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BOSIDENG

Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3998

ANNUAL REPORT 2015/16

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 four core down apparel brands, namely *Bosideng, Snow Flying, Combo* and *Bengen*. The Group satisfies different customers and fosters its leading position in the PRC market through its core 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, key non-down apparel brands of the Group include *Bosideng MAN, JESSIE* ladies' wear and *Mogao* casual wear.

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Financial Highlights

(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,				
	2016	2015	2014	2013	2012
Revenue	**5,787,321**	6,292,569	8,237,894	9,324,539	8,376,062
Gross Profit	**2,609,218**	2,870,009	4,115,456	4,720,549	4,188,634
Profit from operations	**337,679**	198,900	865,470	1,271,670	1,621,393
Profit attributable to:					
Equity shareholders of the Company	**280,942**	132,197	694,704	1,078,650	1,436,642
Non-controlling interests	**(19,109)**	5,726	7,634	(26,036)	14,103
Dividends per share (HKD cents):					
Interim	**–**	1.2	3.7	6.0	4.66
Final	**2.6**	1.0	2.0	6.5	12.0
Total	**2.6**	2.2	5.7	12.5	16.66
Non-current assets	**2,698,105**	2,765,824	2,900,778	2,540,443	2,517,817
Current assets	**9,457,503**	9,722,882	9,857,414	9,672,764	8,719,924
Current liabilities	**4,550,876**	3,919,967	2,807,280	3,634,987	3,286,641
Non-current liabilities	**152,427**	1,154,840	2,573,679	1,292,552	599,398
Net current assets	**4,906,627**	5,802,915	7,050,134	6,037,777	5,433,283
Total assets	**12,155,608**	12,488,706	12,758,192	12,213,207	11,237,741
Total assets less current liabilities	**7,604,732**	8,568,739	9,950,912	8,578,220	7,951,100
Total equity	**7,452,305**	7,413,899	7,377,233	7,285,668	7,351,702
Gross profit margin (%)	**45.1**	45.6	50.0	50.6	50.0
Operating margin (%)	**5.8**	3.2	10.5	13.6	19.4
Net profit margin (%)*	**4.9**	2.1	8.4	11.6	17.2
Earnings per share					
– basic (RMB cents)	**3.54**	1.66	8.73	13.55	18.29
– diluted (RMB cents)	**3.54**	1.65	8.72	13.55	18.29
Current ratio (x)	**2.1**	2.5	3.5	2.7	2.7
Gearing ratio (%)	**45.5**	47.7	44.2	36.5	23.7

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

Chairman's Statement

Dear Shareholders,

In the past two financial years, the Group took a practical approach and summarized its past experience to tackle its own issues and actively adjust the overexpanded retail network due to the "brand separation strategy" adopted for the down apparel business segment. As a result, the retail network was reduced from more than 13,000 outlets at its peak to around 5,000 outlets currently, attaining a more reasonable level. We also endeavored to actively optimize the retail network, shut down underperforming stores and increase the proportion of self-operated stores. At present, the self-operated down apparel stores as a percentage of the overall retail network is approximately 32.1%. The gradual increment of self-operated stores helped the Group draw closer to the market and consumers. At the same time, the Group actively cleared inventory to improve the business platform of the Group such that the inventory level decreased two years consecutively. These measures inevitably impacted the revenue and profitability of the Group for the past two years. However, after two years' efforts, the Group's cash flow continued to improve and net profit was increased. During the year, net profits attributable to shareholders of the Company increased substantially by 110%, reflecting the gradual improvement of business structure. I hereby, on behalf of the Board, express my heartfelt gratitude to all the staff for their hard work and efforts.

While reviewing and fine-tuning the business strategy, we also actively took precautions and carried out long-term planning for the future development of the Group. Currently, the economy of China is undergoing structural changes with economic growth slowing down and increasing costs of production, thus slowly eroding the profitability of enterprises. In addition, the traditional retail industry is also adapting to and exploring the rapid changes in sales and consumption patterns. The Internet and new media save much time and transaction costs for consumers, providing them with convenience. It also serves as a necessary means for modern enterprises to satisfy consumers and a tool that is essential for enhancing the brand. Yet, many apparel enterprises find it difficult to create new demand and increase profitability using the Internet. These rapid changes have brought about tremendous challenges to the apparel industry.

We realize that an enterprise can no longer solely rely on traditional low cost competition but rather focus fundamentally on branding and quality enhancement, i.e. "supply-side structural reform". In other words, it has to take a market-oriented approach to effectively increase supply, reduce inventory, lower corporate costs and optimize management level to enhance an enterprise's competitiveness so as to lay a more solid foundation for the long-term development of the Group. Among which, inventory clearance is our top priority. There is no shortcut for inventory clearance. Planning and management is the key. This is also the reason for our persistence towards accelerating retail transition to arrange production based on retail performance and carry out marketing planning by fully utilizing big data in a scientific manner to build an effective business platform. Next, branding is also our key emphasis. We have to establish a more defined brand position for our brands with a view to enhancing brand and product differentiation.

In addition to improving our business platform, we also actively and prudently built a more comprehensive investment platform to allow the Group to explore and attempt multiple areas for the future long-term development of the Group. In January 2016, the Group secured a one-year shareholder loan of JPY24 billion at a low interest rate from New Surplus International Investment Limited ("New Surplus"). New Surplus was set up by myself and further invested by ITOCHU Corporation and CITIC International Assets Management Limited ("CIAM"). Through such shareholder loan, the Group indirectly introduced ITOCHU Corporation and CIAM as strategic investors, injecting new vitality into the Group for exploring and developing the market in the future. It is believed that, by leveraging ITOCHU Corporation's extensive experience in international apparel brands and CIAM's capabilities in the capital market, Bosideng's capability in brand operation, financial position and financing will be greatly enhanced. In addition, Bosideng can make use of ITOCHU Corporation's international management experience to enhance the corporate management level and effectiveness of the Group.

Chairman's Statement

The economy of China is slowly heading towards the "new normal" from investment and export driven to sales driven economic growth model. The transition will generate unlimited growth potential for competitive and well-prepared apparel manufacturers. Bosideng will actively seize this opportunity to consolidate its principal down apparel business and attempt new things in multiple areas to actively explore more potential businesses. I believe that with the whole-hearted efforts of all personnel of the Group, Bosideng will definitely be on its growth track again to achieve sustainable business growth and head for the goal of becoming a worldwide operator highly respected and renowned for its comprehensive clothing brands. On behalf of the Group, I hereby express my most heart-felt thanks to all employees and management teams for their dedicated work last year. Meanwhile, I would like to express my deepest gratitude for all shareholders' on-going support and trust!

Mr. Gao Dekang
Chairman of the Board
June 29, 2016

Management Discussion and Analysis

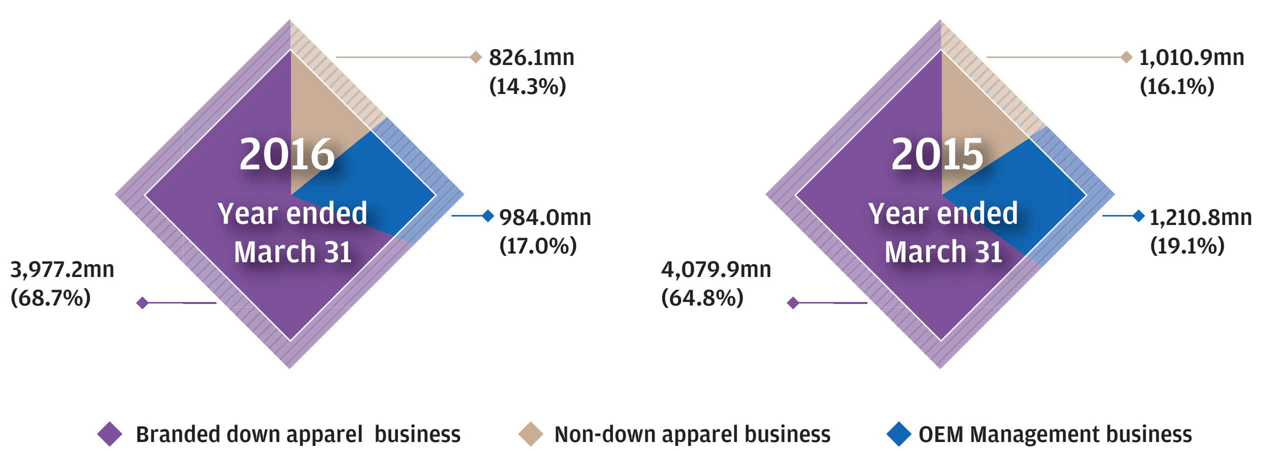
In recent years, the operating environment in China has been filled with uncertainties. The economic growth in China continued to slow down, which affected consumer sentiments. This has resulted in weak domestic demand and even worries over deflation. The apparel industry itself is also faced with rigorous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

REVENUE ANALYSIS

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

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

Revenue of the Group by business



Branded Down Apparel Business:

Subsequent to last year's business strategy, the Group further stepped up its efforts to optimize the retail network and clear inventory, and implemented a more stringent production and product planning for the year. During the year, the Group made use of specific sales channels such as temporary outlets, large-sized chain supermarkets and factory stores to clear inventory proactively and avoid overlapping with new arrivals which may affect the sales at its quality stores. In addition, after thorough analysis of retail statistics, the Group was able to precisely organize the production of various product styles, including the introduction of trial marketing, pursuant

to which the Group would carry out trial marketing of some flagship products and styles in physical stores prior to formulating the production and sales plans to test and understand the market reaction, such that the Group would be able to formulate the corresponding production and sales plans to avoid unnecessary inventory to make the inventory level gradually revert to a reasonable and healthy level. However, revenue from various brands decreased inevitably as a result of strict control over production volume. Moreover, the Group was engaged in the groundwork and preparation for the brand restructuring in future years. Accordingly, *Snow Flying* and *Bengen* only developed a few new styles; whereas *Combo* focused its efforts in inventory clearance and did not develop any new style during the year to give room to clear old inventory. As a result, *Combo* recorded a comparatively larger decrease in sales during the year.

Revenue from down apparel business by brand

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

Revenue from branded down apparel business by sale category

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

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

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

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

Retail network breakdown by down apparel brand

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

Change: Compared with that as at March 31, 2015

Retail network of down apparel business breakdown by region

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

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

OEM Management Business:

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

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

Non-down Apparel Business:

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

	Revenue from non-down apparel business by brand				
	For the year ended March 31				
	2016		2015		
Brands	**RMB million**	**% of revenue from non-down apparel revenue**	RMB million	% of revenue from non-down apparel revenue	Change
Bosideng MAN	**186.1**	**22.5%**	275.8	27.3%	-32.5%
JESSIE	**332.9**	**40.3%**	320.2	31.7%	4.0%
Mogao	**295.4**	**35.8%**	397.4	39.3%	-25.7%
Others	**11.7**	**1.4%**	17.5	1.7%	-33.1%
Total revenue from non-down apparel business	**826.1**	**100.0%**	1,010.9	100.0%	-18.3%

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

*	*Represents rental income*

Bosideng MAN

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

JESSIE

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

Mogao

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

Retail network breakdown by non-down apparel brand

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

Change: Compared with that as at March 31, 2015

Retail network of non-down apparel business breakdown by region

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

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

International Business:

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

GROSS PROFIT

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

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

OPERATING PROFIT

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

a decrease of 3.2 percentage points as compared to 42.0% of the same period last year.

DISTRIBUTION EXPENSES

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

ADMINISTRATIVE EXPENSES

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

IMPAIRMENT ON GOODWILL

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

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

The value in use calculation uses cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate (the "Growth Rate"). The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU.

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

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

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

Change in market condition and business performance

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

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

FINANCE INCOME

During the year under review, the Group's finance income decreased by 7.1% to approximately RMB155.1 million from approximately RMB166.9 million. The decrease was mainly due to the drop in interest rate in China.

FINANCE EXPENSES

The Group's finance expenses for the year under review decreased by 34.0% to approximately RMB100.8 million. The decrease were mainly due to the exchange realignment arising from the current accounts between the subsidiaries of the Group in the same period last year.

TAXATION

For the year ended March 31, 2016, income tax expenses increased from approximately RMB100.2 million to approximately RMB144.7 million. The effective tax rate was approximately 35.6%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by one of the subsidiaries.

FINAL DIVIDENDS

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

Company on September 7, 2016.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

In order to maximize returns on the Group's available cash reserves, the Group has invested in available-for-sale financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets have expected but not guaranteed returns ranging from 1.60% to 6.30% per annum.

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

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

OPERATING LEASE COMMITMENT

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

(March 31, 2015: approximately RMB178.0 million).

PLEDGE OF ASSETS

As at March 31, 2016, bank deposits amounting to approximately RMB1,127.5 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2015: approximately RMB733.5 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in the PRC with its revenues and expenses denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries selected US Dollars as their functional currency. Any significant exchange rate fluctuations of Hong Kong Dollars or US Dollars against each entity's respective functional currency may have impacts on the Group's financial position.

After the end of the reporting period, the Company secured new unsecured loan facilities in the amount of JPY24 billion on April 8, 2016 (please refer to Note 36(b) to the consolidated financial statements and the announcement of the Company dated January 8, 2016 for details) so that the Group's bank deposits and cash on hand included new balance denominated in Japanese Yen. Given the increased volatility in the currency market driven by various uncertainties in the global market, any material fluctuations in the exchange rate relating to Japanese Yen may affect the financial conditions of the Group.

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

HUMAN RESOURCES

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

The Group's remuneration and bonus policy is primarily based on the duties, performance and length of service of each individual employee with reference to the prevailing market conditions. To attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of its business, the Group has also adopted a share award scheme (the "Share Award Scheme") and a share option scheme (the "Share Option Scheme").

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

FUTURE DEVELOPMENT

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

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

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

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

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

Corporate Governance Report

CORPORATE GOVERNANCE CODE

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

The Group has complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended March 31, 2016 except for Code provision A.2.1, the details of which are disclosed below.

BOARD OF DIRECTORS

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

As at July 18, 2016 (being the latest practicable date prior to the printing of this report), the Board consisted of ten Directors, of whom six are executive Directors and four are independent non-executive Directors. The executive Directors are responsible for implementing business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including but not limited to, the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate directors' and officers' liabilities insurance.

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

Corporate Governance Report

During the financial year ended March 31, 2016, the Board convened a total of six Board meetings based on the needs of the operation and business development of the Group. The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the financial year ended March 31, 2016, as well as at the annual general meeting held on August 28, 2015, are as follows:

	No. of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meetings	Annual General Meeting on August 28, 2015
Executive Directors					
Mr. Gao Dekang *(Chairman of the Board and Chief Executive Officer)*	6/6	N/A	1/1	N/A	1/1
Ms. Mei Dong	6/6	N/A	N/A	N/A	0/1
Ms. Gao Miaoqin	6/6	N/A	N/A	N/A	0/1
Ms. Huang Qiaolian	6/6	N/A	N/A	N/A	0/1
Mr. Mak Yun Kuen	6/6	N/A	N/A	N/A	1/1
Mr. Rui Jinsong	6/6	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Mr. Dong Binggen	6/6	2/2	1/1	N/A	0/1
Mr. Wang Yao	6/6	2/2	1/1	N/A	0/1
Dr. Ngai Wai Fung	6/6	2/2	N/A	N/A	0/1
Mr. Lian Jie	6/6	2/2	N/A	N/A	1/1

Throughout the financial year ended March 31, 2016, the Board had met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having at least four independent non-executive Directors (representing at least one-third of the Board) with one of them (namely, Dr. Ngai Wai Fung) possessing the appropriate accounting professional qualifications.

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

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

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

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

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

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

Directors	Corporate Governance, Regulatory Development and Trainings on other relevant topics
Executive Directors	
Mr. Gao Dekang	√
Ms. Mei Dong	√
Ms. Gao Miaoqin	√
Ms. Huang Qiaolian	√
Mr. Mak Yun Kuen	√
Mr. Rui Jinsong	√
Independent non-executive Directors	
Mr. Dong Binggen	√
Mr. Wang Yao	√
Dr. Ngai Wai Fung	√
Mr. Lian Jie	√

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

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

Mr. Gao Dekang is the founder of the Group, the Chairman of the Board and the CEO of the Company for the year ended March 31, 2016. The Board believes that it is necessary to vest the roles of the Chairman of the Board and CEO in the same person due to his unique role, Mr. Gao Dekang's experience and well-established reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decision-making of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the year ended March 31, 2016 and up to the date of this report.

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor the external auditor, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The audited consolidated financial statements of the Group for the year ended March 31, 2016 have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 18, 2016 (being the latest practicable date prior to the printing of this report), the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

Major work performed by the Audit Committee during the year is summarized as follows:

- review of and recommendation for the Board's approval of the 2014/2015 annual report, interim financial information and annual financial statements with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the efficiency of the financial reporting procedures and internal control system;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

During the meetings held in the year ended March 31, 2016, the Audit Committee has considered the interim and annual results of the Group as well as the report prepared by the external auditor relating to accounting matters and other major findings identified during the course of interim review and annual audit.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established by the Company on September 15, 2007, whose primary duties are to determine the remuneration packages of individual executive Directors and 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 July 18, 2016 (being the latest practicable date prior to the printing of this report), the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen.

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

NOMINATION COMMITTEE

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

As at July 18, 2016 (being the latest practicable date prior to the printing of this report), the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao.

The Board adopted a board diversity policy setting out the approach to diversity of members of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives that are appropriate to the requirements of the Company's business. All Board appointments are made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. During the year under review, no meeting was held by the Nomination Committee as the composition of the Board was relatively stable and satisfactory.

EXECUTIVE COMMITTEE

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

As at July 18, 2016 (being the latest practicable date prior to the printing of this report), the Executive Committee consisted of two members, comprising the Chairman of the Board and the Chief Financial Officer of the Company, namely Mr. Gao Dekang (Chairman) and Mr. Mak Yun Kuen.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

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

INTERNAL CONTROL

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

MANAGEMENT FUNCTION

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

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements for the year ended March 31, 2016, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, made prudent and reasonable judgments and estimates, and prepared the financial statements on a going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditor of the Group about their reporting responsibilities on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on page 57 and page 58 of this report.

AUDITOR'S REMUNERATION

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

	RMB'000
Statutory audit services (including interim financial report review)	6,500
Non-audit services (including advisory for tax and compliance and IT service)	681
	7,181

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

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

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

SHAREHOLDERS' RIGHTS

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

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

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

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

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Dekang, aged 64, is the Chairman of the Board of Directors and the CEO of the Company. He is a representative of the 10th to 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and is responsible for the overall strategic development and management of the Group. He has over 30 years of experience in the apparel industry. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002, and obtained a Master's degree in business management from Victoria University in Switzerland in 2012.

Mr. Gao is holding the following public offices:

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

Mr. Gao has been widely recognized throughout the years:

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

Mr. Gao is the spouse of Ms. Mei Dong (a Controlling Shareholder and Director) and cousin of Ms. Gao Miaoqin (a Director).

Ms. Mei Dong, aged 48, is an executive Director and the Executive Vice President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the strategic operational management of the Group. She has over 20 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation in June 1994, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the spouse of Mr. Gao Dekang (a Controlling Shareholder and Director).

Ms. Gao Miaoqin, aged 65, is an executive Director and the Consultant of the Chairman of Board of the Company. Ms. Gao was appointed as an executive Director in July 2006 and is responsible for the special investment and public relations matters of the Group. She has over 20 years' experience in the down apparel industry. Ms. Gao joined Bosideng Corporation in June 1994, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She graduated from Suzhou College of Education in China in 1985 and received a certificate of advanced English education for middle school English teachers. She is the cousin of Mr. Gao Dekang (a Controlling Shareholder and Director).

Ms. Huang Qiaolian, aged 51, is an executive Director, the Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company). Ms. Huang was appointed as an executive Director in June 2007 and is responsible for conducting the monographic study on the fashion trend of down apparel, unveiling the fashion trend and designing high-end down apparel products. Her works have been displayed in numerous exhibitions in countries such as Korea, Canada and Russia. She received various honours such as contemporary renowned designer, one of the top ten fashion designers in China and the contributing designer in publishing the research on the garment trend in China. She has over 20 years' experience in the fashion industry. She serves various positions in different associations and organisations, such as the Council Member of the Fashion Art Committee of China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the special researcher for the fashion trend of China Fashion. Ms. Huang joined Bosideng Corporation in March 1997 and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987 and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.

Mr. Mak Yun Kuen, aged 40, is an executive Director and the Company Secretary of the Company. He is also the Chief Financial Officer of the Group and is responsible for the overall financial and accounting affairs, investor relations and company secretarial matters of the Company. In addition, Mr. Mak is the director and/or company secretary of certain subsidiaries in the Group. He joined the Group in July 2008 and was appointed as an executive Director with effect from May 2013. Mr. Mak graduated from Lingnan University with a Bachelor's Degree in Business Administration (Honours), and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Before joining the Group, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (SEHK, Stock Code: 03308), a company listed on the Stock Exchange.

Mr. Rui Jinsong, aged 44, is an executive Director and Senior Vice President of the Company and the General Manager of Bosideng Down Wear Limited. Mr. Rui is fully responsible for the overall management of the operational management business of the Group's core *Bosideng* brands. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile Engineering in 1994. He joined Bosideng Corporation in May 2004 and remained with the Group after the reorganisation of the businesses of the Group prior to its listing, from which he acquired practical experience in brand and retail management.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 66, a senior engineer, was appointed as an independent non-executive Director in September 2007. He graduated from Eastern China Textile Institute (currently known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman and President, Secretary of the Communist Party Committee. Currently, he is also the Chairman of a PRC company listed on the Shenzhen Stock Exchange ("SZSE"), namely China Union Holdings Ltd. (SZSE, Stock Code: 000036). He had been the Chairman of the Shenzhen Textile Industry Association, the President of the Shenzhen Textile Engineering Association, the member of the Standing Committee and the Invited Vice Chairman of China Textile Industry Association. He is currently also the Vice Chairman of China Textile Industry Enterprise Management Association.

Mr. Wang Yao, aged 57, was appointed as an independent non-executive Director in September 2007. He currently serves as the director of the China National Commercial Information Center and Vice President of the China General Chamber of Commerce. He received a Ph.D. degree in Engineering from Harbin Institute of Technology in 1989. He also obtained the qualification as a professor-grade senior engineer. He served as an independent non-executive director of Hosa International Limited (SEHK, Stock Code: 02200) and Golden Eagle Retail Group Ltd. (SEHK, Stock Code: 03308).

Dr. Ngai Wai Fung, aged 54, was appointed as an independent non-executive Director of the Company in September 2007. He is currently the director and chief executive officer of SW Corporate Services Group Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control, regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listing, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is the Immediate Past President of the Hong Kong Institute of Chartered Secretaries, a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants, the Adjunct Professor of Law at Hong Kong Shue Yan University, a member of the General Committee of the Chamber of Hong Kong Listed Companies and Finance Expert Consultant of Ministry of Finance of the People's Republic of China. Dr. Ngai was appointed by the Chief Executive of The Hong Kong Special Administrative Region as a member of Working Group on Professional Services under the Economic development Commission for two years in 2013 and reappointed for further two years in 2015. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics in 2011 and received a Master's Degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master's Degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's Degree in Law at University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of three dual-listing companies whose shares are listed on the Stock Exchange (SEHK) and Shanghai Stock Exchange ("SSE"), namely China Railway Group Limited (SEHK, Stock Code: 00390, SSE, Stock Code: 601390), China Coal Energy Company Limited (SEHK, Stock Code: 01898; SSE, Stock Code: 601898) and BBMG Corporation (SEHK, Stock Code: 02009, SSE, Stock Code: 601992). In addition, Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338), Biostime International Holdings Limited (SEHK, Stock Code: 01112), Beijing Capital Juda Limited (SEHK, Stock Code: 01329), Powerlong Real Estate Holdings Limited (SEHK, Stock Code: 01238), SITC International Holdings Company Limited (SEHK, Stock Code: 01308), Yangtze Optical Fibre and Cable Joint Stock Limited Company (SEHK, Stock Code: 06869), TravelSky Technology Limited (SEHK, Stock Code: 00696) and Topsearch International (Holdings) Limited (Stock Code: 02323). Dr. Ngai is also an independent director of LDK Solar Co., Ltd. (Stock Code: LDKYQ) and SPI Energy Co., Ltd. (listed on the Nasdaq Stock Market, Stock Code: SPI). He was the independent non-executive director of Franshion Properties (China) Limited (SEHK, Stock code: 00817) from May 2007 to June 2011, the independent non-executive director of China Life Insurance Company Limited (SEHK, Stock Code: 02628) from December 2006 to May 2009, the independent non-executive director of China Railway Construction Corporation Limited (SEHK, Stock Code: 01186; SSE, Stock Code: 601186) from November 2007 to October 2014 and the independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (SEHK, Stock Code: 00631) from November 2009 to December 2015.

Mr. Lian Jie, aged 42, was appointed as an independent non-executive Director with effect from July 2013. Mr. Lian is currently the Partner of Primavera Capital Group which is a China focused private equity firm. Mr. Lian is also an independent director of Bona Film Group Limited which was a company listed on the NASDAQ Stock Market and privatized on May 18, 2016 and a non-executive director of China XLX Fertiliser Limited which is a company listed on the Stock Exchange (SEHK, Stock Code: 1866).

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

SENIOR MANAGEMENT

Mr. Liu Wei, aged 48, is the Vice President of the Company and director of office of the Group, responsible for the administration, human resources, legal and party community matters as well as assisting the president to manage the audit department. Mr. Liu joined Bosideng Corporation in 2004, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. He obtained a Master's Degree in Business Administration (MBA) from the Central South University and a Master's Degree in Public Administration (MPA) from Peking University. Mr. Liu is qualified as an internationally certified internal auditor, China Certified Public Accountant, senior auditor and China corporate legal advisor.

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

Below are the information relating to the changes of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2015/16 interim report:

1. Details of changes in the fee of Mr. Wang Yao are set out in Note 12 to the Financial Statements

2. Details of changes in the directorship held by Dr. Ngai Wai Fung in public companies the securities of which are listed on securities market in Hong Kong or overseas are as follows:

Company Name	Position	Appointment Date	Resignation Date
SPI Energy Co., Ltd. (Nasdaq Stock Market, Stock Code: SPI).	Independent director	May 9, 2016	
Topsearch International (Holdings) Limited (SEHK, Stock Code: 02323)	Independent non-executive director	March 22, 2016	
TravelSky Technology Limited (SEHK, Stock Code: 00696)	Independent non-executive director	January 26, 2016	
BBMG Corporation (SEHK, Stock Code: 02009, SSE, Stock Code: 601992)	Independent non-executive director	November 27, 2015	
Sany Heavy Equipment International Holdings Company Limited (SEHK, Stock Code: 00631)	Independent non-executive director		December 18, 2015

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

Report of Directors

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2016 set out in the Auditor's Report contained in this annual report (the "Financial Statements").

PRINCIPAL ACTIVITIES

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

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated statement of comprehensive income on page 59 and Note 5 to the Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position, the future development of the Group's business, and principal business risks and uncertainties are provided in the "Chairman Statement" and "Management Discussion and Analysis" and "Subsequent Events" sections, respectively on pages 3 to 4 and on pages 8 to 28 and page 56 of this annual report and Note 32(e) to the consolidated financial statements. Additionally, the financial risk management objectives and policies of the Company can be found in note 32 to the consolidated financial statements. These discussions form part of this Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

FIVE-YEAR FINANCIAL SUMMARY

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

RESULTS AND DISTRIBUTION

The results of the Group for the year ended March 31, 2016 are set out in the Financial Statements included in the Auditor's Report. The Board has resolved to recommend the payment of a final dividend of HKD2.6 cents (equivalent to approximately RMB2.2 cents) per ordinary share in respect of the year ended March 31, 2016, totalling approximately HKD208,041,028.

NON-CURRENT ASSETS

Details of acquisition and other movements of the non-current assets during the year are set out in Notes 15 to 19 and Note 30 to the Financial Statements.

SHARE CAPITAL

Details of the movement in the Group's share capital during the year ended March 31, 2016 are set out in Note 31 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the year ended March 31, 2016 are set out in Note 31 to the Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2016 are set out in Note 26 to the Financial Statements.

DONATIONS

The Group's charitable and other donations during the year ended March 31, 2016 amounted to RMB4,451,000 (2015: RMB14,114,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended March 31, 2016 and up to July 18, 2016 (being the latest practicable date prior to the printing of this report) are as follows:

Executive Directors:

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

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

All of the Directors were appointed for a fixed term of three years under their respective service contracts or appointment letters entered into with the Company, renewable automatically for successive terms of one year, until terminated by either party by giving a three-month notice. In accordance with Article 87 of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and these retiring Directors shall be eligible for re-election at that annual general meeting. Accordingly, Ms. Huang Qiaolian, Mr. Mak Yun Kuen, Mr. Wang Yao, Dr. Ngai Wai Fung shall retire by rotation at the forthcoming annual general meeting (the "AGM"). Ms. Huang Qiaolian, Mr. Mak Yun Kuen, Mr. Wang Yao, Dr. Ngai Wai Fung, being eligible, will offer themselves for re-election at the AGM.

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

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

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

As at March 31, 2016, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other *(Note 1)*	3,198,791,201	35.98%
	Deemed interest *(Note 3)*	2,763,697	0.03%
	Controlled corporation *(Note 4)*	2,010,000,000	25.12%
Ms. Mei Dong	Other *(Note 1)*	3,198,791,201	35.98%
	Beneficial owner *(Note 2)*	2,763,697	0.03%
	Deemed interest *(Note 4)*	2,010,000,000	25.12%
Ms. Gao Miaoqin	Beneficial owner *(Note 2)*	1,003,697	0.01%
Ms. Huang Qiaolian	Beneficial owner *(Note 2)*	2,763,697	0.03%
Mr. Rui Jinsong	Beneficial owner *(Note 2)*	1,878,242	0.02%

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 Kova Group Limited, which is in turn wholly owned by The GDK Trust, the trustee of which is Cititrust (Singapore) Limited (changed to Cititrust Private Trust (Cayman) Limited on April 29, 2016). The GDK Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such shares under the SFO.

(2) Each of Ms. Mei Dong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 shares respectively. Mr. Rui Jinsong was granted 1,878,242 shares, under the share scheme over a vesting period. Ms. Gao Miaoqin had disposed of 1,760,000 shares in 2013.

(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, 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. Accordingly, Mr. Gao Dekang is deemed to be interested in such shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 2,010,000,000 shares held by the controlled corporation of Mr. Gao Dekang under the SFO.

Save as disclosed above, as at March 31, 2016, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or is likely to compete (either directly or indirectly) with the Group's business at any time during the year ended March 31, 2016 and up to the date of this report.

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

The independent non-executive Directors have, based on the information available to them, including information and confirmation provided by or obtained from Mr. Gao Dekang and his associates (other than members of the Group), for the financial year ended March 31, 2016, conducted a review of the compliance with the Non- competition Deed and are of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Mr. Gao Dekang and his associates (as defined in the Listing Rules) have entered into certain transactions as further described below under the heading "Connected Transactions" and Note 34 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang and Ms. Gao Miaoqin is the cousin of Mr. Gao Dekang. Save as disclosed, no Director or an entity connected with a Director had a material interest in any transaction, arrangement or contract of significance to the Group's business for the year ended March 31, 2016 in which the Group was a party.

REMUNERATION POLICY

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

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

Details of the remuneration of the Directors and of the five highest paid individuals in the Group are set out in Notes 12 and 13 to the Financial Statements.

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

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

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

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

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the year ended March 31, 2016 were RMB50,763,000.

Details of the Group's contributions to the retirement benefit schemes are shown in Note 8 to the Financial Statements.

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

As at March 31, 2016, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares of the Company which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Cititrust (Singapore) Limited	Trustee *(Note 1)*	3,198,791,201	35.98%
Kova Group Limited	Interest of controlled corporation *(Note 1)*	3,198,791,201	35.98%
Kong Bo Investment Limited	Corporate interest *(Note 1)*	3,146,219,202	35.32%
New Surplus	Beneficial interest *(Note 2)*	2,010,000,000	25.12%
	Party to s317 agreement *(Note 3)*	3,201,554,898	40.01%
Topping Wealth Limited	Interest of controlled corporation *(Note 2)*	2,010,000,000	25.12%
	Party to s317 agreement *(Note 3)*	3,201,554,898	40.01%
IC International Limited	Party to s317 agreement *(Note 4)*	5,211,554,898	65.13%
ITOCHU Corporation	Interest of controlled corporation *(Note 4)*	5,211,554,898	65.13%
	Party to s317 agreement *(Note 4)*	5,211,554,898	65.13%
ITOCHU Hong Kong Limited	Interest of controlled corporation *(Note 4)*	5,211,554,898	65.13%
	Party to s317 agreement *(Note 4)*	5,211,554,898	65.13%
CITIC International Assets Management Limited	Party to s317 agreement *(Notes 5&6)*	5,211,554,898	65.13%
CITIC International Financial Holdings Limited	Interest of controlled corporation *(Notes 5&6)*	5,211,554,898	65.13%
CITIC Limited	Interest of controlled corporation *(Notes 5&6)*	5,211,554,898	65.13%
CITIC Group Corporation	Interest of controlled corporation *(Notes 5&6)*	5,211,554,898	65.13%
Brandes Investment Partners, L.P.	Investment Management	554,458,350	6.93%

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 Kova Group Limited, which is in turn wholly owned by The GDK Trust, the trustee of which was Cititrust (Singapore) Limited. The GDK Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such shares under the SFO. As at the date of this report, the trustee has been changed to Cititrust Private Trust (Cayman) Limited.

(2) New Surplus is a company, 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. Accordingly, Mr. Gao Dekang is deemed to be interested in such shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is also deemed to be interested in the 2,010,000,000 shares held by the controlled corporations of Mr. Gao Dekang under the SFO. Mr. Gao Dekang is a director of the New Surplus and Topping Wealth Limited.

(3) New Surplus and Topping Wealth Limited were parties acting in concert with Mr. Gao Dekang and IC International Company Limited under s317(a) of the SFC. 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 2,010,000,000 shares interested by them.

(4) ITOCHU Corporation was deemed to be interested in a total of 5,211,554,898 shares in the Company by virtue of its control over ITOCHU Hong Kong Limited, which controlled IC International Company Limited, a party acting in concert with Mr. Gao Dekang, Topping Wealth Limited and New Surplus under s317(a) of the SFC. By virtue of the SFO, each of ITOCHU Corporation, ITOCHU Hong Kong Limited and IC International Company Limited was deemed to be interested in 5,211,554,898 shares.

(5) CITIC International Assets Management Limited and Feather Shade Limited are parties acting in concert with ITOCHU Corporation, ITOCHU Hong Kong Limited and IC International Company Limited under s317(a) of the SFC. By virtue of the SFO, CITIC International Assets Management Limited and Feather Shade Limited were deemed to be interested in 5,211,554,898 shares.

(6) Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited and CITIC International Assets Management Limited was deemed to be interested in a total of 5,211,554,898 shares in the Company by virtue of its control over several corporations, according to the disclosure forms filed by them on March 30, 2016, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC Polaris Limited	CITIC Group Corporation	100.00	N	5,211,554,898
CITIC Limited	CITIC Polaris Limited	32.53	N	5,211,554,898
CITIC Glory Limited	CITIC Group Corporation	100.00	N	5,211,554,898
CITIC Limited	CITIC Glory Limited	25.60	N	5,211,554,898
CITIC Corporation Limited	CITIC Limited	100.00	N	5,211,554,898
China CITIC Bank Corporation Limited	CITIC Corporation Limited	64.18	N	5,211,554,898
CITIC New Horizon Limited	CITIC Corporation Limited	100.00	N	5,211,554,898
Extra Yield International Limited	CITIC New Horizon Limited	100.00	N	5,211,554,898
China CITIC Bank Corporation Limited	Extra Yield International Limited	0.02	N	5,211,554,898
Metal Link Limited	CITIC Limited	100.00	N	5,211,554,898
China CITIC Bank Corporation Limited	Metal Link Limited	0.09	N	5,211,554,898
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	N	5,211,554,898
CITIC International Assets Management Limited	CITIC International Financial Holdings Limited	40.00	N	5,211,554,898
Feather Shade Limited	CITIC International Assets Management Limited	100.00	N	5,211,554,898

Save as disclosed above, as at March 31, 2016, the Directors and the chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would require to be disclosed 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 the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

MANAGEMENT CONTRACTS

Save as disclosed below under the section headed "Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2016.

CONNECTED TRANSACTION

On April 24, 2015, the Company has entered into the subscription agreement (the "Subscription Agreement") with New Surplus pursuant to which New Surplus has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 1,302,500,000 new shares (the "Subscription Shares") at the subscription price of HKD1.19 per Subscription Share which equals to the closing price of HKD1.19 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement, for an aggregate consideration of HKD1,549,975,000 (the "Subscription"). The nominal value of the Subscription Shares is USD13,025. The Directors are of the view that the Subscription will bring in ITOCHU Corporation and CITIC Securities such two strong investors to the Group, and will further diversify the shareholding structure of the Company. The Subscription will also bring in global experiences and expertise from ITOCHU Corporation and CITIC Securities to the Group. Leveraging ITOCHU Corporation's experience in apparel wholesale, retailing and branding, the Company will be able to enhance its overall management capabilities, especially in brand management.

The aggregate gross proceeds from the Subscription will be HKD1,549,975,000 and the net proceeds from the Subscription, after deduction of expenses, would be approximately HKD1,544,975,000. The net price per Subscription Share after related expenses is approximately HKD1.186 per Subscription Share. The Company intended to use the net proceeds from the Subscription to (i) further develop the Group's businesses; and (ii) invest in opportunities that well match the Group's development.

As at the date of the Subscription Agreement, New Surplus was a company indirectly wholly owned by Mr. Gao Dekang, the controlling shareholder of the Company, and hence, the Subscriber is a connected person of the Company under the Listing Rules. As such, the Subscription constituted a connected transaction for the Company and was subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details of these transactions are set out in the Company's announcement dated April 24, 2015 and circular dated May 29, 2015.

The Directors announced that as the conditions precedent as set out in the Subscription Agreement were unable to be fulfilled on or before December 31, 2015 (in particular, the obtaining of the approval from independent Shareholders), the Subscription Agreement has lapsed and became null and void and the parties thereto have been released from all obligations thereunder. The Directors consider that the lapse of the Subscription Agreement will not cause any impact on the business operation and financial position of the Group.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions with Mr. Gao Dekang and his associates (as defined in the Listing Rules) (other than members of the Group) (the "Parent Group"), which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Certain related party transactions as disclosed in Note 34 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above mentioned connected transactions.

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

FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

The Group outsourced the manufacturing process of down apparel and OEM products to third party manufacturers and the Parent Group on a non-exclusive basis. Under the framework manufacturing outsourcing and agency agreement (the "Framework Manufacturing Outsourcing and Agency Agreement") entered into between the Company and Mr. Gao Dekang on September 15, 2007, the Parent Group shall provide labour, factory, premises, necessary equipment, water and electricity for the processing of the down apparel products of the Group. The processing fee is to be charged at the costs to be incurred for the processing services estimated by the Group and the applicable mark-up rate ranging from 5% to 10% (depending on place, quantity and the turnaround time of the processing services required) (the "Estimated Cost"), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Should the terms offered by independent manufacturers be lower than the Estimated Cost with other terms better than or similar to those offered by the Parent Group, the Group will then appoint the other outsourcing manufacturers for the processing of down apparel products.

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

At the extraordinary general meeting of the Company held on February 6, 2015, the shareholders approved to revise the annual caps for the three financial years ended March 31, 2015, 2016 and 2017 to RMB770,000,000, RMB950,000,000 and RMB1,150,000,000, respectively. The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2016 was RMB688,668,000.

FRAMEWORK RAW MATERIAL PURCHASE AGREEMENT

The Group also purchased nanometre fabric from the Parent Group on a non-exclusive basis pursuant to the framework raw material purchase agreement (the "Framework Raw Material Purchase Agreement") dated September 15, 2007 entered into between the Company and Mr. Gao Dekang. Under this agreement, the amounts to be paid for the purchase of raw materials from the Parent Group for use in down apparel products shall be determined on an arm's length basis by reference to the prevailing market prices of the raw materials, in particular, nanometre fabric, for use in down apparel products or at rates comparable to the quality and prices of those similar products offered by the Parent Group to any other independent third party customers.

The Framework Raw Material Purchase Agreement has an initial term of three years from September 15, 2007 to September 14, 2010, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the Framework Raw Material Purchase Agreement at any time by giving at least three months' notice. It has been renewed and further extended to September 14, 2016. The annual caps approved by the Board for each of the three financial years ended March 31, 2014, 2015 and 2016 were RMB11,500,000, RMB12,000,000 and RMB12,500,000, respectively.

The actual amount payable by the Group to the Parent Group for the year ended March 31, 2016 was RMB167,000. The transactions contemplated under the Framework Raw Materials Purchase Agreement become de minimis transaction after the year ended March 31, 2016 and they will be fully exempt from all disclosing and reporting requirements under Chapter 14A of the Listing Rules.

PROPERTY LEASE AGREEMENT AND ITS SUPPLEMENTAL AGREEMENTS

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

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

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

In April 2009, the Company terminated the leases of three premises and on March 11, 2010, the Company and Mr. Gao Dekang entered into the supplemental property lease agreement, pursuant to which the Parent Group agreed to lease five additional premises to the Company for a term not exceeding 20 years from the date of the supplemental property lease agreement. On April 22, 2013, the Company and Mr. Gao Dekang entered into the second supplemental lease agreement pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 1, 2013. The new leases to be entered into under the second supplemental lease agreement shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the term. The annual caps approved by the Board for the three financial years ended March 31, 2014, 2015 and 2016 were RMB33,000,000, RMB35,000,000 and RMB37,000,000, respectively.

The Board further approved the proposed annual caps of RMB30,000,000, RMB33,000,000 and RMB36,000,000 for the three financial years ending March 31, 2017, 2018 and 2019, respectively, on March 23, 2016. The Company also served a notice of renewal to the Parent Group on April 6, 2016 to renew the agreement for another term of three years from September 15, 2016.

The actual amount of rental payable by the Group to the Parent Group for the year ended March 31, 2016 was RMB22,320,000.

FRAMEWORK INTEGRATED SERVICE AGREEMENT

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

Pursuant to the Framework Integrated Service Agreement, the Group can request the Parent Group to provide additional services that are necessary for the operation of the Group's business. Accordingly, the Group had further requested the Parent Group to provide the warehouse storage services for the Group in the PRC starting from April 1, 2015.

The Framework Integrated Service Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and further extended to September 14, 2016. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Framework Integrated Service Agreement is renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the term.

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

The Board approved the new annual caps of RMB20,000,000, RMB25,000,000 and RMB30,000,000 for the three financial years ending March 31, 2014, 2015 and 2016, respectively, on April 22, 2013.

The Board further approved the proposed annual caps of RMB15,000,000, RMB17,000,000 and RMB19,000,000 for the three financial years ending March 31, 2017, 2018 and 2019, respectively, on March 23, 2016. The Company also served a notice of renewal to the Parent Group on April 6, 2016 to renew the agreement for another term of three years from September 15, 2016.

The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2016 was RMB5,533,000.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above and in Note 34 to the Financial Statements were entered into:

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

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

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

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

SHARE OPTION SCHEME

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

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

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

The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Listing Date (such 10% representing 787,000,000 shares and approximately 9.84% of the Company's issued share capital as at the date of this annual report) without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time (such 30% representing 2,399,309,400 shares as at the date of this annual report). No Option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

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

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

As at the date of this report, no Options had been granted under the Share Option Scheme by the Company.

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

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

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

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

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

During the year, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, the Company purchased on the Stock Exchange a total of 23,080,000 shares of the Company at an aggregate consideration of about HKD17.6 million.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at July 18, 2016 (being the latest practicable date prior to the issue of this report).

Report of Directors

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2016, the Group's five largest suppliers (comprising suppliers of down, fabric and ancillary materials) together accounted for less than 30% of the Group's total raw material purchases.

Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd., the Group's supplier of fabric developed from nanotechnology, is 68% indirectly controlled by Mr. Gao Dekang and his associates. For the year ended March 31, 2016, no purchases were made by the Group from this supplier. Save as disclosed above, none of the Directors, their associates or any shareholder of the Company (who or which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any equity interest in any of the Group's major suppliers.

For the year ended March 31, 2016, the Group's five largest customers accounted for less than 30% of the Group's revenue and none of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) had any interest in any of the Group's major customers.

COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 33 to the Financial Statements.

INDEMNITY OF DIRECTORS

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

SUBSEQUENT EVENTS

Details of the Group's events after the reporting period up to the date of this report are set out in Note 36 to the Financial Statements.

Prior to July 18, 2016 (being the latest practicable date prior to the printing of this report), Jessie International Holdings Limited ("the Purchaser"), a wholly-owned subsidiary of the Company, entered into a share sale and purchase agreement with Kingford Investment Development Limited and Prestige Stand Investment Development Limited ("the Vendors"), pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 70% of the issued share capital of Buoubuou International Holdings Limited. The aggregate consideration for the acquisition shall be satisfied by a cash payment of RMB70,000,000 and the allotment and issue of 850,000,000 new shares by the Company to the Vendors at HKD0.652 per share. Details of the transaction are set out in the announcement of the Company dated July 8, 2016.

AUDITOR

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

By order of the Board
Gao Dekang
Chairman

Hong Kong, June 29, 2016

Independent auditor's report

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

We have audited the consolidated financial statements of Bosideng International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 59 to 137, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

June 29, 2016

Consolidated statement of profit or loss and other comprehensive income

For the year ended March 31, 2016

(Expressed in Renminbi)

	Note	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Revenue	5	**5,787,321**	6,292,569
Cost of sales		**(3,178,103)**	(3,422,560)
Gross profit		**2,609,218**	2,870,009
Other income	6	**55,824**	85,775
Selling and distribution expenses	7	**(1,766,182)**	(2,108,497)
Administrative expenses		**(477,730)**	(536,273)
Impairment losses on goodwill	17	**(79,000)**	(98,000)
Other expenses – donations		**(4,451)**	(14,114)
Profit from operations		**337,679**	198,900
Finance income		**155,056**	166,890
Finance costs		**(100,764)**	(152,572)
Net finance income	10	**54,292**	14,318
Share of profits of an associate, net of tax	30	**14,557**	24,871
Profit before income tax		**406,528**	238,089
Income tax expense	11	**(144,695)**	(100,166)
Profit for the year		**261,833**	137,923
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences foreign operations		**(157,179)**	10,578
Change in the fair value of available-for-sale financial assets		**–**	5,310
Available-for-sale financial assets reclassified to profit or loss on disposal		**–**	(2,588)
Income tax on items that may be reclassified subsequently to profit or loss	11(c)	**–**	(680)
Other comprehensive income for the year, net of tax		**(157,179)**	12,620
Total comprehensive income for the year		**104,654**	150,543

The notes on pages 66 to 137 form part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended March 31, 2016

(Expressed in Renminbi)

	Note	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Profit attributable to:			
Equity shareholders of the Company		**280,942**	132,197
Non-controlling interests		**(19,109)**	5,726
Profit for the year		**261,833**	137,923
Total comprehensive income attributable to:			
Equity shareholders of the Company		**123,749**	144,204
Non-controlling interests		**(19,095)**	6,339
Total comprehensive income for the year		**104,654**	150,543
Earnings per share	14		
– basic (RMB cents)		**3.54**	1.66
– diluted (RMB cents)		**3.54**	1.65

The notes on pages 66 to 137 form part of these financial statements.

Consolidated statement of financial position

At March 31, 2016

(Expressed in Renminbi)

	Note	At March 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	15	**927,246**	962,750
Non-current receivables		**90,759**	–
Lease prepayments	16	**37,375**	38,264
Intangible assets and goodwill	17	**759,638**	874,219
Investment properties	18	**194,480**	198,322
Interest in an associate	30	**237,013**	222,456
Deferred tax assets	19	**451,594**	469,813
		2,698,105	2,765,824
Current assets			
Inventories	20	**1,628,588**	1,908,918
Trade, bills and other receivables	21	**1,506,466**	1,793,709
Receivables due from related parties	34	**300,123**	157,157
Prepayments for materials and service suppliers		**109,797**	128,714
Other financial assets		**–**	234,060
Available-for-sale financial assets	22	**1,258,481**	2,027,181
Pledged bank deposits	23	**1,127,527**	733,463
Time deposits with maturity over 3 months	24	**503,100**	268,900
Cash and cash equivalents	25	**3,023,421**	2,470,780
		9,457,503	9,722,882
Current liabilities			
Current income tax liabilities	11(d)	**126,041**	112,829
Interest-bearing borrowings	26	**3,393,915**	2,544,435
Trade and other payables	27	**1,025,370**	1,261,219
Payables due to related parties	34	**2,331**	1,484
Derivative financial liabilities	28	**3,219**	–
		4,550,876	3,919,967
Net current assets		**4,906,627**	5,802,915
Total assets less current liabilities		**7,604,732**	8,568,739

The notes on pages 66 to 137 form part of these financial statements.

Consolidated statement of financial position

At March 31, 2016
(Expressed in Renminbi)

	Note	At March 31, 2016 RMB'000	2015 RMB'000
Non-current liabilities			
Interest-bearing borrowings	26	–	993,194
Derivative financial liabilities	28	–	1,435
Deferred tax liabilities	19	**152,427**	160,211
		152,427	1,154,840
Net assets		**7,452,305**	7,413,899
Capital and reserves			
Share capital	31(c)	**622**	622
Reserves		**7,241,755**	7,184,594
Equity attributable to equity shareholders of the Company		**7,242,377**	7,185,216
Non-controlling interests		**209,928**	228,683
Total equity		**7,452,305**	7,413,899

Approved and authorized for issue by the board of directors on June 29, 2016.

Gao Dekang
Chairman of the Board of Directors

Gao Miaoqin
Director

The notes on pages 66 to 137 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended March 31, 2016
(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 (note 31)	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 (note 29(b))	Capital reserves RMB'000 (note 31(d))	Statutory reserves RMB'000 (note 31(d))	Translation reserves RMB'000 (note 31(d))	Fair value reserves RMB'000 (note 31(d))	Other reserves RMB'000 (note 28)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2014	622	150,538	(71,778)	76,066	822,692	(277,866)	(1,429)	(195,100)	6,651,144	7,154,889	222,344	7,377,233
Total comprehensive income for the year:												
Profit for the year	–	–	–	–	–	–	–	–	132,197	132,197	5,726	137,923
Foreign currency translation differences – foreign operations	–	–	–	–	–	10,578	–	–	–	10,578	–	10,578
Net movement in the fair value reserve of available-for-sale financial assets, net of tax	–	–	–	–	–	–	1,429	–	–	1,429	613	2,042
Total comprehensive income for the year	–	–	–	–	–	10,578	1,429	–	132,197	144,204	6,339	150,543
Transactions with owners, recorded directly in equity:												
Written put option to non-controlling interests (note 28)	–	–	–	–	–	–	–	87,991	–	87,991	–	87,991
Appropriation to reserves	–	–	–	–	1,423	–	–	–	(1,423)	–	–	–
Dividends (note 31(b))	–	(150,538)	–	–	–	–	–	–	(51,330)	(201,868)	–	(201,868)
Balance at March 31, 2015	622	–	(71,778)	76,066	824,115	(267,288)	–	(107,109)	6,730,588	7,185,216	228,683	7,413,899
Balance at March 31, 2015	**622**	**–**	**(71,778)**	**76,066**	**824,115**	**(267,288)**	**–**	**(107,109)**	**6,730,588**	**7,185,216**	**228,683**	**7,413,899**
Total comprehensive income for the year:												
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**280,942**	**280,942**	**(19,109)**	**261,833**
Foreign currency translation differences – foreign operations	**–**	**–**	**–**	**–**	**–**	**(157,193)**	**–**	**–**	**–**	**(157,193)**	**14**	**(157,179)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(157,193)**	**–**	**–**	**280,942**	**123,749**	**(19,095)**	**104,654**
Transactions with owners, recorded directly in equity:												
Treasury shares held for Share Award Scheme	**–**	**–**	**(13,900)**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,900)**	**–**	**(13,900)**
Capital contribution to a subsidiary from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**340**	**340**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**(1,514)**	**–**	**–**	**–**	**1,514**	**–**	**–**	**–**
Written put option to non-controlling interests (note 28)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,209**	**–**	**12,209**	**–**	**12,209**
Dividends (note 31(b))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(61,979)**	**(61,979)**	**–**	**(61,979)**
Purchase of own shares (note 31(c))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,918)**	**(2,918)**	**–**	**(2,918)**
Balance at March 31, 2016	**622**	**–**	**(85,678)**	**76,066**	**822,601**	**(424,481)**	**–**	**(94,900)**	**6,948,147**	**7,242,377**	**209,928**	**7,452,305**

The notes on pages 66 to 137 form part of these financial statements.

Consolidated cash flow statement

For the year ended March 31, 2016
(Expressed in Renminbi)

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Operating activities		
Profit for the year	**261,833**	137,923
Adjustments for:		
Income tax expense	**144,695**	100,166
Depreciation	**108,787**	143,036
Amortization	**36,470**	36,635
Gains on disposal of lease prepayments	**–**	(1,177)
Impairment losses	**79,000**	98,000
Change in fair value of contingent considerations	**–**	(659)
Change in fair value of derivative financial liabilities	**1,784**	(10,615)
Net interest income	**(52,113)**	(55,428)
Share of profits of associates	**(14,557)**	(24,871)
Operating profit before changes in working capital	**565,899**	423,010
Decrease in inventories	**280,330**	133,797
Decrease in trade, bills and other receivables and prepayments	**517,291**	501,408
Increase in non-current receivables	**(90,759)**	–
Increase in receivables due from related parties	**(142,966)**	(12,896)
Decrease trade and other payables	**(214,246)**	(343,406)
Increase/(decrease) in payables due to related parties	**847**	(1,322)
Cash generated from operations	**916,396**	700,591
Interest paid	**(86,669)**	(100,188)
Income tax paid	**(121,048)**	(212,620)
Net cash generated from operating activities	**708,679**	387,783
Investing activities		
Investment in associates	**–**	(30,000)
Collection of deposits in connection with a potential acquisition	**–**	40,063
Payment of deposits in relation to the written put option	**(130,099)**	–
Acquisition of property, plant and equipment	**(79,484)**	(185,493)
Acquisition of lease prepayments	**–**	(8,343)
Addition of investment properties	**–**	(115)
Proceeds from disposal of property, plant and equipment	**6,302**	10,065
Proceeds from disposal of lease prepayment	**–**	2,573
Acquisition of available-for-sale financial assets	**(5,473,985)**	(5,484,590)
Proceeds from disposal of available-for-sale financial assets	**6,242,685**	5,543,061
Acquisition of other financial assets	**–**	(234,060)
Proceeds from disposal of other financial assets	**234,060**	420,000
Decrease in pledged bank deposits	**5,991**	8,890
Increase in time deposits with maturity over 3 months	**(234,200)**	(121,500)
Acquisition of secured loans	**(81,032)**	–
Interest received	**138,782**	155,616
Net cash generated from investing activities	**629,020**	116,167

The notes on pages 66 to 137 form part of these financial statements.

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Financing activities		
Proceeds from interest-bearing borrowings	**1,441,265**	1,062,188
Repayment of interest-bearing borrowings	**(1,781,868)**	(783,711)
Increase in bank deposits pledged for bank loans	**(389,298)**	(110,000)
Increase in bank deposits pledged for issuing standby letters of credit for bank loans	**(10,757)**	(163,420)
Capital contribution to a subsidiary from non-controlling interests	**340**	–
Purchase of own shares	**(2,918)**	–
Payment for purchase of shares in connection with the Share Award Scheme	**(13,900)**	–
Dividends paid	**(61,979)**	(201,868)
Net cash used in from financing activities	**(819,115)**	(196,811)
Net increase in cash and cash equivalents	**518,584**	307,139
Cash and cash equivalents at the beginning of the year	**2,470,780**	2,117,996
Effect of foreign currency exchange rate changes	**34,057**	45,645
Cash and cash equivalents at the end of the year	**3,023,421**	2,470,780

The notes on pages 66 to 137 form part of these financial statements.

Notes to the consolidated financial statements

1 GENERAL INFORMATION OF THE REPORTING ENTITY

Bosideng International Holdings Limited (the "Company") was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, original equipment manufacturing ("OEM") products and non-down apparel products in the People's Republic of China (the "PRC").

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of measurement

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

2 BASIS OF PREPARATION (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

(e) Changes in accounting policies

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

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Subsidiaries and non-controlling interests

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Subsidiaries and non-controlling interests (continued)

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

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

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

(b) Associates

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Associates (continued)

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

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

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

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

(c) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Other investments in debt and equity securities

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Derivative financial instruments

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

(f) Investment properties

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

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

(iv) Depreciation

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill)

(i) Customer relationships

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

(ii) Trademarks

Separately acquired trademarks are carried at cost less accumulated amortization and accumulated impairment losses (see note 3(j)). Trademarks acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and accumulated impairment losses. Amortization of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 10 to 20 years.

(iii) Subsequent expenditure

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

(iv) Amortization

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

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

(i) Leased assets

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

(i) Lease prepayments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(ii) Operating lease charges

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

(j) Impairment of assets

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

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

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets

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

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

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

(k) Inventories

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other receivables

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

(m) Interest-bearing borrowings

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

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

(i) Short-term employee benefits

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(ii) Defined contribution plans

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

(iii) Share-based payment transactions

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

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

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

(iv) Termination benefits

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

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

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

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(r) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

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

(ii) Other provisions and contingent liabilities

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

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

(i) Sale of goods

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

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

(ii) Rendering of services

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

(iii) Government grants

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

(iv) Royalty income

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(v) Rental income from operating leases

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

(t) Translation of foreign currencies

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowing costs

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

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

(v) Finance income and costs

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

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

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

(w) Related parties

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

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

(ii) has significant influence over the Group; or

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties (continued)

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

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

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

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

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

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

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

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

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

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

(x) Segment reporting

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

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

4 ACCOUNTING JUDGMENT AND ESTIMATES

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

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

- Note 29(b) – consolidation: whether the Group has control over a trust;
- Note 33(b) – lease classification.

(b) Sources of estimation uncertainty

Notes 11, 17, 19, 21 and 32 contain information about the assumptions and their risk factors relating to income tax, goodwill impairment, impairment for bad and doubtful debts and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market conditions and the historical experience of distributing and selling products of similar nature (such as the estimated timing of inventories to be used or sold and the estimated selling price of inventories in accordance with the Group's sales and marketing strategies formulated with reference to the market and weather conditions as well as customers' preference and purchasing power). They could change significantly as a result of competitors' actions in response to severe industry cycles or other changes in market conditions. Management will reassess the estimates at the end of each reporting period.

(ii) Impairment for non-current assets

The management determines the impairment loss on non-current assets other than goodwill if circumstances indicate that the carrying value of an asset may not be recoverable. Goodwill is tested annually for impairment. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

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

5 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

(a) Segment results

	For the year ended March 31, 2016			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	3,977,197	983,980	826,144	5,787,321
Inter-segment revenue	–	509	11,424	11,933
Reportable segment revenues	**3,977,197**	**984,489**	**837,568**	**5,799,254**
Reportable segment profit from operations	**393,141**	**135,696**	**(15,135)**	**513,702**
Depreciation	(72,735)	(181)	(35,871)	(108,787)
Share of profits of associates	–	–	14,557	14,557
Impairment losses on goodwill	–	–	(79,000)	(79,000)

5 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results (continued)

	For the year ended March 31, 2015			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	4,079,842	1,201,806	1,010,921	6,292,569
Inter-segment revenue	–	1,238	22,616	23,854
Reportable segment revenues	4,079,842	1,203,044	1,033,537	6,316,423
Reportable segment profit from operations	306,254	128,695	(8,678)	426,271
Depreciation	(59,937)	(223)	(56,481)	(116,641)
Share of profits of associates	–	–	24,871	24,871
Impairment losses on goodwill	–	–	(98,000)	(98,000)

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

	For the year ended March 31,	
	2016 RMB'000	2015 RMB'000
Revenue		
Reportable segment revenues	**5,799,254**	6,316,423
Elimination of inter-segment revenue	**(11,933)**	(23,854)
Consolidated revenue	**5,787,321**	6,292,569

5 REVENUE AND SEGMENT REPORTING (continued)

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

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**513,702**	426,271
Amortization expenses	**(36,470)**	(36,635)
Government grants	**39,975**	69,560
Gain on disposal of lease prepayments	**–**	1,177
Impairment losses	**(79,000)**	(98,000)
Unallocated expenses	**(85,971)**	(138,602)
Finance income	**155,056**	166,890
Finance costs	**(100,764)**	(152,572)
Consolidated profit before income tax	**406,528**	238,089

(c) Geographic information

Except for land and buildings and investment properties with the aggregate carrying amount of RMB281,807,000 (March 31, 2015: RMB281,913,000) located in the United Kingdom, all of the Group's property, plant and equipment and investment properties are located in mainland China at March 31, 2016.

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

For the year ended March 31, 2016, except for revenue of RMB9,998,000 derived from the Group's European operation (2015: RMB10,040,000), all revenue is derived from the PRC.

6 OTHER INCOME

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

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

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

7 SELLING AND DISTRIBUTION EXPENSES

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Advertising	**114,739**	205,271
Promotion	**219,514**	268,819
Concessionaire fees	**661,478**	698,860
Personnel expenses	**478,962**	594,807
Tax and surcharges	**32,822**	36,670
Entertainment and travelling	**28,444**	35,940
Depreciation	**41,410**	59,675
Rental	**106,784**	136,975
Amortization	**35,581**	35,581
Others	**46,448**	35,899
Total	**1,766,182**	2,108,497

8 PERSONNEL EXPENSES

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Salaries, wages and other benefits	**621,453**	749,048
Contributions to defined contribution plans	**50,763**	64,723
	672,216	813,771

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

The Group has no other material 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:

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**3,162,238**	3,490,199
Write down/(reversal) of inventory costs to their net realizable value	**15,865**	(67,639)
Depreciation		
– Assets leased out under operating leases	**5,972**	7,988
– Other assets	**102,815**	135,048
Amortization	**36,470**	36,635
Operating lease charges	**139,375**	174,379
Provision/(reversal) for impairment of bad and doubtful debts	**37,340**	(7,941)
Auditors' remuneration	**6,500**	6,600

10 NET FINANCE INCOME

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**30,093**	36,293
Interest income on available-for-sale financial assets	**105,869**	104,719
Interest income on other financial assets	**2,820**	14,604
Total interest income on financial assets not at fair value through profit or loss	**138,782**	155,616
Change in fair value of contingent consideration payables	**–**	659
Change in fair value of derivative financial liabilities (note 28)	**–**	10,615
Net foreign exchange gain	**16,274**	–
Finance income	**155,056**	166,890
Interest on interest-bearing borrowings	**(86,669)**	(100,188)
Bank charges	**(12,311)**	(8,179)
Change in fair value of derivative financial liabilities (note 28)	**(1,784)**	–
Net foreign exchange loss	**–**	(44,205)
Finance costs	**(100,764)**	(152,572)
Net finance income recognized in profit or loss	**54,292**	14,318

11 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Current tax expenses		
Provision for PRC income tax	**134,260**	128,371
Deferred tax benefit		
Reversal/(origination) of temporary differences (note 19(a))	**10,435**	(28,205)
	144,695	100,166

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

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

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

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

For the year ended March 31, 2016, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, which was granted a tax holiday by the local tax bureau of tax-exemption for two years starting from January 1, 2012 and 50% reduction on the applicable income tax rates for three years starting from January 1, 2014 to December 31, 2016.

The effective tax rate for the year ended March 31, 2016 was approximately 35.6%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiary mentioned above.

11 INCOME TAX EXPENSE (continued)

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

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

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31, 2016			2015		
	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Foreign currency translation differences – foreign operations	**(157,179)**	**–**	**(157,179)**	10,578	–	10,578
Net movement in the fair value reserve of available-for-sale financial assets	**–**	**–**	**–**	2,722	(680)	2,042
Other comprehensive income	**(157,179)**	**–**	**(157,179)**	13,300	(680)	12,620

11 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Balance at beginning of the year	**112,829**	197,078
Provision for current income tax for the year	**134,260**	128,371
Payments during the year	**(121,048)**	(212,620)
Income tax payable at the end of the year	**126,041**	112,829

12 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended March 31, 2016

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

12 DIRECTORS' EMOLUMENTS (continued)

For the year ended March 31, 2015

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	480	4,665	–	–	–	5,145
Mei Dong	180	2,215	–	–	76	2,471
Gao Miaoqin	180	1,020	–	–	–	1,200
Kong Shengyuan (resigned with effect from May 15, 2014)	22	–	–	–	–	22
Huang Qiaolian	180	1,191	–	–	29	1,400
Mak Yun Kuen	180	1,940	–	–	14	2,134
Rui Jinsong	180	1,416	–	–	20	1,616
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao	330	–	–	–	–	330
Ngai Wai Fung	385	–	–	–	–	385
Lian Jie	330	–	–	–	–	330
	2,777	12,447	–	–	139	15,363

During the years ended March 31, 2016 and 2015, no amount was paid or payable by the Group to the directors or any of the other five highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as compensation for loss of office.

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2015: five) are directors whose emoluments are disclosed in note 12.

14 EARNINGS PER SHARE

(a) Basic earnings per share

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

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2016	2015
	'000	'000
Issued ordinary shares at April 1	**7,953,842**	7,953,842
Effect of treasury shares held for Share Award Scheme (note 29(b))	**(15,214)**	–
Effect of repurchased shares (note 31(c))	**(967)**	–
Weighted average number of ordinary shares at March 31	**7,937,661**	7,953,842
Basic earnings per share (RMB cents)	**3.54**	1.66

(b) Diluted earnings per share

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

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2016	2015
	'000	'000
Weighted average number of ordinary shares at March 31	**7,937,661**	7,953,842
Effect of dilution – Written put option (note 28)	**–**	62,325
Weighted average number of ordinary shares (diluted) at March 31	**7,937,661**	8,016,167
Basic earnings per share (RMB cents)	**3.54**	1.65

15 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At March 31, 2014	722,593	27,602	255,136	156,105	98,225	1,259,661
Additions	2,993	2,514	28,932	28,848	75,032	138,319
Transfer	57,213	–	18,297	65,341	(140,851)	–
Movement of exchange rate	(22,505)	–	(299)	–	–	(22,804)
Disposals	–	(710)	(31,553)	(22,883)	–	(55,146)
At March 31, 2015	760,294	29,406	270,513	227,411	32,406	1,320,030
Additions	1,540	1,027	12,637	32,092	22,794	70,090
Transfer	57	8,187	29,632	2,927	(40,803)	–
Movement of exchange rate	3,678	–	150	–	–	3,828
Disposals	(3,000)	(49)	(23,757)	(16,290)	–	(43,096)
At March 31, 2016	762,569	38,571	289,175	246,140	14,397	1,350,852
Accumulated depreciation:						
At March 31, 2014	(37,109)	(12,734)	(156,684)	(61,802)	–	(268,329)
Depreciation charged for the year	(30,103)	(2,745)	(49,637)	(52,563)	–	(135,048)
Movement of exchange rate	824	–	192	–	–	1,016
Disposals	–	371	21,827	22,883	–	45,081
At March 31, 2015	(66,388)	(15,108)	(184,302)	(91,482)	–	(357,280)
Depreciation charged for the year	(29,611)	(2,108)	(34,443)	(36,653)	–	(102,815)
Movement of exchange rate	(199)	–	(106)	–	–	(305)
Disposals	14	30	20,459	16,291	–	36,794
At March 31, 2016	(96,184)	(17,186)	(198,392)	(111,844)	–	(423,606)
Net book value:						
At March 31, 2016	666,385	21,385	90,783	134,296	14,397	927,246
At March 31, 2015	693,906	14,298	86,211	135,929	32,406	962,750

Except for freehold land and buildings with carrying amount of RMB174,122,000 (March 31, 2015: RMB175,112,000) which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2016. The properties located in the United Kingdom were acquired by the Group in June 2011, and functioned as the Group's European flagship store as well as its headquarters in Europe.

As at March 31, 2016, no interest expense was capitalized as the borrowing costs directly attributable to the acquisition of qualifying assets are not significant.

16 LEASE PREPAYMENTS

	At March 31, 2016 RMB'000	2015 RMB'000
Cost:		
At April 1	**42,572**	35,770
Additions	**–**	8,343
Disposal	**–**	(1,541)
At March 31	**42,572**	42,572
Accumulated amortization:		
At April 1	**(4,308)**	(3,399)
Amortization charge for the year	**(889)**	(1,054)
Disposal	**–**	145
At March 31	**(5,197)**	(4,308)
Net book value:		
At March 31	**37,375**	38,264

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

17 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At March 31, 2014, 2015 and 2016	777,053	597,882	206,765	1,581,700
Amortization and impairment losses:				
At March 31, 2014	(144,274)	(404,163)	(25,463)	(573,900)
Amortization charge for the year	–	(24,993)	(10,588)	(35,581)
Impairment losses	(98,000)	–	–	(98,000)
At March 31, 2015	(242,274)	(429,156)	(36,051)	(707,481)
Amortization charge for the year	–	(24,993)	(10,588)	(35,581)
Impairment losses	(79,000)	–	–	(79,000)
At March 2016	(321,274)	(454,149)	(46,639)	(822,062)
Net book value:				
At March 2016	455,779	143,733	160,126	759,638
At March 2015	534,779	168,726	170,714	874,219

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

17 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing for cash-generating unit containing goodwill

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

	At March 31, 2016 RMB'000	2015 RMB'000
Menswear	**92,467**	171,467
Ladieswear	**363,312**	363,312
	455,779	534,779

The recoverable amounts of Menswear CGU and Ladieswear CGU were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimate of value in use of Menswear CGU and Ladieswear CGU was determined using a pre-tax discount rate of 25% and 28% (a post-tax discount rate of 20% and 24%), respectively.

Based on the assessment, the carrying amount of Menswear CGU was higher than its recoverable amount of RMB534,658,000 and impairment losses of RMB79,000,000 were recognized in profit or loss. The impairment losses were fully allocated to goodwill.

18 INVESTMENT PROPERTIES

	At March 31, 2016 RMB'000	2015 RMB'000
Cost:		
At April 1	**214,921**	228,540
Additions	**–**	115
Effect of movement in exchange rates	**2,228**	(13,734)
At March 31	**217,149**	214,921
Accumulated depreciation:		
At April 1	**(16,599)**	(9,066)
Charge for the year	**(5,972)**	(7,988)
Effect of movement in exchange rates	**(98)**	455
At March 31	**(22,669)**	(16,599)
Net book value:		
At March 31	**194,480**	198,322

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2016, freehold investment properties of RMB107,685,000 (March 31, 2015: RMB106,801,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB86,795,000 (March 31, 2015: RMB91,521,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically five to eight years.

As at March 31, 2016, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP14,607,000 (equivalent of RMB135,758,000) (March 31, 2015: GBP14,266,000 (equivalent of RMB129,974,000)), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis. The aggregate fair value of the investment properties located in mainland China was approximately RMB115,193,000 (2015: RMB118,630,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

18 INVESTMENT PROPERTIES (continued)

During the year ended March 31, 2016, rental income of RMB3,644,000 (2015: RMB4,376,000) was recognized in profit or loss.

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

	At March 31, 2016 RMB'000	2015 RMB'000
Within 1 year	**4,886**	4,739
After 1 year but within 5 years	**9,463**	12,402
	14,349	17,141

19 DEFERRED TAX ASSETS AND LIABILITIES

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and Trademark RMB'000	Withholding tax on dividends RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At March 31, 2014	95,098	20,172	(92,776)	(68,311)	162,035	122,835	43,024	282,077
(Charged)/credited to profit or loss	(15,617)	(3,983)	8,771	–	(34,067)	98,853	(25,752)	28,205
Charged to other comprehensive income	–	–	–	–	–	–	(680)	(680)
At March 31, 2015	79,481	16,189	(84,005)	(68,311)	127,968	221,688	16,592	309,602
Credited/(charged) to profit or loss	3,627	6,568	8,771	–	(40,342)	19,873	(8,932)	(10,435)
Charged to other comprehensive income	–	–	–	–	–	–	–	–
At March 31, 2016	83,108	22,757	(75,234)	(68,311)	87,626	241,561	7,660	299,167

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

19 DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	For the year ended March 31,	
	2016	2015
	RMB'000	RMB'000
Net deferred tax assets	**451,594**	469,813
Net deferred tax liabilities	**(152,427)**	(160,211)
	299,167	309,602

(c) Deferred tax assets and liabilities not recognized

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

	At March 31,	
	2016	2015
	RMB'000	RMB'000
Accumulated tax losses of subsidiaries	**480,756**	384,814
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(4,417,379)**	(4,043,399)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2016, as management consider that it is not probable that the entities concerned will generate sufficient future taxable profits against which the unused tax losses can be utilized. Under the PRC tax regulations, tax losses can be carried forward for five years after the year of loss.

A liability for PRC withholding tax of RMB68,311,000 was recognized in respect of the expected dividends to be distributed from PRC subsidiaries in the foreseeable future. Except for this, deferred tax liabilities in relation to withholding tax have not been recognized in respect of the above retained earnings from PRC subsidiaries as the Company controls the timing and amounts of distribution and does not expect to incur such liabilities in the foreseeable future.

20 INVENTORIES

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

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

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

21 TRADE, BILLS AND OTHER RECEIVABLES

	At March 31, 2016 RMB'000	2015 RMB'000
Trade receivables	**797,014**	1,317,696
Bills receivable	**127,858**	23,218
Less: allowance for doubtful debts	**(102,961)**	(73,729)
	821,911	1,267,185
Third party other receivables:		
– VAT recoverable	**174,348**	238,049
– Deposits	**159,023**	181,031
– Advances to employees	**8,913**	7,808
– Deposits in relation to the written put option (note 28)	**132,119**	–
– Secured loans receivable	**81,032**	–
– Others	**129,120**	99,636
	1,506,466	1,793,709

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

21 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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

	At March 31,	
	2016	2015
	RMB'000	RMB'000
Within credit terms	**506,700**	959,685
1 to 3 months past due	**79,012**	169,449
Over 3 months but less than 6 months past due	**210,805**	90,655
Over 6 months but less than 12 months past due	**23,027**	39,794
Over 1 year past due	**2,367**	7,602
	821,911	1,267,185

Trade receivables and bills receivable are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and exposure to credit and currency risk related to trade, bills and other receivables are disclosed in note 32.

21 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(b) Impairment of trade receivables and bills receivable

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

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

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

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

21 TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

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

	For the year ended March 31	
	2016	2015
	RMB'000	RMB'000
Neither past due nor impaired	**501,068**	894,125
1 to 3 months past due	**77,013**	162,998
Over 3 months but less than 6 months past due	**209,618**	89,101
Over 6 months but less than 12 months past due	**22,935**	39,680
Over 1 year past due	**2,258**	7,602
	311,824	299,381
	812,892	1,193,506

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets represent investments in short-term wealth management products issued by banks in the PRC, with guaranteed principals and expected but not guaranteed returns, ranging from 1.60% to 6.30% (2015: 2.27% to 6.30%) per annum.

23 PLEDGED BANK DEPOSITS

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

	At March 31, 2016 RMB'000	2015 RMB'000
Standby letters of credit	**474,177**	463,420
Bank borrowings (note 26)	**639,298**	250,000
Bills payable and letter of credit facilities	**14,052**	20,043
	1,127,527	733,463

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

24 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB503,100,000 (March 31, 2015: RMB268,900,000) as at March 31, 2016 were deposited in banks for a period of over three months.

25 CASH AND CASH EQUIVALENTS

	At March 31, 2016 RMB'000	2015 RMB'000
Cash at bank and on hand	**4,654,048**	3,473,143
Less: pledged bank deposits	**(1,127,527)**	(733,463)
time deposits with maturity over 3 months	**(503,100)**	(268,900)
Cash and cash equivalents	**3,023,421**	2,470,780

Cash at bank and on hand are denominated in:

	At March 31, 2016 RMB'000	2015 RMB'000
– RMB	**4,468,754**	3,284,788
– USD	**130,215**	49,623
– HKD	**44,732**	133,381
– GBP	**8,117**	5,350
– EUR	**1**	1
– KRW	**2,229**	–
	4,654,048	3,473,143

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

26 INTEREST-BEARING BORROWINGS

At March 31, 2016, the interest-bearing borrowings were repayable as follows:

	At March 31, 2016 RMB'000	2015 RMB'000
Within 1 year or on demand	**3,393,915**	2,544,435
After 1 year but within 2 years	**–**	993,194
	3,393,915	3,537,629

At March 31, 2016, the interest-bearing borrowings were secured as follows:

	At March 31, 2016 RMB'000	2015 RMB'000
Bank loans		
– Secured	**2,337,261**	1,473,172
– Unsecured	**1,056,654**	2,064,457
	3,393,915	3,537,629

Bank borrowings of RMB1,024,966,000 as at March 31, 2016 (March 31, 2015: RMB981,756,000) were secured by standby letters of credit.

Bank borrowings of RMB1,312,295,000 as at March 31, 2016 (March 31, 2015: 491,416,000) were secured by pledged bank deposits of RMB639,298,000 (March 31, 2015: 250,000,000) (note 23).

Further details of the Group's management of liquidity risk are set out in note 32(b).

27 TRADE AND OTHER PAYABLES

	At March 31, 2016 RMB'000	2015 RMB'000
Trade payables	**427,441**	608,848
Other payables and accrued expenses		
– Deposits from customers	**165,441**	182,195
– Construction payables	**5,102**	14,496
– Accrued advertising expenses	**1,054**	3,582
– Accrued payroll and welfare	**152,068**	152,130
– Cash-settled written put option (note 28)	**80,832**	93,041
– VAT payable	**66,591**	45,699
– Dividends payable	**5,000**	5,000
– Others	**121,841**	156,228
	1,025,370	1,261,219

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

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

	At March 31, 2016 RMB'000	2015 RMB'000
Within 1 month	**252,530**	191,742
1 to 3 months	**174,911**	417,106
	427,441	608,848

28 DERIVATIVE FINANCIAL LIABILITIES

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Ladieswear") by acquiring 70% of the shares and voting interests of the Ladieswear business. Pursuant to the relevant sale and purchase agreement, the Group granted a written put option to Talent Shine International Limited, the non-controlling equity shareholder of Ladieswear, giving it the right to sell its entire 30% interest in Ladieswear 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 Ladieswear's adjusted net profit for the previous financial year and in total shall not exceed RMB900,000,000. The put option remains outstanding and not yet exercised by Talent Shine International Limited. During the year ended March 31, 2016, a deposit of RMB132,119,000 in relation to the written put option was made to Talent Shine International Limited.

As at March 31, 2016, the Group recorded the present value of the redemption price of the cash settled portion of the written put option of RMB80,832,000 as a current payable (2015: RMB93,041,000) with the corresponding increase in other reserve.

As at March 31, 2016, the fair value of the share settled portion of the written put option amounted to RMB3,219,000 (2015: RMB1,435,000), which was recorded as derivative financial liabilities with fair value change of RMB1,784,000 (note 10) being recognized in profit or loss.

29 INVESTMENT IN SUBSIDIARIES

(a) Subsidiaries

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

			Proportion of ownership interest			
Name of company	Place of incorporation/ establishment and business	Particulars of issued and paid up capital	Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
1) Enterprises established outside the PRC						
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	British Virgin Islands ("BVI")	US$1	100%	100%	–	Investment holding
Bosideng UK Limited 波司登（英國）有限公司	United Kingdom	GBP1	100%	–	100%	Sourcing and distribution of non-down apparels

29 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation/ establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
2) Wholly foreign owned enterprises established in the PRC						
Bosideng International Fashion (China) Limited 波司登國際服飾（中國）有限公司	PRC	US$138,000,000	100%	–	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Garment Development Co., Ltd. 江蘇波司登服裝發展有限公司	PRC	US$35,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Bosideng Trade Development Co. Ltd. 上海波司登商貿發展有限公司	PRC	RMB200,000,000	100%	–	100%	Distribution of down apparels
3) Sino-foreign equity joint venture enterprises established in the PRC						
Bingjie Fashion Limited 冰潔服飾有限公司	PRC	US$68,000,000	100%	–	100%	Sourcing and distribution of down apparels
Bosideng Down Wear Limited 波司登羽絨服裝有限公司	PRC	US$80,000,000	100%	–	100%	Sourcing and distribution of down apparels
Kangbo Fashion Limited 康博服飾有限公司	PRC	US$85,000,000	100%	–	100%	Sourcing and distribution of down apparels
Shanghai Shuangyu Fashion Limited 上海雙羽服飾有限公司	PRC	US$68,000,000	100%	–	100%	Sourcing and distribution of down apparels

29 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation/ establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
4) Domestic companies established in the PRC						
Changshu Bosideng Advertising Co., Ltd. 常熟市波司登廣告有限責任公司	PRC	RMB10,000,000	100%	–	100%	Advertisement agency
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	PRC	RMB76,500,000	70%	–	100%	Sourcing and distribution of non-down Apparels
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	PRC	RMB5,000,000	100%	–	100%	Sourcing and distribution of OEM products
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	PRC	RMB200,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	PRC	RMB50,000,000	100%	–	100%	Distribution of down apparels
Shanghai Xugao Fashion Co., Ltd. 上海旭高時裝有限公司	PRC	RMB200,200,000	51%	–	51%	Distribution of non-down apparels
Shanghai Bosideng Information Technology Co., Ltd. 上海波司登信息科技有限公司	PRC	RMB50,000,000	100%	–	100%	Network consulting and e-business of down and non-down apparels
Xuezhongfei Enterprise Co., Ltd. 雪中飛實業有限公司	PRC	RMB500,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Electronic Commerce Co., Ltd. 上海波司登電子商務有限公司	PRC	RMB28,000,000	100%	–	100%	E-commerce of down and non-down apparels

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

As at March 31, 2016 and 2015, none of the Group's subsidiaries have non-controlling interests that are material to the Group's consolidated financial statements.

29 INVESTMENT IN SUBSIDIARIES (continued)

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

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

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

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

As at March 31, 2016, the Company had contributed RMB72,269,000 (March 31, 2015: RMB72,269,000) to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

As at March 31, 2016, the Trustee had purchased 76,588,000 shares (March 31, 2015: 53,508,000 shares) of the Company at a total cost (including related transaction costs) of RMB85,678,000 (March 31, 2015: RMB71,778,000). No shares had been awarded to eligible employees as of March 31, 2016 under the Share Award Scheme.

30 INTEREST IN AN ASSOCIATE

The following list contains the particulars of the associate, which is an unlisted corporate entity whose quoted market price is not available:

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

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

The above associate is accounted for using the equity method in the consolidated financial statements.

As at March 31, 2016 and 2015, none of the Group's associate is material to the Group's consolidated financial statements.

Information of the associate that is not individually material:

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Carrying amount of individually immaterial associate in the consolidated financial statements	**237,013**	222,456
Amounts of the Group's share of the associate's		
Profit from continuing operations	**14,557**	24,871
Other comprehensive income	**–**	–
Total comprehensive income	**14,557**	24,871

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

The Company

	Share capital RMB'000 (note 31(c))	Share premium RMB'000 (note 31(e))	Capital reserves RMB'000 (note 31(d))	Translation reserves RMB'000 (note 31(d))	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2014	622	137,564	76,066	(793,377)	1,525,906	946,781
Changes in equity for the year:						
Loss for the year	–	–	–	–	(136,699)	(136,699)
Foreign currency translation differences -foreign operations	–	–	–	(1,553)	–	(1,553)
Dividends (note 31(b))	–	(137,564)	–	–	(65,647)	(203,211)
Balance at March 31, 2015	622	–	76,066	(794,930)	1,323,560	605,318
Changes in equity for the year:						
Loss for the year	–	–	–	–	(95,553)	(95,553)
Foreign currency translation differences -foreign operations	–	–	–	29,756	–	29,756
Dividends (note 31(b))	–	–	–	–	(63,112)	(63,112)
Purchase of own shares (note 31(c))	–	–	–	–	(2,918)	(2,918)
Balance at March 31, 2016	622	–	76,066	(765,174)	1,161,977	473,491

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

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

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

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

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

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.8 cent per ordinary share (2015: final dividend of RMB1.6 cents per ordinary share)	**63,112**	127,131

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

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

	2016		2015	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000
Authorized:				
Ordinary shares	**20,000,000**	**1,556**	20,000,000	1,556
USD equivalent ('000)		**200**		200
Ordinary shares, issued and fully paid:				
At April 1 and March 31	**8,001,578**	**622**	8,007,350	622

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

Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of US$100, divided into 100 shares of par value of US$1.00 each. Through a series of changes in share capital, the authorized share capital is US$200,000 divided into 20,000,000,000 ordinary shares of US$0.00001 each after the completion of the Hong Kong Public Offering and the International Placing.

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital (continued)

Purchase of own shares

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

Month/year	Number of shares repurchased	Highest price paid per share RMB	Lowest price paid per share RMB	Aggregated price paid RMB'000
01/2016	616,000	0.50	0.50	311
01/2016	338,000	0.51	0.51	173
01/2016	3,300,000	0.51	0.50	1,677
02/2016	1,518,000	0.50	0.49	757
				2,918

These repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The total amount paid on the repurchased shares of RMB2,918,000 was charged to retained earnings.

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves at March 31, 2016 and 2015 represent the value of employee services in respect of shares granted to employees and consultants.

(ii) Statutory reserves

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

(iii) Foreign currency translation reserves

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

(iv) Fair value reserves

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

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Distributable reserves

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

At March 31, 2016, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB472,869,000 (2015: RMB604,696,000).

(f) Capital management

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

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

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

During the year ended March 31, 2016, the Group's strategy, which was unchanged from 2015, was to maintain the adjusted net debt-to-capital ratio at the lower end of the range 10% to 30%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

31 CAPITAL, RESERVES AND DIVIDENDS (continued)

(f) Capital management (continued)

The adjusted net debt-to-equity ratio as at March 31, 2016 and 2015 was as follows:

	Note	**2016** **RMB'000**	2015 RMB'000
Current liabilities:			
Interest-bearing borrowings	26	**3,393,915**	2,544,435
Non-current liabilities:			
Interest-bearing borrowings	26	**–**	993,194
Total debt		**3,393,915**	3,537,629
Add: Proposed dividends	31(b)	**175,103**	62,690
Less: Cash and cash equivalents	25	**(3,023,421)**	(2,470,780)
Adjusted net debt		**545,597**	1,129,539
Total equity		**7,452,305**	7,185,216
Less: Proposed dividends	31(b)	**(175,103)**	(62,690)
Adjusted capital		**7,277,202**	7,122,526
Adjusted net debt to-capital ratio		**7%**	16%

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

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) Credit risk

(i) Trade and other receivables

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

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

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

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

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

(ii) Deposits with banks

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

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

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

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

(b) Liquidity risk

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

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

	2016 Contractual undiscounted cash flow						2015 Contractual undiscounted cash flow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at March 31 RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at March 31 RMB'000
The Group												
Interest-bearing borrowings	**3,434,746**	**–**	**–**	**–**	**3,434,746**	**3,393,915**	2,595,777	1,028,065	–	–	3,623,842	3,537,629
Trade and other payables	**1,025,370**	**–**	**–**	**–**	**1,025,370**	**1,025,370**	1,261,219	–	–	–	1,261,219	1,261,219
Payables due to related parties	**2,331**	**–**	**–**	**–**	**2,331**	**2,331**	1,484	–	–	–	1,484	1,484
	4,462,447	**–**	**–**	**–**	**4,462,447**	**4,421,616**	3,858,480	1,028,065	–	–	4,886,545	4,800,332

As shown in the above analysis, bank loans of the Group amounting to RMB3,434,746,000 were due to be repaid during the year ending March 31, 2017. The short-term liquidity risk inherent in this contractual maturity date is expected to be addressed after the end of the reporting period by obtaining new loan financing from new and existing lenders. Subsequent to the end of the reporting period, as explained in note 36(b), the Company has obtained on April 8, 2016 a new unsecured loan facility of JPY24 billion and is in discussion with lenders in respect of the rollover of the existing loan facilities.

(c) Interest rate risk

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

(i) Interest rate profile

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

Variable rate borrowings	2016 Effective Interest rate	2016 RMB'000	2015 Effective Interest rate	2015 RMB'000
The Group				
Interest-bearing borrowings	**2.27%**	**(3,393,915)**	2.10%	(3,537,629)
		(3,393,915)		(3,537,629)

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

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At March 31, 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB32,799,000 (2015: decreased/increased by approximately RMB35,376,000). Other components of equity would not have been affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2015.

(d) Currency risk

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

(i) Exposure to currency risk

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

	Exposure to foreign currencies (expressed in Renminbi)				
	2016			2015	
	Renminbi	United States Dollars	Hong Kong Dollars	United States Dollars	Hong Kong Dollars
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits	–	30,543	115,826	11,996	188,098
Trade receivables	–	7,084	–	6,734	–
Prepayments for materials and service suppliers	–	41,207	–	49,302	–
Trade payables	–	(1,749)	–	(4,034)	–
Interest-bearing borrowings	(200,000)	–	(778,047)	–	(889,623)
	(200,000)	77,085	(662,221)	63,998	(701,525)

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

(d) Currency risk (continued)

(ii) Sensitivity analysis

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

	2016			2015		
	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained earnings	Effect on other components of equity	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained earnings	Effect on other components of equity
	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Hong Kong Dollars	**10%**	**(61,221)**	**–**	10%	(70,149)	–
United States Dollars	**10%**	**5,782**	**–**	10%	4,800	–
Renminbi	**10%**	**(20,000)**	**–**	–	–	–

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2015.

(e) Business risk

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

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

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

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

The Group

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

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

(f) Fair value measurement (continued)

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

Fair value hierarchy (continued)

The Group

	Fair value at March 31, 2015 RMB'000	Fair value measurements as at March 31, 2015 categorized into Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 22)	2,027,181	2,027,181	–
Financial liabilities:			
Derivative financial liabilities	1,435	–	1,435

Valuation techniques and inputs used in Level 2 fair value measurements

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

Information about Level 3 fair value measurement

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2016 and 2015.

33 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at March 31, 2016 not provided for in the consolidated financial statements were as follows:

	At March 31, 2016 RMB'000	2015 RMB'000
Contracted for	**24,440**	50,272
Authorized but not contracted for	**–**	–
	24,440	50,272

The Company had no capital commitments outstanding at March 31, 2016 and 2015.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At March 31, 2016 RMB'000	2015 RMB'000
Within 1 year	**61,683**	100,385
After 1 year but within 5 years	**55,200**	74,011
Over 5 years	**1,141**	3,595
	118,024	177,991

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of between one and six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the year, were RMB661,478,000 for the year ended March 31, 2016 (2015: RMB698,860,000).

(c) Contingent liabilities

As at March 31, 2016, the Group did not have any significant contingent liabilities.

34 RELATED PARTY TRANSACTIONS

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

Name of party	Relationship
Bosideng Corporation 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family ("the Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo 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") 江蘇康欣制衣有限公司(「江蘇康欣」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd. ("Zhongke Bosideng") 中科波司登納米服飾(蘇州)有限公司(「中科波司登」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
New Surplus International Investment Limited ("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

34 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

	For the year ended March 31, 2016 RMB'000	2015 RMB'000
Purchase of raw materials		
Bosideng Corporation	**164**	85
Jiangsu Kangxin	**3**	–
Total	**167**	85
Rental expenses for lease of properties		
Bosideng Corporation	**16,600**	13,856
Shandong Kangbo	**2,135**	2,135
Jiangsu Suyong	**3,585**	2,400
Total	**22,320**	18,391
Processing fee		
Bosideng Corporation	**681,073**	689,638
Shandong Kangbo	**4,302**	–
Jiangsu Kangxin	**3,293**	4,354
Total	**688,668**	693,992
Integrated service fees		
Bosideng Corporation (i)	**5,533**	8,828
Total	**5,533**	8,828

Key management personnel remuneration is disclosed in note 12.

34 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

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

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

(b) Balances with related parties

	2016 RMB'000	2015 RMB'000
Other receivables due from:		
Bosideng Corporation	**295,589**	157,036
Jiangsu Kangxin	**4,410**	–
Jiangsu Suyong	**124**	121
	300,123	157,157
Total receivables due from related parties	**300,123**	157,157
Trade payables due to:		
Shandong Kangbo	**2,222**	1,038
Zhongke Bosideng	**–**	420
Jiangsu Kangxin	**–**	26
Jiangsu Suyong	**109**	–
	2,331	1,484
Total payables due to related parties	**2,331**	1,484

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At March 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**657**	4
Investment in subsidiaries		**1,050,290**	2,002,397
		1,050,947	2,002,401
Current assets			
Trade, bills and other receivables		**137,060**	3,522
Dividends due from a subsidiary		**1,570,718**	1,493,169
Cash and cash equivalents		**275,783**	135,743
		1,983,561	1,632,434
Current liabilities			
Interest-bearing borrowings		**2,553,148**	2,025,863
Trade and other payables		**7,869**	10,460
		2,561,017	2,036,323
Net current liabilities		**(577,456)**	(403,889)
Total assets less current liabilities		**473,491**	1,598,512
Non-current liabilities			
Interest-bearing borrowings		**–**	993,194
		–	993,194
Net assets		**473,491**	605,318
Capital and reserves			
Share capital	31(c)	**622**	622
Reserves	31(d)	**472,869**	604,696
Total equity		**473,491**	605,318

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to March 31, 2016, the Company proposed a final dividend of RMB176,795,000 representing RMB2.2 cent per ordinary share to the equity shareholders of the Company.

(b) On January 8, 2016, the Company entered into an agreement in connection with an unsecured loan facility in an aggregate amount of JPY24 billion (the "Loan") with New Surplus (a company ultimately controlled by Mr. Gao Dekang, the controlling shareholder of the Company) (the "Facility Agreement"). The Company drew down the Loan in one lump sum on April 8, 2016.

37 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2016 to be Kong Bo Investment Limited, which is incorporated in the British Virgin Islands.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2016

Up to the date of issue of these financial statements, the IASB has issued a few amendments and a new standard which are not yet effective for the year ended March 31, 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after (unless specified)
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	January 1, 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment entities: Applying the consolidation exception*	January 1, 2016
Amendments to IAS 1, *Disclosure initiative*	January 1, 2016
Amendments to IAS 7, *Disclosure initiative*	January 1, 2017
Amendments to IAS 12, *Income taxes – Recognition of deferred tax assets for unrealised losses*	January 1, 2017
IFRS 15, *Revenue from contracts with customers*	January 1, 2018
IFRS 9, *Financial instruments*	January 1, 2018
IFRS 16, *Leases*	January 1, 2019

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2016 (continued)

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

IFRS 9 reduces the complexity of the accounting for financial instruments focusing on three main phases 1) the classification and measurement of financial assets and financial liabilities; 2) impairment and 3) hedge accounting. The new impairment methodology replaces the "incurred loss" model with an "expected credit loss" model and it is not necessary for a credit event to have occurred before credit losses are recognized.

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainly of revenue and cash flows arising from contracts with customers.

IFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, IFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognized for all leases, subject to limited exceptions. It replaces IAS 17, *Leases* and the related interpretations including IFRIC 4, *Determining whether an arrangement contains a lease*.

The Group does not plan to early adopt the above new standards or amendments. With respect to IFRSs 9, 15 and 16, given the Group has not completed its assessment of their full impact on the Group, their possible impact on the Group's results of operations and financial position has not been quantified.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

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 AND QUALIFIED ACCOUNTANT

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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WEBSITES

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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

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

Notes:

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

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

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

Shareholder Information

IMPORTANT DATES

Closure of Register of Members

August 24, 2016 to August 26, 2016
(for attending the Annual General Meeting) (both days inclusive)

September 5, 2016 to September 7, 2016
(for entitlement to the Final Dividends) (both days inclusive)

ANNUAL GENERAL MEETING

On or around August 26, 2016

Dividends

Final Dividend	:	HKD2.6 cents per ordinary share
Payable on	:	On or around September 19, 2016

Financial Year End

March 31

Board Lot

2,000 Shares

波司登

BSD

BOSIDENG

Bosideng International Holdings Limited