Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3998

INTERIM REPORT

2017/18

COMPANY PROFILE

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

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

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FINANCIAL HIGHLIGHTS

- Revenue increased by 15.3% to approximately RMB2,959.1 million.
- Gross profit margin increased by 0.7 percentage points to 40.1%.
- Profit attributable to equity shareholders of the Company increased by 11.0% to approximately RMB174.5 million.
- The Board of directors of the Company (the "Board") declared payment of an interim dividend of HKD1.5 cents per ordinary share.

INTERIM RESULTS HIGHLIGHTS

	Six months ended September 30		
RMB'000	**2017 Unaudited**	2016 Unaudited	Change (%)
Revenue	**2,959,143**	2,566,663	15.3
Gross profit	**1,187,921**	1,010,918	17.5
Gross profit margin	**40.1%**	39.4%	0.7 ppt
Profit from operation	**218,959**	259,512	-15.6
Operating profit margin	**7.4%**	10.1%	-2.7 ppt
Profit attributable to equity shareholders of the Company	**174,506**	157,177	11.0
Profit margin	**5.9%**	6.1%	-0.2 ppt
Earnings per share (RMB cents)			
– Basic	**1.65**	1.91	-13.6
– Diluted	**1.65**	1.91	-13.6

MANAGEMENT DISCUSSION AND ANALYSIS

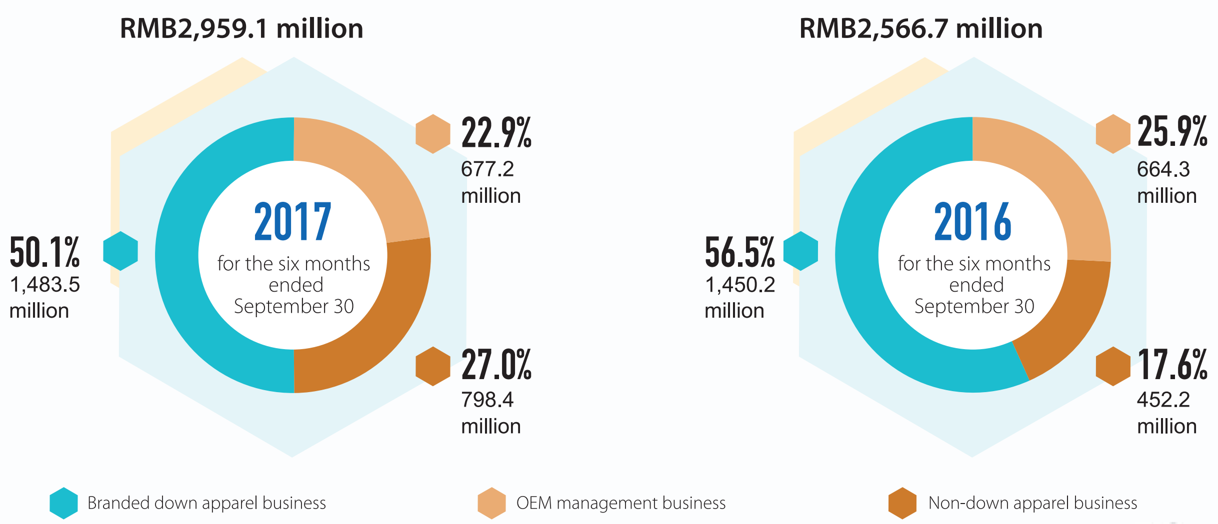
Over the past few years, the PRC retail market and consumption behavior have undergone tremendous changes. Consumers have higher expectations on brands, life functions and sales services, which entails enterprises attaching importance to consumer experience, product innovation, brand building and corporate image. The popularity of mobile devices has made information more easily accessible and online shopping more convenient, and has dramatically changed the purchasing behaviors and way of advertising, driving enterprises to respond faster to market changes, all these have brought certain impact to the industry. In light of the changing markets, only those enterprises that are striving for innovation and keeping up with the times are able to distinguish from other competitors and remain in the complex and volatile market. In response to the changing market, the Group is gradually moving towards the transition from a traditional business model that focuses on wholesale to a retail model that attaches greater importance to the needs of consumers, while accelerating its efforts in generating timely response to market changes throughout all segments of its business operation including branding, products, logistics and retail, so as to cater to the demands of the market and consumers. The Group is committed to building a more solid business foundation for a healthy and sustainable development.

REVENUE ANALYSIS

During the period under review, the Group saw an increase in its source of revenue due to the development of new business *Bosideng HOME* last year and the newly acquired of new ladieswear brands *KOREANO and KLOVA* during the period, thereby driving the overall growth of non-down apparel business revenue and the Group's total revenue. During the six months ended September 30, 2017, revenue of the Group amounted to approximately RMB2,959.1 million, representing an increase of approximately 15.3% as compared to that for the corresponding period of last year. During the period under review, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 50.1% of the Group's revenue, with the remaining 22.9% and 27.0% derived from OEM management business and non-down apparel business, respectively. During the same period last year, the three business segments mentioned above accounted for 56.5%, 25.9% and 17.6% of the Group's revenue, respectively.

Revenue from the branded down apparel business, OEM management business and non-down apparel business amounted to approximately RMB1,483.5 million, RMB677.2 million and RMB798.4 million for the period under review, representing an increase of 2.3%, 1.9% and 76.6% as compared to that for the corresponding period of last year.

REVENUE BY BUSINESS



MANAGEMENT DISCUSSION AND ANALYSIS

Branded Down Apparel Business:

In recent years, the Group has endeavored to clear inventory and adjust the sales network. After years of efforts, current inventory has returned to a healthy level and the layout of sales network has become more reasonable. Most importantly, the inventory awareness of the Group and its distributors have also been strengthened. Inventory was controlled from the beginning of the operation and management under the implementation of a three-year product clearance policy. The Group will continue to maintain stringent product planning and production to avoid unnecessary inventory accumulation. During the period under review, the Group continued to enhance its overall operation capability and promote meticulous retail management. The Group held weekly operations analysis meetings to discuss business issues interdepartmentally and formulated solutions in a collective and timely manner. Meanwhile, sales of each product at retail level was followed up on a weekly basis through strengthened terminal retail information analysis to facilitate timely and strategic adjustment to enhance operation efficiency, thereby making prompt response to market changes.

Since this year, the Group has applied a more detailed arrangement and management of placement of orders. Under the new practice, order placements of direct sales and wholesale are completely separated while single-store orders are applied to self-operated stores, as opposed to the integrated order placement by sales region that was practiced previously. Through timely notification and analysis of retail information, the Group regulated the order mix of all direct sales stores and distributors to ensure viable and reasonable order placement and to make timely adjustment to market changes. This system also benefits our distributors, leading to a mutual and healthy development.

In terms of products, rising consumer demand down apparel on functionality has pushed the Group to excite the market with new attempts such as the launching of the Anti-Cold series (極寒系列) and Wind Breaker series (風衣系列) this year. The Anti-Cold series provides maximum heat preservation and is of top quality among *Bosideng's* down apparel. This series of down apparel contains 90% white goose down with fill power reaching 800. It uses high-density, high-thread count insulated fabric which can resist extreme cold weather up to below 30 degrees, together with the chic elements, offering its consumers a brand new cold-resistance experience. During the period under review, the Group also introduced the new

MANAGEMENT DISCUSSION AND ANALYSIS

Wind Breaker series which defies conventional impression of bulkiness towards down apparel by incorporating the function of heat preservation and a fashionable, slim design which has won the favor of many consumers.

The Disney series, a popular series in the market when it was initially launched last year, was launched again this year along with a breakthrough in material selection, design, cutting and innovation. Through customized printing, attachment of ribbons and etc, this series fully demonstrates the elements of Disney, showcasing every detail with personality and a sense of childlike wonder. The series was very appealing to young followers and the number of Disney promotional stores has increased to 306 nationwide this year from 42 stores when the series was initially launched in 2016. Our brand rejuvenation is crucially attributable to such substantial number of young followers attracted by the series.

Revenue from down apparel business by brand

	For the six months ended September 30				
	2017		2016		
Brands	**RMB million**	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Change
Bosideng	**1,254.3**	**84.6%**	1,234.9	85.2%	1.6%
Snow Flying	**69.5**	**4.7%**	89.8	6.2%	-22.6%
Bengen	**93.2**	**6.2%**	78.4	5.4%	18.9%
Other brands	**20.9**	**1.4%**	39.3	2.8%	-46.8%
Others	**45.6**	**3.1%**	7.8	0.4%	484.6%
Total revenue from branded down apparel business	**1,483.5**	**100.0%**	1,450.2	100.0%	2.3%

Revenue from branded down apparel business by sale category

	For the six months ended September 30				
	2017		2016		
	RMB million	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Change
Self-operated	**336.3**	**22.7%**	300.7	20.8%	11.8%
Wholesale	**1,101.6**	**74.2%**	1,141.7	78.7%	-3.5%
Others*	**45.6**	**3.1%**	7.8	0.5%	484.6%
Total revenue from branded down apparel business	**1,483.5**	**100.0%**	1,450.2	100.0%	2.3%

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group continued to actively optimize the retail network and shut down underperforming stores to enhance store quality. As at September 30, 2017, the total number of retail outlets of the Group's down apparel business (net) increased by 221 from March 31, 2017 to 4,513. During the period under review, self-operated retail outlets (net) increased by 58 to 1,432; and retail outlets operated by third party distributors (net) increased by 163 to 3,081. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 31.7% and 68.3%, respectively.

Retail network by down apparel

	Bosideng		*Snow flying*		*Bengen*		**Total**	
As at September 30, 2017	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**
Specialty stores								
Operated by the Group	543	+91	7	-35	6	+6	556	+62
Operated by third party distributors	1,758	-3	168	+108	403	+92	2,329	+197
Subtotal	2,301	+88	175	+73	409	+98	2,885	+259
Concessionary retail outlets								
Operated by the Group	673	-45	178	+16	25	+25	876	-4
Operated by third party distributors	418	-43	83	+16	251	-7	752	-34
Subtotal	1,091	-88	261	+32	276	+18	1,628	-38
Total	**3,392**	**–**	**436**	**+105**	**685**	**+116**	**4,513**	**+221**

Change: Compared with that as at March 31, 2017

Retail network of down apparel business

	As at September 30, 2017	As at March 31, 2017	Change
Eastern China	**1,624**	1,495	+129
Central China	**1,005**	934	+71
Northern China	**382**	424	-42
Northeast China	**484**	501	-17
Northwest China	**544**	533	+11
Southwest China	**474**	405	+69
Total	**4,513**	4,292	+221

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 period under review, revenue from the Group's OEM management business increased by 1.9% to approximately RMB677.2 million as compared with that of last year, accounting for 22.9% of the Group's revenue. The OEM management business had 13 major customers and the percentage of revenue from the top five customers accounted for approximately 67.8% of its total revenue.

In the past two financial years, revenue from the Group's OEM management business recorded decrease due to competition from Southeast Asia. However, part of the orders returned to China from Southeast Asia after the United States announced its official withdrawal from the Trans-Pacific Strategic Economic Partnership Agreement in January 2017. Coupled with a more sophisticated and mature industry chain together with higher production efficiency in China, the Group expects there would be a slight recovery in the revenue of the Group's OEM management business in this financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-down Apparel Business:

During the period under review, revenue from the Group's non-down apparel business was approximately RMB798.4 million, representing a significant increase of 76.6% compared with that of last year. Apart from organic growth, *Bosideng HOME* launched last year and the ladieswear brands newly-acquired during the period became new income driver of non-down apparel business and offset the decrease in revenue due to the disposal of *Mogao*. During the period under review, non-down apparel business continued to focus on adjusting the sales channels, clearing inventories and strengthening retail capabilities. Revenue from the non-down apparel brands are as follows:

Revenue from non-down apparel business by brand

	For the six months ended September 30				
	2017		2016		
Brands	**RMB million**	**% of non-down apparel revenue**	RMB million	% of non-down apparel revenue	Change
Bosideng HOME	**203.9**	**25.5%**	–	N/A	N/A
Bosideng MAN	**75.9**	**9.5%**	100.5	22.2%	-24.5%
JESSIE	**175.4**	**22.0%**	168.9	37.4%	3.8%
BUOU BUOU	**179.7**	**22.5%**	76.3	16.9%	135.5%
KOREANO	**65.8**	**8.2%**	–	N/A	N/A
KLOVA	**84.6**	**10.6%**	–	N/A	N/A
Mogao	**–**	**N/A**	100.5	22.2%	N/A
Other brands and others	**13.1**	**1.7%**	6.0	1.3%	118.3%
Total revenue from non-down apparel business	**798.4**	**100.0%**	452.2	100.0%	76.6%

Revenue from non-down apparel business by sale category

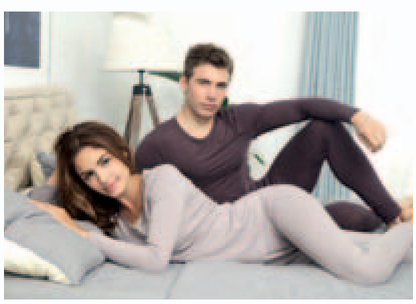
	For the six months ended September 30				
	2017		2016		
	RMB million	**% of non-down apparel revenue**	RMB million	% of non-down apparel revenue	Change
Self-operated	**455.7**	**57.1%**	277.6	61.4%	64.2%
Wholesale	**342.7**	**42.9%**	170.6	37.7%	100.9%
Others*	**–**	**N/A**	4.0	0.9%	N/A
Total revenue from non-down apparel business	**798.4**	**100.0%**	452.2	100.0%	76.6%

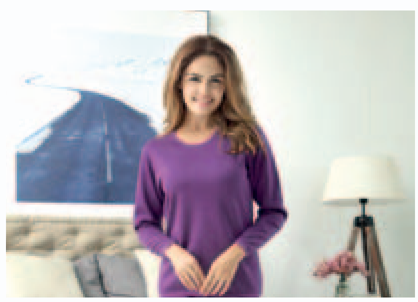
* *Represents revenue from rental income*

MANAGEMENT DISCUSSION AND ANALYSIS

Bosideng HOME

During the period under review, revenue from *Bosideng HOME* was approximately RMB203.9 million, among which, revenue from self-operated business and wholesale business were approximately RMB4.6 million and RMB199.3 million, respectively. After nearly one year of operation, the products and styles of *Bosideng HOME* have gained increasing acceptance by consumers. Its business became more mature and standardised, with a better grasp on product mix and product development for the future. The products of *Bosideng HOME* are mainly beddings, homewear, underwear and brassieres which are progressively forming an all-season series. Currently, there are 27 *Bosideng HOME* outlets, among which, 25 are operated as specialised display stores that are mainly located on the first and second floor of commercial plazas or supermarkets, while two stores are set up as galleries in shopping malls. The number of galleries is expected to gradually increase in the future.





Bosideng MAN

During the period under review, revenue from *Bosideng MAN* business decreased by 24.5% to approximately RMB75.9 million. Revenue from self-operated business and wholesale business decreased by 27.8% and 24.2% to approximately RMB6.2 million and RMB69.7 million, respectively. During the period under review, *Bosideng MAN* actively adjusted its business and continued to optimize its retail network and eliminate uncompetitive retail outlets, resulting in a decrease in total number of retail outlets by 81 to 282, leading to decreased income.

JESSIE

During the period under review, revenue from *JESSIE* increased by 3.8% to approximately RMB175.4 million, among which, revenue from self-operated business increased by 2.6% to approximately RMB117.6 million and revenue from wholesale business increased by 6.5% to RMB57.8 million, respectively. During the period under review, with efforts on product transformation and upgrades, *JESSIE* gained popularity in the market and the products were well received by consumers, thus driving increased efficiency of and revenue from self-operated stores. The number of *JESSIE* retail outlets (net) increased by 8 to 204 during the period under review.

BUOU BUOU

The Group fully acquired *BUOU BUOU* in late July last year. During the period under review, revenue from *BUOU BUOU* was approximately RMB179.7 million, among which, revenue from self-operated business and wholesale business were approximately RMB163.9 million and approximately RMB15.8 million, respectively. In order to improve its business foundation, *BUOU BUOU* proactively shut down low-efficiency or underperforming retail outlets, strategically cutback on new products and intensified discount promotions to clear inventory during the period under review. Moreover, *BUOU BUOU* proactively put in more effort in product research during the period, so as to develop products that better accommodate market needs. The number of *BUOU BUOU* retail outlets (net) decreased by 22 to 197 during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

KOREANO and KLOVA

The Group completed its acquisition of Joy Smile Development Limited ("Joy Smile") and You Nuo (Tianjin) Clothing Limited ("You Nuo") in April 2017. Joy Smile is principally engaged in sourcing and distributing ladies' wear. It owns the trademarks of brands *KOREANO* and *KLOVA* and has established sales channel and management team. You Nuo is the sole production agent for brands *KOREANO* and *KLOVA*. Pursuant to the acquisition agreement, the Vendor guaranteed that the audited profit after taxation of *KOREANO* and *KLOVA* for this financial year shall not be less than RMB70 million, or the Vendor shall make up the shortfall to the Group.

KOREANO is positioned as a mid-to-high-end ladieswear brand 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, stylish yet gracious designs and targets discerning female customers aged between 30 and 40. During the period under review, revenue from *KOREANO* and *KLOVA* were RMB65.8 million and RMB84.6 million, respectively. As of September 30, 2017, *KOREANO* and *KLOVA* had 55 and 70 stores, respectively.

Retail network by non-down apparel brand

	Bosideng HOME	*Bosideng MAN*		*JESSIE*		*BUOU BUOU*		*KOREANO*	*KLOVA*	Total
As at September 30, 2017	**Number of stores**	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Number of stores**	**Number of stores**
Specialty stores										
Operated by the Group	18	84	+8	3	–	13	-1	–	–	118
Operated by third party distributors	–	88	-77	22	-1	7	+1	–	–	117
Subtotal	18	172	-69	25	-1	20	–	–	–	235
Concessionary retail outlets										
Operated by the Group	4	47	+1	111	+5	125	-14	55	70	412
Operated by third party distributors	1	63	-13	68	+4	52	- 8	–	–	184
Subtotal	5	110	-12	179	+9	177	-22	55	70	596
Total	**23**	**282**	**-81**	**204**	**+8**	**197**	**-22**	**55**	**70**	**831**

Change: Compared with that as at March 31, 2017

Retail network of non-down apparel business by region

	As at September 30, 2017	As at March 31, 2017	Change
Eastern China	**193**	165	+28
Central China	**233**	247	-14
Northern China	**75**	64	+11
Northeast China	**72**	45	+27
Northwest China	**138**	132	+6
Southwest China	**120**	125	-5
Total	**831**	778	+53

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

GROSS PROFIT

Along with the growth of down apparel business and the acquisition of new ladieswear business during the period, gross profit of the Group increased by 17.5% from approximately RMB1,010.9 million in the same period last year to approximately RMB1,187.9 million, while overall gross margin increased by 0.7 percentage points to 40.1%.

During the period under review, gross margin of branded down apparel business, non-down apparel business and OEM management business was 42.7%, 52.1% and 20.4%, respectively, as compared to 43.6%, 52.0% and 21.6% last year, respectively.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising of advertising, promotion, concession fees, rental and salary and welfare, amounted to approximately RMB667.6 million, representing an increase of 32.1% as compared to approximately RMB505.4 million for the corresponding period of last year. Distribution expenses accounted for 22.6% of total revenue, representing an increase of 2.9 percentage points as compared to 19.7% for the corresponding period of last year. The increase in distribution expenses during the period under review was mainly driven by the optimization and expansion of retail channels and the increased expenses resulted from the acquisition of new ladieswear business.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which were mainly comprised of salary and welfare, depreciation and bad and doubtful debts provision, rental and consultancy expenses amounted to approximately RMB301.1 million, representing an increase of 12.7% as compared to approximately RMB267.1 million for the corresponding period of last year. During the period under review, administrative expenses accounted for 10.2% of the Group's revenue, representing a decrease of 0.2 percentage points as compared to 10.4% for the corresponding period of last year.

OPERATING PROFIT

For the six months ended September 30, 2017, the Group's operating profit decreased by 15.6% to RMB219.0 million. Operating profit margin for the period under review was 7.4%, representing a decrease of 2.7 percentage points as compared to 10.1% for the corresponding period of last year, such decrease was mainly due to an increase in demand for staff, rental and advertising and promotion expenses as a result of the expansion of non-down apparel businesses, as well as impairment loss on goodwill for menswear.

FINANCE INCOME

During the period under review, the Group's finance income decreased by 32.5% to approximately RMB52.4 million from approximately RMB77.6 million for the corresponding period of last year, mainly due to the decrease of funds used for wealth management as some of the funds were applied to loan repayment by the Group.

FINANCE COSTS

During the period under review, the Group's finance costs generally comprised interest for the loans borrowed from banks outside China. Following a decrease in financing amount, the Group's finance costs decreased by 76.9% to approximately RMB32.6 million.

TAXATION

For the six months ended September 30, 2017, income tax expenses increased from RMB50.4 million to RMB55.9 million. The effective tax rate was approximately 23.4%, lower than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses and tax losses of certain subsidiaries of Group not recognized as deferred tax assets.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended September 30, 2017, the Group's net cash used in operating activities amounted to approximately RMB1,712.9 million, as compared to a net cash generation of approximately RMB1,109.2 million for the year ended March 31, 2017. Cash and cash equivalents as at September 30, 2017 amounted to approximately RMB1,980.8 million, as compared to approximately RMB2,835.0 million as at March 31, 2017.

As at September 30, 2017, the distribution of cash and cash equivalents by currency unit is as follows:

	RMB'000
Renminbi	1,271,747
US dollar	388,752
Pound sterling	832
Korean Won	485
HK dollar	318,670
Japanese yen	210
European dollar	126
Total	1,980,822

The Group had available-for-sale financial assets, which comprised short-term investments with banks and available-for-sale securities, details please refer to note 14 in the financial statement.

As at September 30, 2017, the borrowings of the Group amounted to approximately RMB2,056.4 million (March 31, 2017: approximately RMB2,984.9 million), which were short-term borrowings due within one year. The gearing ratio (total debt/total equity) of the Group was 21.6% (March 31, 2017: 31.9%).

As at September 30, 2017, the distribution of borrowings by currency unit and interest rates adopted were as follows:

	US dollars RMB'000	HK dollars RMB'000	Pound sterling dollars RMB'000	Japanese yen dollars RMB'000	Total RMB'000
Floating interest rate	1,047,631	794,179	76,865	137,691	2,056,366

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, and the Group has sufficient cash and financial assets available for sale to meet its borrowing repayment requirements.

CAPITAL COMMITMENTS

As at September 30, 2017, the Group had capital commitments amounting to approximately RMB24.9 million (March 31, 2017: approximately RMB13.8 million).

OPERATING LEASE COMMITMENT

As at September 30, 2017, the Group had irrevocable operating lease commitments amounting to approximately RMB172.4 million (March 31, 2017: approximately RMB138.2 million).

CONTINGENT LIABILITIES

As at September 30, 2017, the Group had no material contingent liabilities.

NON-CURRENT ASSETS

As at September 30, 2017, the total non-current assets of the Group amounted to approximately RMB3,721.1 million (March 31, 2017: approximately RMB3,635.8 million). During the period under review, the Group completed the acquisition of ladieswear brands KOREANO and KLOVA, and there are no material changes.

PLEDGE OF ASSETS

As at September 30, 2017, bank deposits amounting to approximately RMB531.1 million (March 31, 2017: approximately RMB1,441.4 million) had been pledged to secure the bills payable and letters of credit as collateral of the Group's bank loans and banking facilities.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury function at its head office. The Group's treasury policies mainly include managing its exposure to fluctuations in interest rates and foreign currency exchange rates.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group's subsidiaries were 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, HK Dollars or pound sterling as their functional currency. Any significant exchange rate fluctuations of Hong Kong Dollars, US Dollars or pound sterling 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 September 30, 2017, the Group had 5,315 full-time employees (March 31, 2017: 4,246 full-time employees). Staff costs for the six months ended September 30, 2017 (including directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB363.5 million (six months ended September 30, 2016: approximately RMB292.5 million). During the period, the Group expanded retail channel and acquired new ladieswear business, driving a growth in demand for personnel. Accordingly, staff costs increased by approximately 24.3% as compared to that in the corresponding period of 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 business of the Group, the Group also adopts a share award scheme (the "Share Award Scheme") and a share option scheme (the "Share Option Scheme").

On August 5, 2016 (the "Date of Grant"), the Company granted an aggregate of (a) 180,900,000 awarded shares and (b) 180,900,000 share options at the exercise price of HKD0.71 per share of the Company (the "Share Options", and each a "Share Option") to 4 executive Directors and 62 employees of the Company, (i) 40% of which shall be vested during the period commencing from first anniversary date from the Date of Grant and ending on the last trading date of the 24-month period from the Date of Grant; (ii) 30% of which shall be vested during the period commencing from first trading day after expiry of the 24-month period from the Date of Grant and ending on the last trading date of the 36-month period from the Date of Grant; and (iii) 30% of which shall be vested during the period commencing from first trading day after expiry of the 36-month period from the Date of Grant and ending on the last trading date of the 48-month period from the Date of Grant.

During the period, no option had been vested or exercised. As at September 30, 2017, 68,080,000 Awarded Shares had been vested under the Share Award Scheme.

OUTLOOK

Looking ahead to the second half of the year, intensifying market competition will continue to have an impact on the industry. The market and business environment remain challenging, quality and service are the main focus. The Group will continue to adopt a practical approach to enhance its competitiveness and operating efficiency so as to lay a foundation for the Group's substantial development in the future and further consolidate its leadership in China's apparel industry.

Down apparel business: The Group will continue its brand and product innovation through consistently introducing popular elements and products to inject endless momentum into the brand and maintain a youthful brand image. Meanwhile, the Group will strengthen management and application of retail data to enhance its operating efficiency, promote and achieve its retail transformation and further consolidate the leadership of down apparel business as the core business of the Group.

OEM management business: Our cooperation with ITOCHU Corporation in respect of a factory located in Vietnam is in smooth progress. The Group has completed preparatory work such as the pre-stage factory evaluation for orders placed to customers of Vietnam factory which is expected to commence normal production in early 2018. We believe that this will contribute to a steady expansion of OEM management business in the future.

Non-down apparel business: The Group's ladieswear business has been expanded through acquisitions and has gradually build up a high-end ladieswear platform. The Group believes that ladieswear can play a more significant synergistic effect at different business segments by optimizing efficiencies and saving resources to further enhance profit margin and lay a solid foundation for further developing ladieswear platform in the future. In addition, *Bosideng MAN* will make substantial adjustment in aspects such as products, brand positioning, store management and supply chain management to fundamentally improve its business.

Diversified development: The Group will proactively seek opportunities for business innovation and development. For main business, in addition to continuous optimization of brand image, the Group will further deepen Bosideng's rich brand assets through exploration of various kind of products. *Bosideng HOME* was successfully developed last year, which gave confidence to the Group to further extend the *Bosideng* brand to other areas. Furthermore, based on *Bosideng* brand's good reputation and considering the strong and everlasting demand for Bosideng down apparel for kids in the market, the Group plans to extend and develop kid's wear business under *Bosideng* down apparel into the "*Bosideng kid's wear*" brand while carrying out brand, image and product upgrades for kid's wear. On the basis of putting efforts in creating down apparel products for kids, the Group develops products of multiple categories for four seasons, and presents a better enhanced consumer experience with life-function and lifestyle shops, enhances interaction with consumers and develops it into a kid's wear brand at the forefront of the industry in the long run. Moreover, the Group will utilize its sufficient funds to keep identifying suitable apparel brands for acquisition so as to grow non-down apparel segment and build the Group into a multi-brand apparel operator.

INDEPENDENT REVIEW REPORT

Review report to the board of directors of Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 28 to 65 which comprises the condensed consolidated statement of financial position of Bosideng International Holdings Limited as of September 30, 2017, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at September 30, 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

November 28, 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended September 30, 2017 – unaudited

	Note	**Six months ended September 30, 2017 RMB'000**	Six months ended September 30, 2016 RMB'000
Revenue	6	**2,959,143**	2,566,663
Cost of sales		**(1,771,222)**	(1,555,745)
Gross profit		**1,187,921**	1,010,918
Other income	7	**21,735**	24,504
Selling and distribution expenses		**(667,631)**	(505,381)
Administrative expenses		**(301,065)**	(267,137)
Impairment losses on goodwill		**(20,000)**	–
Other expenses	7	**(2,001)**	(3,392)
Profit from operations		**218,959**	259,512
Finance income		**52,433**	77,623
Finance costs		**(32,557)**	(140,725)
Net finance income/(cost)	10	**19,876**	(63,102)
Share of loss of an associate		**–**	(4,443)
Profit before taxation		**238,835**	191,967
Income tax expense	11(a)	**(55,915)**	(50,425)
Profit for the period		**182,920**	141,542
Other comprehensive income for the period:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations-foreign currency translation differences		**42,880**	(117,381)
Available-for-sale financial assets-net change in fair value reserve		**2,200**	–
Other comprehensive income for the period, net of tax		**45,080**	(117,381)
Total comprehensive income for the period		**228,000**	24,161

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended September 30, 2017 – unaudited

	Note	**Six months ended September 30, 2017 RMB'000**	Six months ended September 30, 2016 RMB'000
Profit attributable to:			
Equity shareholders of the Company		**174,506**	157,177
Non-controlling interests		**8,414**	(15,635)
Profit for the period		**182,920**	141,542
Total comprehensive income attributable to:			
Equity shareholders of the Company		**219,610**	39,796
Non-controlling interests		**8,390**	(15,635)
Total comprehensive income for the period		**228,000**	24,161
Earnings per share	12		
– basic (RMB cents)		**1.65**	1.91
– diluted (RMB cents)		**1.65**	1.91

The notes on pages 35 to 65 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 27(a).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at September 30, 2017 - unaudited

	Note	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Non-current assets			
Property, plant and equipment	13	**890,432**	818,867
Lease prepayments		**47,621**	30,134
Intangible assets and goodwill	14	**2,047,418**	1,480,817
Prepayments for an acquisition		**–**	595,000
Non-current trade and other receivables		**39,596**	111,671
Investment properties	15	**183,189**	182,614
Deferred tax assets	11(b)	**512,851**	416,665
		3,721,107	3,635,768
Current assets			
Inventories	16	**1,752,398**	1,436,500
Trade, bills and other receivables	17	**2,995,507**	1,189,388
Receivables due from related parties	32(b)	**697,465**	289,837
Derivative financial assets	23	**4,960**	3,388
Prepayments for materials and service suppliers		**656,027**	410,375
Available-for-sale financial assets	18	**1,795,202**	2,610,210
Pledged bank deposits	19	**531,130**	1,441,446
Time deposits with maturity over 3 months	20	**157,200**	266,500
Cash and cash equivalents	21	**1,980,822**	2,834,989
		10,570,711	10,482,633
Current liabilities			
Current income tax liabilities		**196,023**	172,785
Interest-bearing borrowings	22	**2,056,366**	2,984,882
Trade and other payables	24	**2,168,709**	1,204,006
Payables due to related parties	32(b)	**20,309**	21,224
		4,441,407	4,382,897
Net current assets		**6,129,304**	6,099,736
Total assets less current liabilities		**9,850,411**	9,735,504

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at September 30, 2017 - unaudited

	Note	**At September 30, 2017 RMB'000**	At March 31, 2017 RMB'000
Non-current liabilities			
Deferred tax liabilities	11(b)	**222,240**	224,846
Non-current other payables	26	**88,893**	155,431
		311,133	380,277
Net assets		**9,539,278**	9,355,227
Capital and reserves			
Share capital	27	**803**	803
Reserves		**9,344,581**	9,174,939
Equity attributable to equity shareholders of the Company		**9,345,384**	9,175,742
Non-controlling interests		**193,894**	179,485
Total equity	27	**9,539,278**	9,355,227

Approved and authorized for issue by the board of directors on November 28, 2017.

Gao Dekang
Chairman of the Board of Directors

Mak Yun Kuen
Director

The notes on pages 35 to 65 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended September 30, 2017 - unaudited

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at April 1, 2017	803	1,956,903	(99,160)	107,044	837,739	(623,925)	(36,991)	7,033,329	9,175,742	179,485	9,355,227
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	174,506	174,506	8,414	182,920
Foreign currency translation differences - foreign operations	-	-	-	-	-	42,904	-	-	42,904	(24)	42,880
Net change in fair value reserve – available-for-sale financial assets, net of tax	-	-	-	-	-	-	2,200	-	2,200	-	2,200
	-	-	-	-	-	42,904	2,200	174,506	219,610	8,390	228,000
Transactions with owners, recorded directly in equity											
Acquisition through a business combination (note 31)	-	-	-	-	-	-	-	-	-	6,019	6,019
Equity settled share-based transactions (note 28)	-	-	-	16,668	-	-	-	-	16,668	-	16,668
Written put option to non-controlling interests (note 25)	-	-	-	-	-	-	(30,067)	-	(30,067)	-	(30,067)
Dividends (note 27(a))	-	(44,728)	-	-	-	-	-	-	(44,728)	-	(44,728)
Treasury shares held for Share Award Scheme	-	-	(6,926)	-	-	-	15,085	-	8,159	-	8,159
	-	(44,728)	(6,926)	16,668	-	-	(14,982)	-	(49,968)	6,019	(43,949)
Balance at September 30, 2017	803	1,912,175	(106,086)	123,712	837,739	(581,021)	(49,773)	7,207,835	9,345,384	193,894	9,539,278

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended September 30, 2017 - unaudited

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at April 1, 2016	622	–	(85,678)	76,066	822,601	(424,481)	(94,900)	6,948,147	7,242,377	209,928	7,452,305
Total comprehensive income for the period:											
Profit/(loss) for the period	–	–	–	–	–	–	–	157,177	157,177	(15,635)	141,542
Foreign currency translation differences - foreign operations	–	–	–	–	–	(117,381)	–	–	(117,381)	–	(117,381)
	–	–	–	–	–	(117,381)	–	157,177	39,796	(15,635)	24,161
Transactions with owners, recorded directly in equity											
Acquisition through a business combination (note 31)	57	465,416	–	–	–	–	–	–	465,473	24,992	490,465
Equity settled share-based transactions (note 28)	–	–	–	6,705	–	–	–	–	6,705	–	6,705
Purchase of own shares (note 27(b))	–	–	–	–	–	–	–	(1,962)	(1,962)	–	(1,962)
Capital contribution to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	–	10,800	10,800
Dividends (note 27(a))	–	(195,731)	–	–	–	–	–	–	(195,731)	–	(195,731)
	57	269,685	–	6,705	–	–	–	(1,962)	274,485	35,792	310,277
Balance at September 30, 2016	679	269,685	(85,678)	82,771	822,601	(541,862)	(94,900)	7,103,362	7,556,658	230,085	7,786,743

The notes on pages 35 to 65 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended September 30, 2017 - unaudited

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Operating activities		
Cash used in operations	**(1,568,874)**	(1,041,437)
Interest paid	**(25,678)**	(64,642)
Income tax paid	**(118,355)**	(21,038)
Net cash used in operating activities	**(1,712,907)**	(1,127,117)
Investing activities		
Acquisition of property, plant and equipment	**(59,624)**	(31,845)
Proceeds from disposal of property, plant and equipment	**–**	1,499
Acquisition of a subsidiary, net of cash acquired	**4,032**	(55,575)
Acquisition of available-for-sale financial assets	**(1,823,915)**	(2,252,363)
Proceeds from disposal of available-for-sale financial assets	**2,636,723**	1,621,721
Decrease in bills payable and letter of credit facilities	**16,481**	2,697
Decrease in time deposits with maturity over 3 months	**109,300**	370,900
Interest received	**47,991**	62,856
Net cash generated from/(used in) investing activities	**930,988**	(280,110)
Financing activities		
Proceeds from interest-bearing borrowings	**803,863**	1,880,240
Repayment of interest-bearing borrowings	**(1,732,379)**	(1,126,623)
Decrease in bank deposits pledged for bank loans	**473,907**	360,898
Decrease/(increase) in bank deposits pledged for standby letter of credit	**419,928**	(179,795)
Proceeds received from employees in relation to equity settled share-based transactions	**–**	50,652
Capital contribution to subsidiaries from non-controlling interests	**–**	10,800
Purchase of own shares	**–**	(1,962)
Dividends paid	**(44,728)**	(195,731)
Payment for purchase of shares in connection with the Share Award Scheme	**(25,988)**	–
Net cash (used in)/generated from financing activities	**(105,397)**	798,479
Net decrease in cash and cash equivalents	**(887,316)**	(608,748)
Cash and cash equivalents at the beginning of the period	**2,834,989**	3,023,421
Effect of foreign currency exchange rate changes	**33,149**	(17,937)
Cash and cash equivalents at the end of the period	**1,980,822**	2,396,736

The notes on pages 35 to 65 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 REPORTING ENTITY AND CORPORATE INFORMATION

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

The Company has a financial year end date of March 31. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorized for issue on November 28, 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016/17 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017/18 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to understanding of the changes in the financial position and performance of the Group since the 2016/17 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 27.

The financial information relating to the financial year ended March 31, 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The 2016/17 annual financial statements are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 28, 2017.

3 CHANGES IN ACCOUNTING POLICIES

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

- Annual Improvements to IFRSs 2014-2016 Cycle
- Amendments to IAS 7: *Disclosure Initiative*
- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 SEASONALITY OF OPERATIONS

The Group's down apparel segment is subject to seasonal fluctuations. As a result, the sales volumes and revenue in the second half of the financial year are normally substantially higher than those during the first half of the financial year.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2016/17 annual financial statements.

6 REVENUE AND SEGMENT INFORMATION

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 four major operating 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.
- Ladieswear apparels - The ladieswear apparel segment carries on the business of sourcing and distributing branded ladieswear apparels.
- Diversified apparels - The diversified apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded apparels of menswear, under wear and casual wear.

6 REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment results

	For the six months ended September 30, 2017				
	Down apparels RMB'000	**OEM management RMB'000**	**Ladieswear apparels RMB'000**	**Diversified apparels RMB'000**	**Group RMB'000**
Revenue from external customers	**1,483,543**	**677,166**	**505,542**	**292,892**	**2,959,143**
Inter-segment revenue	**–**	**–**	**–**	**8,367**	**8,367**
Reportable segment revenues	**1,483,543**	**677,166**	**505,542**	**301,259**	**2,967,510**
Reportable segment profit/(loss) from operations	**133,188**	**94,538**	**81,303**	**(15,110)**	**293,919**
Amortization	**(369)**	**–**	**(24,754)**	**(5,539)**	**(30,662)**
Share of loss of an associate	**–**	**–**	**–**	**–**	**–**
Impairment losses of goodwill	**–**	**–**	**–**	**(20,000)**	**(20,000)**

	For the six months ended September 30, 2016 (restated*)				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	1,450,203	664,290	245,226	206,944	2,566,663
Inter-segment revenue	–	–	419	2,042	2,461
Reportable segment revenues	1,450,203	664,290	245,645	208,986	2,569,124
Reportable segment profit/(loss) from operations	177,464	86,322	81,068	(35,742)	309,112
Amortization	(445)	–	(13,989)	(6,217)	(20,651)
Share of loss of an associate	–	–	(4,443)	–	(4,443)
Impairment losses of goodwill	–	–	–	–	–

* As a result of the acquisition of Joy Smile Development Limited ("Joy Smile") and You Nuo (Tianjin) Clothing Limited ("You Nuo") during the six months ended September 30, 2017 (see note 31), the Group has changed the composition of its reportable segments. Accordingly, the Group has restated the reportable segment information for the six months ended September 30, 2017.

6 REVENUE AND SEGMENT INFORMATION (continued)

(b) Reconciliations of reportable segment revenues and profit or loss

	For the six months ended September 30	
	2017	2016
	RMB'000	RMB'000
Revenue		
Reportable segment revenues	**2,967,510**	2,569,124
Elimination of inter-segment revenue	**(8,367)**	(2,461)
Consolidated revenue	**2,959,143**	2,566,663

	For the six months ended September 30	
	2017	2016
	RMB'000	RMB'000
Profit before taxation		
Reportable segment profit derived from the Group's external customers	**293,919**	309,112
Amortization expenses	**(30,662)**	(20,651)
Government grants	**17,324**	5,642
Impairment losses of goodwill	**(20,000)**	–
Unallocated expenses	**(41,622)**	(39,034)
Finance income	**52,433**	77,623
Finance costs	**(32,557)**	(140,725)
Consolidated profit before taxation	**238,835**	191,967

7 OTHER INCOME/(EXPENSES)

		Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Royalty income	(i)	**4,411**	4,626
Government grants	(ii)	**17,324**	5,642
Remeasurement to fair value of pre-existing interest in acquiree		**–**	14,236
Other income		**21,735**	24,504
Other expense - Donations		**(2,001)**	(3,392)

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

(ii) The Group received unconditional discretionary grants amounting to RMB17,324,000 during the six months period ended September 30, 2017 (six months ended September 30, 2016: RMB5,642,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

8 PERSONNEL EXPENSES

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Salaries, wages and other benefits	**319,831**	264,881
Contributions to defined contribution plans	**26,959**	20,882
Equity settled share-based transactions (note 28)	**16,668**	6,705
	363,458	292,468

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

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

9 EXPENSES BY NATURE

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

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**1,771,222**	1,555,745
Depreciation		
– Assets leased out under operating leases	**3,000**	2,971
– Other assets	**53,589**	58,398
Amortization	**30,662**	20,651
Impairment loss of goodwill (note 14)	**20,000**	–
Operating lease charges	**61,778**	69,305
Provision for impairment of bad and doubtful debts	**10,305**	6,751

10 NET FINANCE INCOME/(COST)

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**9,411**	17,717
Interest income on available-for-sale financial assets	**37,980**	43,132
Interest income on other financial assets	**600**	2,007
Total interest income on financial assets not at fair value through profit or loss	**47,991**	62,856
Change in fair value of derivative financial assets (note 23)	**1,572**	11,657
Change in fair value of derivative financial liabilities (note 25)	**–**	3,110
Net foreign exchange gain	**2,870**	–
Finance income	**52,433**	77,623
Interest on interest-bearing borrowings	**(25,678)**	(64,642)
Bank charges	**(6,879)**	(9,048)
Net foreign exchange loss	**–**	(67,035)
Finance costs	**(32,557)**	(140,725)
Net finance income/(cost) recognized in profit or loss	**19,876**	(63,102)

11 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Current tax expenses		
Provision for income tax	**135,174**	67,346
Deferred tax benefit		
Origination of temporary differences	**(79,259)**	(16,921)
	55,915	50,425

(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 Bosideng America Inc., Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United States and the United Kingdom during the period.

(iii) No tax provision has been made for Long Pacific (H.K.) Ltd. and Rocawear (China) Limited, as they do not have assessable profits subject to Hong Kong Profits Tax during the period.

(iv) The provision includes provision for PRC income tax and provision for HK income tax. 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. Provision for HK income tax is calculated at Hong Kong Profits Tax rate 16.5% on the estimated assessable Hong Kong profits for the year.

For the six months ended September 30, 2017, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides service of purchase, production planning, order management, storage and logistics management, and client service to group companies, was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016.

The effective tax rate for the six months ended September 30, 2017 was approximately 23%, lower than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses and tax losses of certain subsidiaries of the Group not recognized as deferred tax assets.

11 INCOME TAX EXPENSE (continued)

(b) Deferred tax assets and liabilities:

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and trademark RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax loss expected to be utilized RMB'000	Others RMB'000	Total RMB'000
At April 1, 2017	74,381	21,189	(124,973)	(92,916)	76,255	235,751	2,132	191,819
Acquisition through a business combination (note 31)	73,905	1,203	(66,331)	–	–	5,171	7,190	21,138
(Charged)/credited to profit or loss	(14,513)	(153)	9,133	61,364	9,914	14,131	(617)	79,259
Credited to other comprehensive income	–	–	–	–	–	–	(1,605)	(1,605)
Balance at September 30, 2017	133,773	22,239	(182,171)	(31,552)	86,169	255,053	7,100	290,611

The Enterprise Income Tax 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.

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Net deferred tax assets	**512,851**	416,665
Net deferred tax liabilities	**(222,240)**	(224,846)
	290,611	191,819

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB174,506,000 (six months ended September 30, 2016: RMB157,177,000) and the weighted average number of ordinary shares of 10,565,742,000 (six months ended September 30, 2016: 8,247,318,000 shares) in issue during the interim period.

12 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB174,506,000 (six months ended September 30, 2016: RMB157,177,000) and the weighted average number of ordinary shares of 10,597,766,000 (six months ended September 30, 2016: 8,247,318,000 shares), after adjusting for the effect of the Company's share-based payment arrangements (Note 28). The potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (Note 25) was anti-dilutive.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At April 1, 2017	693,936	41,041	283,896	260,705	3,869	1,283,447
Acquisition through a business combination (note 31)	55,049	3,440	4,632	–	13	63,134
Additions during the period	–	1,956	8,246	28,131	17,923	56,256
Transfer during the period	–	–	–	1,515	(1,515)	–
Movement of exchange rate	6,265	–	(62)	–	–	6,203
Disposals during the period	–	(283)	(2,828)	–	–	(3,111)
At September 30, 2017	755,250	46,154	293,884	290,351	20,290	1,405,929
Depreciation						
At April 1, 2017	(118,800)	(20,046)	(205,719)	(120,015)	–	(464,580)
Depreciation charge for the period	(15,271)	(1,647)	(13,656)	(23,015)	–	(53,589)
Movement of exchange rate	(70)	–	23	–	–	(47)
Disposals during the period	–	183	2,536	–	–	2,719
At September 30, 2017	(134,141)	(21,510)	(216,816)	(143,030)	–	(515,497)
Carrying amount						
At September 30, 2017	621,109	24,644	77,068	147,321	20,290	890,432
At March 31, 2017	575,136	20,995	78,177	140,690	3,869	818,867

Except for freehold land and buildings with the carrying amount of RMB162,510,000, which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2017. The properties located in the United Kingdom were acquired by the Group in June 2011.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

14 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At April 1, 2017	1,302,190	635,602	407,745	2,345,537
Additions	–	–	–	–
Acquisition through a business combination (note 31)	390,046	–	226,050	616,096
At September 30, 2017	1,692,236	635,602	633,795	2,961,633
Amortization and impairment loss:				
At April 1, 2017	(321,274)	(481,936)	(61,510)	(864,720)
Amortization charge for the period	–	(14,592)	(14,903)	(29,495)
Impairment losses	(20,000)	–	–	(20,000)
At September 30, 2017	(341,274)	(496,528)	(76,413)	(914,215)
Net book value:				
At September 30, 2017	1,350,962	139,074	557,382	2,047,418
At March 31, 2017	980,916	153,666	346,235	1,480,817

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

During the six months ended September 30, 2017, based on the impairment assessment, an impairment loss of goodwill of RMB20,000,000 (six months ended September 30, 2016: nil) was recognized in the condensed consolidated statement of profit or loss and other comprehensive income in light of the actual operating results and cash flows for Menswear cash generating unit ("CGU") were lower than expected.

The recoverable amounts of Menswear 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 was determined using a pre-tax discount rate of 18%.

15 INVESTMENT PROPERTIES

	2017 RMB'000
Cost:	
At April 1, 2017	210,791
Effect of movement in exchange rates	3,818
At September 30, 2017	214,609
Accumulated depreciation:	
At April 1, 2017	(28,177)
Charge for the period	(3,000)
Effect of movement in exchange rates	(243)
At September 30, 2017	(31,420)
Carrying amounts:	
At September 30, 2017	183,189
At March 31, 2017	182,614

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2017, freehold investment properties with the carrying amount of RMB101,601,000 (March 31, 2017: RMB98,620,000) represented land and buildings located in the United Kingdom and leasehold investment properties with the carrying amount of RMB81,588,000 (March 31, 2017: RMB83,994,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases typically carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at September 30, 2017, the estimated fair value of the investment properties that were acquired before April 1, 2016 had not significantly changed as compared to their respective fair value as at March 31, 2017, because having considered the latest property market condition and the market data on comparable properties, the Directors were of the view that there were no indications of significant changes in the fair value since previous annual reporting date.

16 INVENTORIES

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Raw materials	**569,560**	265,424
Work in progress	**16,758**	9,413
Finished goods	**1,166,080**	1,161,663
	1,752,398	1,436,500

17 TRADE, BILLS AND OTHER RECEIVABLES

		At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Trade receivables		**2,481,376**	629,747
Bills receivable		**37,525**	78,715
Less: Allowance for doubtful debts		**(109,881)**	(102,123)
		2,409,020	606,339
Third party other receivables:			
– VAT recoverable		**82,752**	74,488
– Deposits		**156,588**	173,706
– Advances to employees		**43,207**	36,426
– Secured loans receivable		**–**	81,032
– Receivables from companies controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.		**110,829**	110,829
– Advances to a company controlled by the non-controlling shareholder of a subsidiary, Jessie International Holdings Ltd.		**97,517**	98,136
– Amounts due from brokers	(i)	**76,080**	–
– Others		**19,514**	8,432
		2,995,507	1,189,388

(i) Amounts due from brokers mainly represented the amount of sale of available-for-sale financial assets but not yet settled with the brokers (note18 (b)).

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

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 and net of impairment losses on bad and doubtful debts, is as follows:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Within credit terms	**2,292,319**	503,523
1 to 3 months past due	**87,569**	54,992
Over 3 months but less than 6 months past due	**29,132**	13,293
Over 6 months but less than 12 months past due	**–**	95
Over 1 year past due	**–**	34,436
	2,409,020	606,339

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

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

		At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Short-term investments with banks	(a)	**1,337,882**	2,610,210
Available-for-sale securities	(b)	**457,320**	—
		1,795,202	2,610,210

(a) Short-term investments with banks

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 2.30% to 4.55% per annum (March 31, 2017: 2.30% to 4.90%).

During the period, the changes in fair value of short-term investments with banks of RMB4,813,000 was recognized in the other comprehensive income.

(b) Available-for-sale securities

On March 30, 2017, Delight Kingdom Group Limited ("Delight Kingdom"), a subsidiary of the Group, entered into a framework agreement ("Framework Agreement") to subscribe for the participating shares corresponding to the Bosideng Industry Investment Fund S.P. ("Bosideng Fund"), a segregated portfolio established and operated by Cithara Global Multi-Strategy SPC ("Cithara") under the name of Bosideng Fund, for an amount up to USD100 million pursuant to one or more subscription agreements entered into between Delight Kingdom and Cithara. Bosideng Fund is 100% invested by Delight Kingdom.

Bosideng Fund is managed by Cithara with the objectives of capturing investment opportunities in projects relating to relevant sectors within the fashion and apparel industry and to the extent that cash assets of Bosideng Fund have not been fully invested in or committed for such investment projects, enhancing short-to-medium term investment income by investing the spare cash assets of Bosideng Fund on the investment products with high liquidity and appreciation potential.

Available-for-sale securities, representing trading stocks and bonds held by Bosideng Fund, comprise:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
– maturing within 1 year	**457,320**	–

During the period, the changes in fair value of available-for-sale securities of RMB2,613,000 was recognized in the other comprehensive income.

19 PLEDGED BANK DEPOSITS

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

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Standby letters of credit	**451,130**	871,058
Bank borrowings (note 22)	**80,000**	553,907
Bills payable and letter of credit facilities	**–**	16,481
	531,130	1,441,446

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

20 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB157,200,000 as at September 30, 2017 (March 31, 2017: RMB266,500,000) were deposited in banks for a period of over three months but within one year.

21 CASH AND CASH EQUIVALENTS

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Cash at bank and on hand	**2,669,152**	4,542,935
Less: pledged bank deposits	**(531,130)**	(1,441,446)
time deposits with maturity over 3 months	**(157,200)**	(266,500)
Cash and cash equivalents	**1,980,822**	2,834,989

22 INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were repayable as follows:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Within 1 year or on demand	**2,056,366**	2,984,882

The interest-bearing borrowings comprised:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Bank loans		
– Secured	**2,056,366**	2,970,138
– Unsecured	**–**	14,744
	2,056,366	2,984,882

Bank borrowings of RMB1,192,393,000 as at September 30, 2017 (March 31, 2017: RMB1,695,579,000) were secured by standby letters of credit (note 19).

Bank borrowings of RMB595,306,000 as at September 30, 2017 (March 31, 2017: RMB1,274,559,000) were secured by pledged bank deposits of RMB80,000,000 (March 31, 2017: RMB553,907,000) (note 19).

Bank borrowings of RMB268,667,000 as at September 30, 2017 (March 31, 2017: Nil) were borrowed by Cithara on behalf of Bosideng Fund according to the Framework Agreement (note 18(b)).

23 DERIVATIVE FINANCIAL ASSETS

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

As at September 30, 2017, the fair value of outstanding forward contracts amounted to RMB4,960,000 (March 31, 2017: RMB3,388,000) which was recorded as derivative financial assets with a gain on fair value change of RMB1,572,000 (note 10) being recognized in profit or loss.

24 TRADE AND OTHER PAYABLES

		At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Trade payables		**908,785**	495,077
Other payables and accrued expenses			
– Deposits from customers		**452,662**	206,229
– Construction payables		**25,942**	29,310
– Accrued advertising expenses		**2,157**	14,695
– Accrued payroll, welfare and bonus		**118,870**	202,711
– Cash-settled written put option (note 25)		**52,990**	22,923
– VAT payable		**193,558**	38,542
– Dividends payable		**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.		**52,055**	13,014
– Advances from a company controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.		**42,713**	29,159
– Payables in relation to unvested restricted shares (note 28(a))		**17,293**	20,261
– Advances from a company controlled by the non-controlling shareholder of a subsidiary, Jessie International Holdings Ltd.		**54,237**	–
– Payables in relation to completion of acquisition of Joy Smile (note 31)		**65,000**	–
– Amounts due to brokers	(i)	**30,242**	–
– Others		**147,205**	127,085
		2,168,709	1,204,006

(i) Amounts due to brokers mainly represented the amount of buy-in of available-for-sale financial assets but not yet settled with the brokers.

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

An ageing analysis of trade payables, based on the invoice date, is set out below:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Within 1 month	**546,427**	364,505
1 to 3 months	**362,358**	130,572
	908,785	495,077

25 DERIVATIVE FINANCIAL LIABILITIES

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

As at September 30, 2017, the present value of the redemption price of the cash settled portion of the written put option of RMB52,990,000 was recorded as a current payable (March 31, 2017: RMB22,923,000). The increase of RMB30,067,000 during the year was recorded as an increase of other reserves.

As at September 30, 2017, the fair value of the share settled portion of the written put option was zero (March 31, 2017: nil), and no derivative financial liabilities with the fair value change of a gain was recognized in profit or loss (March 31, 2017: RMB3,219,000).

26 NON-CURRENT OTHER PAYABLES

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Dividends payable to the former controlling shareholder of Buoubuou International Holdings Ltd.	**75,136**	110,872
Payables in relation to equity share-based transactions (note 28)	**13,757**	29,433
Sales performance bonus accrual	**–**	15,126
	88,893	155,431

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim periods.

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Interim dividend declared and paid after the interim period of RMB1.3 cents per ordinary share (2016: interim dividend of 0.9 cent per ordinary share)	**135,025**	94,907

The interim dividend has 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 years, approved and paid during the periods.

	Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB0.4 cent per ordinary share (2016: final dividend of RMB2.2 cents per ordinary share)	**44,728**	198,157

(b) Purchase of own shares

During the interim period, the Company did not repurchase any of its own ordinary shares on The Stock Exchange of Hong Kong Limited.

As at September 30, 2016 and September 30, 2017, the number of issued and fully paid ordinary shares of the Company was RMB1,962,000.

28 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

28 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

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

At September 30, 2017, the Company had the following share-based payment arrangements:

(a) Restricted shares

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

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

During the six months period ended September 30, 2017, a number of 68,080,000 restricted shares were vested to 63 persons, and a number of 10,700,000 restricted shares for three persons were not vested due to unqualified performance or resignation. As at September 30, 2017, the number of restricted shares outstanding was adjusted to 102,120,000 shares.

(b) Share options

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

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

During the six months period ended September 30, 2017, no share option was vested. As at September 30, 2017, the number of share options outstanding was adjusted from 180,900,000 shares to 172,600,000 shares due to unqualified performance of one person and resignation of two persons and the exercise price stayed the same.

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

		Fair value measurements as at September 30, 2017 categorized into		
	Fair value at September 30, 2017 RMB'000	Unadjusted quoted prices (Level1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Available-for-sale financial assets (note 18)	**1,795,202**	**457,320**	**1,337,882**	**–**
Derivative financial assets (note 23)	**4,960**	**–**	**4,960**	**–**

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

(i) Fair value hierarchy (continued)

	Fair value at March 31, 2017 RMB'000	Fair value measurements as at March 31, 2017 categorized into Unadjusted quoted prices (Level1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Available-for-sale financial assets (note 18)	2,610,210	–	2,610,210	–
Derivative financial assets (note 23)	3,388	–	3,388	–

During the six months ended September 30, 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended September 30, 2016: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

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

(iii) Information about Level 3 fair value measurements

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at March 31, 2017 and September 30, 2017.

30 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at September 30, 2017 not provided for in the interim financial report are as follows:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Contracted for	**24,929**	13,820
Authorized but not contracted for	**–**	–
	24,929	13,820

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Within 1 year	**75,615**	61,173
After 1 year but within 5 years	**96,783**	76,895
Over 5 years	**–**	177
	172,398	138,245

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of one to six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the period, were RMB163,794,000 for the six months period ended September 30, 2017 (six months ended September 30, 2016: RMB112,570,000).

(c) Contingent liabilities

As at the end of the reporting period, the Group did not have any significant contingent liabilities.

31 BUSINESS COMBINATION

Acquisition of Joy Smile and You Nuo

Pursuant to the agreement dated March 28, 2017, the Group acquired 100% of issued shares and voting interests of Joy Smile from Jun Da Group Limited, and acquired 100% equity interests of You Nuo (together with Joy Smile as the "Target Companies") from three natural persons on April 28, 2017 ("the Acquisition Date"). The total consideration payable comprises cash consideration of RMB680 million subject to adjustments based on the performance of the Target Companies for the financial year ending March 31, 2018.

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

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

The revenue and net profit that the Target Companies contributed to the Group during the period ended September 30, 2017 are RMB150,441,000 and RMB10,673,000, respectively. If the acquisition had occurred on April 1, 2017, management estimates that the Group's consolidated revenue and consolidated profit for the period ended September 30, 2017 would have been RMB2,991,467,000 and RMB177,794,000, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the above acquisition would have been the same if the acquisition had occurred on April 1, 2017.

31 BUSINESS COMBINATION (continued)

Acquisition of Joy Smile and You Nuo (continued)

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

	Pre-acquisition carrying amounts RMB'000	**Fair value adjustments** RMB'000	**Recognized values on acquisition** RMB'000
Property, plant and equipment	46,555	16,579	63,134
Lease prepayment	1,588	17,066	18,654
Intangible assets (note 14)	–	226,050	226,050
Inventories	88,519	5,629	94,148
Trade and other receivables	87,718	–	87,718
Prepayments for materials and service suppliers	15,221	–	15,221
Cash and cash equivalents	24,032	–	24,032
Trade and other payables	(246,098)	–	(246,098)
Income tax payables	(8,024)	–	(8,024)
Deferred tax assets/(liabilities) (note 11(b))	87,469	(66,331)	21,138
Net identifiable assets	96,980	198,993	295,973
Non-controlling interests arising from the acquisition			(6,019)
Goodwill arising from the acquisition (note 14)			390,046
Total consideration			680,000
Representing:			
Cash			615,000
Payables in relation to completion of acquisition of Joy Smile			65,000
			680,000
Analysis of the net cash outflow in respect of the acquisition:			
Cash consideration paid			615,000
Less: cash acquired			(24,032)
Net cash outflow in acquisition			590,968

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

31 BUSINESS COMBINATION (continued)

Acquisition of Joy Smile and You Nuo (continued)

Assets acquired	Valuation technique
Property, plant and equipment and Lease prepayment	
(1) Land use rights	Market comparison technique: the valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for location and tenure, physical deterioration as well as functional and economic obsolescence.
(2) Building and structure	Cost technique: establish the replacement/reproduction cost new ("RCN") of the assets, and depreciate the RCN to reflect the anticipated remaining useful life. The fair value should be the balance of RCN, physical deterioration, functional deterioration, and economic deterioration, if any.
(3) Machinery and equipment	Market comparison technique and cost technique: market comparison technique is same as in (1) land use rights; cost approach is same as in (2) building and structure.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The goodwill recognized on the acquisition is attributable mainly to the skills and technical talent of the Target Companies' management and the advantageous distribution network of the Target Companies.

32 RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2017 and 2016, transactions with the following parties are considered as related party transactions.

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

32 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties

		Six months ended September 30, 2017 RMB'000	Six months ended September 30, 2016 RMB'000
Purchase of raw materials:			
Bosideng Corporation		**–**	92
Total		**–**	92
Rental expenses for lease of properties:			
Bosideng Corporation		**541**	630
Jiangsu Suyong		**2,681**	2,673
Total		**3,222**	3,303
Processing fee costs:			
Bosideng Corporation		**652,347**	327,666
Jiangsu Kangxin		**20,028**	1,324
Shandong Kangbo		**2,531**	923
Total		**674,906**	329,913
Integrated service fees:			
Bosideng Corporation	(i)	**3,585**	2,273
Jiangsu Kangxin		**2**	–
Jiangsu Suyong		**56**	–
		3,643	2,273

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

32 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	At September 30, 2017 RMB'000	At March 31, 2017 RMB'000
Other receivables due from:		
Bosideng Corporation	**690,297**	234,523
Jiangsu Kangxin	**3,784**	3,621
Jiangsu Suyong	**130**	133
Shandong Kangbo	**3,254**	51,560
	697,465	289,837
Total receivables due from related parties	**697,465**	289,837
Other payables due to:		
New Surplus	**20,309**	21,224
Total payables due to related parties	**20,309**	21,224

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to September 30, 2017, the Company proposed an interim dividend of approximately RMB135,025,000, representing approximately RMB1.3 cents per ordinary share to the equity shareholders of the Company.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED SEPTEMBER 30, 2017

A number of amendments and new standards are effective for annual periods beginning after January 1, 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

	Effective for accounting period beginning on or after (unless specified)
IFRIC 22, *Foreign currency transactions and advance consideration*	January 1, 2018
IFRS 9, *Financial instruments*	January 1, 2018
IFRS 15, *Revenue from contracts with customers*	January 1, 2018
Amendments to IFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	January 1, 2018
IFRS 16, *Leases*	January 1, 2019

IFRS 9, *Financial instruments*

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

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (continued)

IFRS 9, *Financial instruments* (continued)

(a) Classification and measurement

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

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

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

With respect to the Group's financial assets currently classified as available-for-sale, these are investments in equity securities and bank wealth management products which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to IFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise fair value changes in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss. This change in policy will have no impact on the Group's net assets and total comprehensive income but will impact on reported amounts such as profit and earnings per share.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of IFRS 9.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (continued)

IFRS 9, *Financial instruments* (continued)

(b) Impairment

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

IFRS 15, *Revenue from contracts with customers*

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group currently plans to adopt IFRS 15 initially on April 1, 2018.

IFRS 15 establishes a five-step model comprehensive framework for the recognition of revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group is currently assessing the effects of applying the new standard on the Group's consolidated financial statements and currently does not anticipate that the application of IFRS 15 in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 16, *Leases*

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that adopt IFRS at or before the date of the initial adoption of IFRS 16. The Group currently plans to adopt IFRS 16 initially on April 1, 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straightline operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Save as discussed above, all other new standards or amendments to standards issued but not effective are not likely to have significant impact on the consolidated financial statements.

GENERAL INFORMATION

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

As at September 30, 2017, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares") or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Controlled corporation (Note 1)	3,198,791,201	29.94%
	Deemed interest (Note 3)	2,763,697	0.03%
	Controlled corporation (Note 4)	3,844,862,385	35.99%
Ms. Mei Dong	Deemed interest (Note 1)	3,198,791,201	29.94%
	Beneficial owner (Note 2)	2,763,697	0.03%
	Deemed interest (Note 4)	3,844,862,385	35.99%
Ms. Huang Qiaolian	Beneficial owner (Notes 2, 5, 6)	13,963,697	0.13%
Mr. Mak Yun Kuen	Beneficial owner (Notes 5, 6)	22,400,000	0.21%
Mr. Rui Jinsong	Beneficial owner (Notes 2, 5, 6)	24,278,242	0.23%
Mr. Gao Xiaodong	Controlled corporation (Note 1)	3,198,791,201	29.94%
	Controlled corporation (Note 4)	3,844,862,385	35.99%

Notes:

(1) These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn controlled by Bosideng Holdings Group Co., Ltd. and 德州康欣投資有限公司. Bosideng Holdings Group Co., Ltd was controlled by Mr. Gao Dekang and 德州康欣投資有限公司 was controlled by Mr. Gao Dekang and Mr. Gao Xiaodong, who were deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.

(2) Each of Ms. Mei Dong and Ms. Huang Qiaolian was granted 2,763,697 Shares, respectively. Mr. Rui Jinsong was granted 1,878,242 Shares.

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

(4) These Shares were directly held by New Surplus International Investment Limited ("New Surplus"), the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by IC International Limited. Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited. Accordingly, each of Mr. Gao Dekang, Topping Wealth Limited and Bo Flying Limited is deemed to be interested in such Shares under the SFO. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn controlled by Bosideng Holdings Group Co., Ltd. and 德州康欣投資有限公司. Bosideng Holdings Group Co., Ltd was controlled by Mr. Gao Dekang and 德州康欣投資有限公司 was controlled by Mr. Gao Dekang and Mr. Gao Xiaodong, who are deemed to be interested in such Shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 3,844,862,385 Shares held by the controlled corporation of Mr. Gao Dekang under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth Limited.

(5) Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong and Ms. Huang Qiaolian was granted 11,200,000 Shares, 11,200,000 Shares and 5,600,000 Shares in August 2016, of which 4,480,000 Shares, 4,480,000 Shares and 2,240,000 Shares had been vested, and those which were not yet vested are held by the Share Award Scheme Trustee.

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

Save as disclosed above, as at September 30, 2017, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at September 30, 2017, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of any class of share carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
德州康欣投資有限公司	Interest of controlled corporation (Note 1)	3,198,791,201	29.94%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.99%
Bosideng Corporation Limited	Interest of controlled corporation (Note 1)	3,198,791,201	29.94%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.99%
Bosideng Holdings Group Co., Ltd.	Interest of controlled corporation (Note 1)	3,198,791,201	29.94%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.99%
Bo Flying Limited	Interest of controlled corporation (Note 1)	3,198,791,201	29.94%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.99%
Kong Bo Investment Limited	Beneficial interest (Note 1)	3,146,219,202	29.45%
New Surplus	Beneficial interest (Note 2)	3,844,862,385	35.99%
	Party to s317 agreement (Note 3)	3,201,554,898	29.97%
Topping Wealth Limited	Interest of controlled corporation (Note 2)	3,844,862,385	35.99%
	Party to s317 agreement (Note 3)	3,201,554,898	29.97%

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
IC International Company Limited ("ITC SPC")	Party to s317 agreement (Note 4)	7,046,417,283	65.96%
ITOCHU Corporation	Interest of controlled corporation (Note 4)	7,046,417,283	65.96%
	Party to s317 agreement (Note 4)	7,046,417,283	65.96%
ITOCHU Hong Kong Limited	Interest of controlled corporation (Note 4)	7,046,417,283	65.96%
	Party to s317 agreement (Note 4)	7,046,417,283	65.96%
CITIC International Assets Management Limited ("CIAM")	Party to s317 agreement (Notes 5 & 6)	7,046,417,283	65.96%
CITIC International Financial Holdings Limited	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	65.96%
CITIC Limited	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	65.96%
CITIC Group Corporation	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	65.96%
Kingford Investment Development Limited	Beneficial interest (Note 7)	814,542,857	7.62%
Yvonne Lee	Interest of controlled corporation (Note 7)	814,542,857	7.62%
Lion Group Holdings Private Limited	Interest of controlled corporation (Note 7)	814,542,857	7.62%
Lion Trust (Singapore) Limited	Interest of controlled corporation (Note 7)	814,542,857	7.62%
Kong Shengyuan	Interest of controlled corporation (Note 7)	814,542,857	7.62%
Kong Xin Development Limited	Interest of controlled corporation (Note 7)	814,542,857	7.62%
Cultivate Rise Limited	Interest of controlled corporation (Note 7)	814,542,857	7.62%

Notes:

1. These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn controlled by Bosideng Holdings Group Co., Ltd. and 德州康欣投資有限公司. Bosideng Holdings Group Co., Ltd was controlled by Mr. Gao Dekang and 德州康欣投資有限公司 was controlled by Mr. Gao Dekang and Mr. Gao Xiaodong, who are deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.

GENERAL INFORMATION

2. These Shares were directly held by New Surplus, the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by IC International Limited. Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited. Accordingly, each of Mr. Gao Dekang, Topping Wealth Limited and Bo Flying Limited is deemed to be interested in such Shares under the SFO. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn controlled by Bosideng Holdings Group Co., Ltd. and 德州康欣投資有限公司. Bosideng Holdings Group Co., Ltd is controlled by Mr. Gao Dekang and 德州康欣投資有限公司 is controlled by Mr. Gao Dekang and Mr. Gao Xiaodong, who are deemed to be interested in such Shares under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth Limited.

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

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

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

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

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

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	N	7,046,417,283
CIAM	CITIC International Financial Holdings Limited	40.00	N	7,046,417,283
Feather Shade Limited	CIAM	100.00	N	7,046,417,283

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

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

Save as disclosed above, as at September 30, 2017, none of the substantial shareholders of the Company had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of any class of share carrying rights to vote in all circumstances at general meeting of the Company.

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HKD1.5 cents (equivalent to approximately RMB1.3 cents) per Share for the six months ended September 30, 2017. The proposed interim dividend is payable on or around January 15, 2018 to shareholders whose names appear on the register of members of the Company on January 2, 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 28, 2017 to January 2, 2018, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 15, 2018, all duly completed transfer forms must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on December 27, 2017.

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

During the six months ended September 30, 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, purchased on the Stock Exchange a total of 46,408,000 Shares at an aggregate consideration of about HKD29.9 million. 68,080,000 Shares under the Share Award Scheme were vested.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company has complied with the code provisions of Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2017, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

Mr. Gao Dekang is the Chairman and CEO of the Company, as well as the founder of the Group. 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 to efficient business planning and decision-making of the Company. As all major decisions of the Group are made in consultation with members of the Board and the relevant Board committees, and there are four independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that adequate safeguards are in place to ensure sufficient balance of powers within the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2017.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process, risk management and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The unaudited consolidated interim financial statements for the six months ended September 30, 2017 have been reviewed by the Audit Committee and KPMG, the Company's external auditors. The independent review report issued by KPMG is set out on page 27 of this report. As at the date of this report, the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.25 and 3.26 of the Listing Rules, whose primary duties are to determine the remuneration packages of individual executive Directors and the senior management based on the Company's operating results, individual performance and comparable market statistics. Please refer to the terms of reference of the Remuneration Committee published on the websites of the Stock Exchange and the Company for the principal roles and functions of the Remuneration Committee. As at the date of this report, the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Code provisions A.5.1 and A.5.2 of the Code, whose primary functions are to review the structure, size and composition of the Board, identify individuals suitably qualified to become Board members with reference to the candidates' experience and qualifications and the Company's corporate strategy and diversity policy, assess the independence of independent non-executive Directors and make recommendations to the Board regarding candidates to fill vacancies on the Board. Please refer to the terms of reference of the Nomination Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Nomination Committee. As at the date of this report, the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

Email: bosideng_ir@bosideng.com
Tel: (852) 2866 6918
Fax: (852) 2866 6930

WEBSITES

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

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

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

Notes:

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

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

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

SHAREHOLDER INFORMATION

IMPORTANT DATES

Closure of Register of Members

December 28, 2017 to January 2, 2018 (both days inclusive)

Dividend

Interim Dividend: HKD1.5 cents per ordinary share
Payment Date: on or around January 15, 2018

Interim Period End

September 30

Board Lot

2,000 shares