0% of the Group's revenue. The decrease in revenue was mainly due to a one-off order secured in the previous financial year to assist a major client to develop a new product series, which resulted in a higher base for the previous financial year. If the one-off order secured in the previous financial year was excluded, revenue from the OEM management business would have remained stable.

The OEM management business had 12 major clients, mostly renowned US brands.

Non-down Apparel Business:

During the year, revenue from the Group's non-down apparel business was approximately RMB826.1 million, representing a decrease of 18.3%. During the year, non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail capability to enhance their business. The revenue from the non-down apparel business is as follows:

Revenue from non-down apparel business by brand

Brands	2016		2015		Change
	RMB million	% of revenue from non-down apparel	RMB million	% of revenue from non-down apparel	
<i>Bosideng MAN</i>	186.1	22.5%	275.8	27.3%	-32.5%
<i>JESSIE</i>	332.9	40.3%	320.2	31.7%	4.0%
<i>Mogao</i>	295.4	35.8%	397.4	39.3%	-25.7%
Others	11.7	1.4%	17.5	1.7%	-33.1%
Total revenue from non-down apparel business	<u>826.1</u>	<u>100.0%</u>	<u>1,010.9</u>	<u>100.0%</u>	<u>-18.3%</u>

Revenue from non-down apparel business by sale category

	For the year ended March 31				Change
	2016	%	2015	%	
	RMB million	of revenue from non- down apparel revenue	RMB million	of revenue from non- down apparel revenue	
Self-operated	579.7	70.2%	662.6	65.6%	-12.5%
Wholesale	242.8	29.4%	343.9	34.0%	-29.4%
Others*	3.6	0.4%	4.4	0.4%	-18.2%
Total revenue from non-down apparel business	826.1	100.0%	1,010.9	100.0%	-18.3%

* Represents rental income

Bosideng MAN

During the year, revenue from *Bosideng MAN* decreased by 32.5% to approximately RMB186.1 million. Revenue from self-operated and wholesale business decreased by 6.7% and 39.9% respectively to approximately RMB57.2 million and RMB128.9 million. The decrease in revenue was due to *Bosideng MAN*'s continued efforts in adjusting the retail network during the year and in eliminating less competitive retail outlets such that the total number of retail outlets (net) was reduced by 175 to 392. During the year, *Bosideng MAN* strengthened retail sales management and optimized product mix. In addition, as inventory clearance progressed well, *Bosideng MAN* simply made use of online platforms to clear inventory. Therefore, the proportion of new products in sales at the retail outlets increased. However, due to a weakened market sentiment in the second half of the year, *Bosideng MAN* had to increase retail discount and offer favorable pricing to distributors, resulting in a declined revenue.

JESSIE

During the year, revenue from *JESSIE* increased by 4.0% to approximately RMB332.9 million. Of which, revenue from self-operated and wholesale businesses increased by 0.3% and 17.6% respectively to approximately RMB252.9 million and RMB80.0 million. Following the adjustment and optimization of retail network over the past two years, the number of *JESSIE* retail outlets (net) slightly reduced by 8 to 203 this year. During the year, *JESSIE* focused on enhancing the store profitability and implemented refined management and further optimized product mix, including improvement of pricing mechanism and control over market discount to maintain brand image. In respect of wholesale business, *JESSIE* optimized the ordering system at the trade fairs and increased the mix and match options and provided more guidelines to distributors so as to increase orders.

Mogao

During the year, revenue from *Mogao* decreased by 25.7% to approximately RMB295.4 million. Revenue from self-operated and wholesale businesses decreased by 22.2% and 44.6%, respectively, to approximately RMB261.4 million and RMB34.0 million. The decrease in revenue was due to the fact that *Mogao* adjusted the retail network and reduced the total number of retail outlets (net) by 61 to 244 during the year. Moreover, *Mogao* changed its business direction from original menswear and ladieswear to menswear brand only and stepped up its inventory clearance as it needed time to clear the remaining inventory of ladieswear. After focusing specifically on menswear, its brand awareness and recognition were aligned, which can facilitate brand promotion and boost the confidence of distributors. During the year, the Group leveraged various inventory clearance channels, and the inventory of *Mogao*'s ladieswear was completely and smoothly cleared. With a clear operating principle and brand philosophy, it is believed that *Mogao* will gradually move towards the path of healthier development in future years.

Retail network breakdown by non-down apparel brand

As at March 31, 2016	<i>Bosideng MAN</i>		<i>JESSIE</i>		<i>Mogao</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	24	-	1	-2	-	-	25	-2
Operated by the third party distributors	194	-67	28	-9	64	-33	286	-109
Subtotal	218	-67	29	-11	64	-33	311	-111
Concessionary retail outlets								
Operated by the Group	32	-14	112	2	180	-28	324	-40
Operated by the third party distributors	142	-94	62	1	-	-	204	-93
Subtotal	174	-108	174	3	180	-28	528	-133
Total	392	-175	203	-8	244	-61	839	-244

Change: Compared with that as at March 31, 2015

Retail network of non-down apparel business breakdown by region

	As at March 31, 2016	As at March 31, 2015	Change
Eastern China	210	276	-66
Central China	231	311	-80
Northern China	45	61	-16
Northeast China	103	121	-18
Northwest China	112	146	-34
Southwest China	138	168	-30
Total	839	1,083	-244

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 Business:

The Group's flagship store in London, based on market response, endeavored to step up its efforts in expanding the popular and higher margin down apparel series in the UK market by fully utilizing the Group's extensive resources in down apparel products since the previous financial year. During the year, the percentage of down apparel products in sales was further increased to 60.0% of the revenue of the London flagship store, which successfully drove the sales and profitability of the London flagship store.

GROSS PROFIT

During the year, gross profit dropped by 9.1% from RMB2,870.0 million to RMB2,609.2 million, and gross profit margin slightly decreased by 0.5 percentage point to 45.1%.

The gross profit margin of branded down apparel business dropped by 3.4 percentage points to 50.0%, mainly due to the Group's continued efforts to clear inventory. The gross profit margin of non-down apparel business increased by 1.8 percentage points from last year to 50.7%, mainly due to the increase in sales proportion of new products during the year. The gross profit margin of OEM management business increased by 4.1 percentage points to 20.7%, mainly due to the one-off order with low profit margin in the last financial year, which resulted in the increase in revenue from OEM management business but decrease in gross profit margin.

OPERATING PROFIT

During the year, the Group's operating profit significantly increased by 69.8% to approximately RMB337.7 million. Operating profit margin was 5.8%, representing an increase of 2.6 percentage points as compared to 3.2% of last year, which was mainly attributable to effective control of the overall expenses. Administrative and distribution expenses accounted for 38.8% of the revenue, representing a decrease of 3.2 percentage points as compared to 42.0% of the same period last year.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores and personnel expenses amounted to approximately RMB1,766.2 million, representing a decrease of 16.2%, as compared to approximately RMB2,108.5 million in the previous year. Of which, advertising and promotion expenses significantly dropped by 29.5%, due to the fact that the Group made better use of promotion resources, reduced advertisements on traditional television channels and highway billboards and increased the use of new media such as the Internet and social media. The new media strategy saved promotion costs and brought comprehensive marketing effects. In addition, personnel expenses also decreased in line with the decrease in the number of sales outlets.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which mainly comprise salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB477.7 million, representing a decrease of 10.9% from approximately RMB536.3 million in the previous year. The decrease in administrative expenses was mainly attributable to the downsizing of the Group.

IMPAIRMENT ON GOODWILL

The Group performs annual impairment testing for goodwill arising from the acquisitions of the Menswear business (the details of which was set out in the 2012/13 annual report (pages 33-34)) and the acquisition of the Ladieswear business (the details of which was set out in the 2012/13 annual report (pages 34-35)) subsequent to the initial recognition.

The recoverable amounts of Menswear cash generating unit (“CGU”) and Ladieswear CGU 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. In preparing the value in use calculation, the management used the same valuation methodology and information as those used in the previous years, taking into account any changes in the inputs used in the valuation models due to the change of the business environment at end of the reporting period, to calculate the recoverable amount of the Menswear CGU and Ladieswear CGU as at March 31, 2016. As such, no independent valuer was engaged for the valuation of the recoverable amounts of the Menswear CGU and Ladieswear CGU as at March 31, 2016, and no valuation report was prepared by an independent valuer in this regard for the year under review.

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 (the “Growth Rate”). 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 key assumptions, net profit margin, the Growth Rate and discount rate used for value in use calculations are as follows:

	For the year ended March 31,			
	2016		2015	
	Menswear	Ladieswear	Menswear	Ladieswear
Net profit margin (average of next five years)	7.9%	30.4%	11.0%	29.7%
Growth Rate	3.0%	3.0%	3.0%	3.0%
Discount rate	20.0%	24.0%	20.0%	24.0%

The management of the Company projected the net profit margin based on the latest market condition and the actual performance of Menswear and Ladieswear for the year ended March 31, 2016 and 2015, respectively.

Change in market condition and business performance

The economic growth in China continued to slow down, which affected consumer sentiments, resulting in weak domestic demand. Moreover, to enhance business and improve retail capabilities, *Bosideng MAN* proactively adjusted its retail network during the year and eliminated less competitive retail outlets such that the total number of retail outlets (net) was reduced by 175 to 392, shutting down almost 31% of its store during the year. Due to the sharp decline in number of stores, the actual performance of Menswear for the year ended March 31, 2016, which was poorer than those used in the impairment test for the goodwill in the previous reporting period end as described above.

During the year under review, the Group continued to recognize impairment losses of approximately RMB79.0 million on goodwill arising from the Group's acquisition of the Menswear business because the carrying amount of the Menswear CGU was higher than their respective recoverable amount.

FINANCE INCOME

During the year under review, the Group's finance income decreased by 7.1% to approximately RMB155.1 million from approximately RMB166.9 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 decreased by 34.0% to approximately RMB100.8 million. The decrease were mainly due to the exchange realignment arising from the current accounts between the subsidiaries of the Group in the same period last year.

TAXATION

For the year ended March 31, 2016, income tax expenses increased from approximately RMB100.2 million to approximately RMB144.7 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 one of the subsidiaries.

FINAL DIVIDENDS

The Board has recommended the payment of a final dividend of HKD2.6 cents (equivalent to approximately RMB2.2 cents) per ordinary share for the year ended March 31, 2016. The proposed dividend payment is subject to approval by the shareholders of the Company at the annual general meeting (the "AGM") to be held on or around August 26, 2016. Upon shareholders' approval, the proposed final dividends will be paid on or around September 19, 2016 to shareholders whose names appear on the register of members of the Company on September 7, 2016.

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, 2016, the Group's net cash generated from operating activities amounted to approximately RMB708.7 million (2015: RMB387.8 million). Cash and cash equivalents as at March 31, 2016 were in the amount of approximately RMB3,023.4 million, as compared to approximately RMB2,470.8 million as at March 31, 2015.

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 1.60% to 6.30% per annum.

As at March 31, 2016, the Group had bank borrowings amounting to approximately RMB3,393.9 million (2015: RMB3,537.6 million). The gearing ratio (i.e. total debt/total equity) of the Group was 45.5% (March 31, 2015: 47.7%).

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

CONTINGENT LIABILITIES

As at March 31, 2016, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at March 31, 2016, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB24.4 million (March 31, 2015: RMB50.3 million).

OPERATING LEASE COMMITMENT

As at March 31, 2016, the Group had irrevocable operating lease commitments which amounted to approximately RMB118.0 million (March 31, 2015: approximately RMB178.0 million).

PLEDGE OF ASSETS

As at March 31, 2016, bank deposits amounting to approximately RMB1,127.5 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, 2015: approximately RMB733.5 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 were conducted mainly in the PRC with its revenues and expenses denominated in RMB. 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. Any significant exchange rate fluctuations of Hong Kong Dollars or US Dollars against each entity's respective functional currency may have impacts on the Group's financial position.

As the money market is getting more and more volatile, the Group will make use of forward contract and foreign exchange swap to mitigate the exchange rate risk timely.

HUMAN RESOURCES

As at March 31, 2016, the Group had 3,867 full-time employees (March 31, 2015: 4,329 full-time employees). Staff costs for the year ended March 31, 2016 (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB672.2 million (2015: approximately RMB813.8 million). The decrease in staff costs was mainly due to downsizing as a result of business restructuring of the Group.

The Group's remuneration and bonus policy is primarily based on the duties, performance and length of service of each individual employee with reference to the prevailing market conditions. 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").

As at March 31, 2016, no share had been awarded by the Group under the Share Award Scheme and no option had been granted by the Group under the Share Option Scheme.

FUTURE DEVELOPMENT

Looking ahead, PRC economy and the operating environment of the retail apparel industry will remain difficult, but opportunities exist. The Group will unswervingly endeavor to gradually transit from the traditional wholesale business model to the market and consumer-oriented retail model with a view to providing high quality and trendy down apparel products with high price-performance ratio to consumers. In this regard, the Group will continue to actively enhance its internal competitiveness and operating efficiency. This will serve to lay a solid foundation for the Group's sustainable development. In the coming year, the Group will focus on the following areas:

Rebranding: With respect to its principal business of down apparel business, the Group will enhance brand and product differentiation, avoid brand overlapping and achieve better utilization of its resources. The Group aims to implement a rebranding strategy that better meets the market needs and introduces brand repositioning and redeployment such that its brand portfolio can better cater to market trends. The existing *Bosideng* will continue to be positioned as a mid- to high-end trendy design retailer; whereas *Bengen* will gradually shift its focus to online sales. Taking into account the market's growing demand for down apparel design, the Group has decided to take *Combo*, a brand that focuses on traditional design, out of the down apparel market, so that the Group can allocate more resources to other brands.

In addition, having considered that there is an increasing number of consumers participating in various outdoor activities, the Group aims to develop *Snow Flying*, which focuses on design suitable for sports, into a comprehensive outfitter brand. Accordingly, the Group will gradually introduce more outdoor apparel products based on *Snow Flying*'s existing down apparel products to provide a variety of high price-performance product choices to consumers.

Innovative management: A comprehensive management system is key to building a strong and sustainable enterprise. The Group will simplify the existing group structure, rationalize various departments and the responsibility of senior management, increase the participation of various departments in the decision-making process and facilitate the coordination between departments such that decision are made after more thorough and comprehensive consideration. This can also facilitate the decision-making process and the implementation of business decision by eliminating unnecessary administrative procedures, thus enhancing the Group's capabilities in decision-making and management.

Diversified development: The Group will also proactively make use of existing resources and the operational experience of various strategic investors to explore more potential apparel businesses and brands to further strengthen the Group's capability in different apparel business segments and to strive for the goal of becoming an integrated multi-brand apparel operator, thus achieving diversified business development.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 24, 2016 to August 26, 2016 and (ii) September 5, 2016 to September 7, 2016, both days inclusive, during which periods no transfer of shares will be effected. In order to (i) determine the eligibility of the members who are entitled to attend and vote at the forthcoming annual general meeting and (ii) qualify for the proposed final dividends payable on or around September 19, 2016, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar of the

Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on (i) August 23, 2016 and (ii) September 2, 2016, respectively.

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

For the year ended March 31, 2016, the Company had repurchased 5,772,000 of its shares on the Stock Exchange at an aggregate consideration of about HKD3.5 million before expenses. Details of the share repurchases are as follows:

Month of repurchases	Number of shares repurchased	Highest price paid per share <i>HKD</i>	Lowest price paid per share <i>HKD</i>	Aggregate consideration paid <i>HKD</i>
January 2016	4,254,000	0.61	0.60	2,570,240.00
February 2016	1,518,000	0.60	0.58	902,660.00
Total	5,772,000	0.61	0.58	3,472,900.00

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 23,080,000 shares of the Company at an aggregate consideration of about HKD17.6 million.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company had complied with the Corporate Governance Code (the "Code"), as set out 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, 2016, except for Code provision A.2.1, which provides that the roles of 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 CEO of the Company. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market 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 decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant committees, and there are INEDs on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management the accounting principles and practices adopted by the Group, and has discussed with our Group's auditors, KPMG, regarding the

auditing, internal control and financial report matters including the review of the Group's consolidated annual results for the year ended March 31, 2016.

AUDITOR

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

A resolution for the re-appointment of KPMG as auditors of the Group is to be proposed at the AGM.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://company.bosideng.com>). The annual report for the year ended March 31, 2016 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

FURTHER INFORMATION IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 2015

Reference is made to the annual report of the Company for the year ended March 31, 2015 published on July 28, 2015 ("Annual Report").

As disclosed in the Annual Report, the Company recorded impairment losses on goodwill of RMB41.0 million and RMB57.0 million arising from the Company's acquisitions of Ladieswear business and Menswear business in October 2011 and May 2009, respectively. The Board would like to provide the shareholders and investing public with further information in relation to the change in the value of the goodwill for such acquisitions, such as the details of the value of inputs, basis and assumptions of valuation, the valuation method and the reasons for using that method, and the reason(s) for any significant change(s), if any, in the value of the inputs and assumptions from those previously adopted as follows:

Valuation method and inputs

Subsequent to the acquisition of Menswear business in 2009 and the acquisition of Ladieswear business in 2011, when the Group performed annual impairment testing for goodwill, the management estimated the recoverable amounts of Menswear CGU and Ladieswear CGU based on the value in use (the present value of the future cash flows expected to be derived from the CGU), which is 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, taking into account any changes in the inputs used in the valuation models due to the change of the business environment at the end of each reporting period. Cash-flows beyond the five-year period are extrapolated using an estimated

annual growth rate. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect the systematic risk of the specific CGU.

The management of the company projected the net profit margin based on the latest market condition and the actual performance of Menswear and Ladieswear for the year ended March 31, 2015.

The key assumptions, net profit margin, the Growth Rate and discount rate used for value-in-use calculations are as follows:

	For the year ended March 31,			
	2015		2014	
	Menswear	Ladieswear	Menswear	Ladieswear
Net profit margin (average of next five years)	11.0%	29.7%	10.7%	33.0%
Growth Rate	3.0%	3.0%	3.0%	3.0%
Discount rate	20.0%	24.0%	20.0%	24.0%

Change in market condition and business performance

Due to China's continuous economic downturn and the poor market sentiment, the Chinese apparel industry suffered a significant recession. The growing popularization of E-Commerce and foreign fast fashion brands have changed consumer's preferences on consumption. On the other hand, most apparel retail players are facing overexpansion and inventory issue, all these have brought tremendous challenges to the domestic traditional apparel industry. The actual performance of Menswear and Ladieswear for the year ended March 31, 2015, which were poorer than those used in the impairment tests for goodwill in the previous reporting period end as described above.

Directors noted in early 2013 that the profit guarantee for Ladieswear (as defined in the Ladieswear SPA) was neither fulfilled in the financial year ended March 31, 2013, nor expected to be fulfilled in the following next two financial years. Therefore a reduction in the fair value of contingent consideration payable was recorded in the financial year ended March 31, 2013 by crediting profit and loss based on the estimation that the probability of payment of the contingent consideration payables is remote. Such assumptions were consistently applied in the business performance projections in the following years. According to the actual result of Ladieswear for the three years ended March 31, 2015, the performance guarantee was not fulfilled. Therefore, there is no significant change to the Directors' previous estimation.

General

The above further information does not affect other information contained in the Annual Report.

By order of the Board
Bosideng International Holdings Limited
Gao Dekang
Chairman

Hong Kong, June 29, 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Ms. Huang Qiaolian, Mr. Mak Yun Kuen and Mr. Rui Jinsong; and the independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie.