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, 2017

HIGHLIGHTS

- Revenue increased by 17.8% to approximately RMB6,816.6 million
- Gross profit margin increased by 1.3 percentage points to 46.4%
- Net profit attributable to equity shareholders of the Company increased by 39.5% to approximately RMB391.8 million
- Net cash from operating activities further enhanced to net inflow of approximately RMB1,109.2 million
- The Board proposed a final dividend of HKD0.5 cent 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, 2017, together with the comparative figures for the year ended March 31, 2016, as follows:

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	3	**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	4	**65,686**	55,824
Selling and distribution expenses		**(1,951,137)**	(1,766,182)
Administrative expenses		**(608,809)**	(477,730)
Impairment losses on goodwill		**–**	(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	6	**(67,826)**	54,292
Share of (losses)/profits of an associate, net of tax		**(19,291)**	14,557
Profit before income tax		**572,890**	406,528
Income tax expense	7	**(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

	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	*8*		
– basic *(RMB cents)*		**4.22**	3.54
– diluted *(RMB cents)*		**4.22**	3.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at March 31, 2017
(Expressed in Renminbi)

		At March 31,	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**818,867**	927,246
Lease prepayments		**30,134**	37,375
Intangible assets and goodwill	*9*	**1,480,817**	759,638
Prepayments for an acquisition		**595,000**	–
Non-current trade and other receivables		**111,671**	90,759
Investment properties		**182,614**	194,480
Interest in an associate		**–**	237,013
Deferred tax assets		**416,665**	451,594
		3,635,768	2,698,105
Current assets			
Inventories	*10*	**1,436,500**	1,628,588
Trade, bills and other receivables	*11*	**1,189,388**	1,506,466
Receivables due from related parties		**289,837**	300,123
Forward contracts		**3,388**	–
Prepayments for materials and service suppliers		**410,375**	109,797
Available-for-sale financial assets		**2,610,210**	1,258,481
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
		10,482,633	9,457,503
Current liabilities			
Current income tax liabilities		**172,785**	126,041
Interest-bearing borrowings		**2,984,882**	3,393,915
Trade and other payables	*12*	**1,204,006**	1,025,370
Payables due to related parties		**21,224**	2,331
Derivative financial liabilities		**–**	3,219
		4,382,897	4,550,876
Net current assets		**6,099,736**	4,906,627
Total assets less current liabilities		**9,735,504**	7,604,732

		At March 31,	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Deferred tax liabilities		**224,846**	152,427
Non-current other payables		**155,431**	–
		380,277	152,427
Net assets		**9,355,227**	7,452,305
Capital and reserves			
Share capital		**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

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 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 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	**OEM management**	**Non-down apparels**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***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/(loss)	**673,445**	**94,572**	**(1,902)**	**766,115**
Amortization	**(1,084)**	**–**	**(44,991)**	**(46,075)**
Share of losses of associates	**–**	**–**	**(19,291)**	**(19,291)**

	For the year ended March 31, 2016			
	Down apparels	OEM management	Non-down apparels	Group
	RMB'000	*RMB'000*	*RMB'000*	*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/(loss)	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	2016
	RMB'000	*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

	For the year ended March 31,	
	2017	2016
	RMB'000	*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

4 OTHER INCOME

		For the year ended March 31,	
		2017	2016
	Note	***RMB'000***	*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		**4,132**	–
Remeasurement to fair value of pre-existing interest in acquiree		**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.

5 EXPENSE 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

6 NET FINANCE (COSTS)/INCOME

	For the year ended March 31, 2017 *RMB'000*	2016 *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	**3,388**	–
Change in fair value of derivative financial liabilities	**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	**–**	(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

7 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2017	2016
	RMB'000	*RMB'000*
Current tax expenses		
Provision for PRC income tax	**137,534**	134,260
Deferred tax benefit		
Origination and reversal of temporary differences	**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 enterprise 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 rate enjoyed by the subsidiary and withholding tax of dividends to be appropriated from PRC subsidiaries to overseas companies mentioned above.

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

	For the year ended March 31,	
	2017	2016
	RMB'000	*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 of dividends to be appropriated from PRC subsidiaries to overseas companies	**24,605**	–
Others	**(3,690)**	2,310
Income tax expense	**203,769**	144,695

8 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	**(3,342)**	(15,214)
Effect of issue of new shares for business combination	**586,849**	–
Effect of capitalization of a loan payable	**784,215**	–
Effect of repurchased shares	**(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 and that the potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group were anti-dilutive.

9 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	**Customer relationships**	**Trademarks**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At March 31, 2015 and 2016	777,053	597,882	206,765	1,581,700
Acquisition through a business combination	525,137	37,720	205,980	768,837
Disposal through disposal of a subsidiary	–	–	(5,000)	(5,000)
At March 31, 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 31, 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	–	–	2,541	2,541
At March 31, 2017	(321,274)	(481,936)	(61,510)	(864,720)
Net book value:				
At March 31, 2017	980,916	153,666	346,235	1,480,817
At March 31, 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.

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	2016
	RMB'000	*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 Ladies wear CGU.

10 INVENTORIES

	At March 31,	
	2017	2016
	RMB'000	*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).

11 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	**–**	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.

(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 RMB'000	2016 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.

(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	
	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.

(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	2016
	RMB'000	*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.

12 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	**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	**13,014**	–
– Advances from a company controlled by the former controlling shareholder of a newly acquired subsidiary	**29,159**	–
– Payables in relation to unvested shares	**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

13 CAPITAL, RESERVES AND DIVIDENDS

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

14 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

(b) Pursuant to the 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 engaging in manufacturing, process 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 of You Nuo as production base and logistic centre for Joy Smile.

MANAGEMENT DISCUSSION AND ANALYSIS

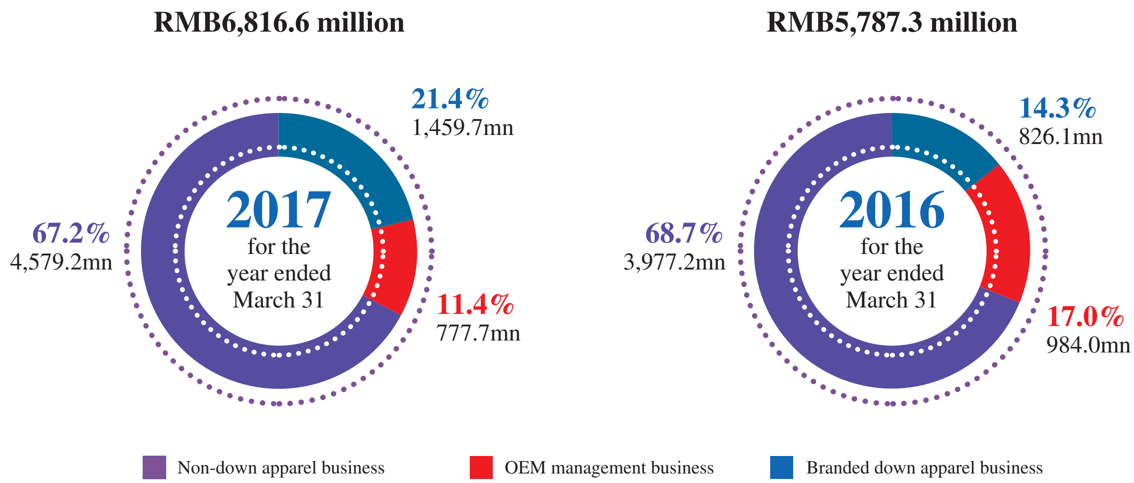
In the past few years, issues such as overcapacity, overexpansion, ambiguous brand image, lack of product differentiation and impacts of e-commerce on physical retail store gradually emerged in China's apparel industry. Coupled with intensifying market competition and increasing choices for consumers, 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 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. 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 a number of 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.

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* 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.

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%

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

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

As at March 31, 2017	***Bosideng***		***Snow Flying***		***Bengen***		***Others#***		**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	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%. 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
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%

(For the year ended March 31)

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
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%

(For the year ended March 31)

* *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 RMB150.0 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.

Discontinued business – Mogao

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 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 school uniform market that many international schools have made a presence in China and that government-established institutions 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 expand new business 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	Change	*JESSIE* Number of stores	Change	*BUOU BUOU** Number of stores	Total# Number of stores	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 stores 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, 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%, 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-operated and wholesale of 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 resulted from 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 was needed.

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 ladieswear - 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 ladieswear - 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 twice to approximately RMB203.5 million which primarily as a result of 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 to be appropriated from PRC subsidiaries to overseas companies.

FINAL DIVIDENDS

The Board has recommended the payment of a final dividend of HKD0.5 cent (equivalent to approximately RMB0.4 cent) per ordinary share for the year ended March 31, 2017. 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 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 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, 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 adopted US Dollars or pound sterling as their functional currency. On April 8, 2016, the Company obtained the JPY loans (please refer to note 36(b) to the consolidated financial statements for 2015/16 and the announcement of the Company dated January 8, 2016) and the capitalization of the JPY loans 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). Any significant exchange rate fluctuations of Hong Kong Dollars, US Dollars, JPY and pound sterling or against each entity's respective functional currency may have a financial 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 at 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 and 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 ladieswear and granted awarded shares and share options. Accordingly, staff costs increased by 8.1% as compared 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 offered 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 had 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 22, 2017 to August 25, 2017 and (ii) September 4, 2017 to September 6, 2017, 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 20, 2017, 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 21, 2017 and (ii) September 1, 2017, respectively.

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

For the year ended March 31, 2017, the Company had repurchased 3,880,000 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

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 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 at an aggregate consideration of about HKD15.2 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, 2017, 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, 2017.

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, 2017 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, 2017 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.

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

Hong Kong, June 26, 2017

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