2017/18
ANNUAL REPORT

波司登
BOSIDENG

Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 3998

Company Profile

Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a renowned operator in the People's Republic of China (the "PRC") with down apparel brands. Founded in 1976, the Group commenced its operation in extremely difficult conditions under the leadership of eleven rural workers, including Mr. Gao Dekang, with 8 domestic sewing machines.

With a focus on down apparel business, the Group has developed into an expert in down apparel which has been widely recognized by the consumers and a leader in the development of the industry. Currently, the Group's apparel brands include *"Bosideng", "Snow Flying", "Bengen", etc*. These brands have been supporting the Group in meeting needs of different groups of customers and enhancing its position as a leader in the PRC market. Among them, the down apparel business under *Bosideng* brand maintained a significant lead in the industry for consecutive 23 years (1995 -2017) in terms of sales in the PRC.

Based on its focus on down apparel business, which is its core business, the Group has been proactively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation, Currently, the Group's non-down apparel brands include *JESSIE* ladieswear, *BUOU BUOU* ladieswear, *KOREANO* ladieswear, *KLOVA* ladieswear and *Sameite* school uniform.

The Group has been proactively implementing its strategies of brand development, which brought to it a number of honours, including "China's World Famous Brand" (中國世界名牌產品) and "Leading Textile Clothing Brand in China" (中國紡織服裝領軍品牌). Looking forward, the Group will maintain the focus on its core down apparel business, upgrade its products and channels under the strategies of brand development and strive for the goal of becoming the most respected multi-functional apparel group in the world.

Contents

Financial Highlights

(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,				
	2018	2017	2016	2015	2014
Revenue	**8,880,792**	6,816,599	5,787,321	6,292,569	8,237,894
Gross profit	**4,119,102**	3,163,204	2,609,218	2,870,009	4,115,456
Profit from operations	**923,410**	660,007	337,679	198,900	865,470
Profit attributable to:					
Equity shareholders of the Company	**615,478**	391,844	280,942	132,197	694,704
Non-controlling interests	**24,043**	(22,723)	(19,109)	5,726	7,634
Dividends per share (HKD cents):					
Interim	**1.5**	1.0	–	1.2	3.7
Final	**3.5**	0.5	2.6	1.0	2.0
Special	**2.5**	–	–	–	–
Total	**7.5**	1.5	2.6	2.2	5.7
Non-current assets	**3,484,607**	3,635,768	2,698,105	2,765,824	2,900,778
Current assets	**10,958,555**	10,482,633	9,457,503	9,722,882	9,857,414
Current liabilities	**4,337,362**	4,382,897	4,550,876	3,919,967	2,807,280
Non-current liabilities	**323,032**	380,277	152,427	1,154,840	2,573,679
Net current assets	**6,621,193**	6,099,736	4,906,627	5,802,915	7,050,134
Total assets	**14,443,162**	14,118,401	12,155,608	12,488,706	12,758,192
Total assets less current liabilities	**10,105,800**	9,735,504	7,604,732	8,568,739	9,950,912
Total equity	**9,782,768**	9,355,227	7,452,305	7,413,899	7,377,233
Gross profit margin (%)	**46.4**	46.4	45.1	45.6	50.0
Operating margin (%)	**10.4**	9.7	5.8	3.2	10.5
Net profit margin (%)*	**6.9**	5.7	4.9	2.1	8.4
Earnings per share					
– basic (RMB cents)	**5.82**	4.22	3.54	1.66	8.73
– diluted (RMB cents)	**5.80**	4.22	3.54	1.65	8.72
Current ratio (x)	**2.5**	2.4	2.1	2.5	3.5
Gearing ratio (%)	**23.9**	31.9	45.5	47.7	44.2

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

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the Company's annual results for the year ended March 31, 2018.

In FY2017/2018, Bosideng maintained its brand confidence and focus on value growth and quality development while driving brand upgrade with innovation, delivering stable and heartening operating results. The Group recorded a significant increase in total sales, with sales revenue and net profit attributable to the shareholders of approximately RMB8.9 billion and RMB0.62 billion, representing a year-on-year increase of 30.3% and 57.1%, respectively, for which, the Board of Directors recommended to pay a final dividend of HKD3.5 cents per ordinary share. Moreover, in order to thank our shareholders for their support, care and trust over the past decade and to share the Company's growth and achievements with them, the Board of Directors hereby proposed a special dividend of HKD2.5 cents per ordinary share to celebrate the tenth anniversary of Bosideng's listing.

STEADY GROWTH IN DOWN APPAREL BUSINESS • NEW VITALITY ADDED TO LADIESWEAR BUSINESS

In FY2017/2018, the Group seized the market opportunities arising from the upgrading of branded apparel consumption and stable development of the apparel industry, and constantly promoted product innovation, quality improvement and brand remodeling, with its core businesses of down apparel and ladieswear both developing favourably.

During the year, the Group rolled out a comprehensive upgrade of the channels, brand image and retail operations for its core down apparel business, resulting in its down apparel business under the *Bosideng*, *Snow Flying* and *Bengen* brands achieving satisfactory revenue growth and continuing to be the Group's biggest revenue contributor. In particular, sales of *Bosideng*, the Group's pillar brand, has topped its historical height. Revenue and net profit of the Group's fashion ladieswear brands, namely *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*, also reported significant growth. With the arrival of the new retail era, the Group continued to promote omni-channel operations, resulting in a significant increase in online and offline sales of approximately 50% and 20%, respectively. At the same time, the Group facilitate the in-depth integration of traditional industries with the Internet information technology and accelerated the construction of its intelligent distribution centers and "Retail Cloud Platform", delivering impressive results.

During the year, the Group's four ladieswear brands, namely *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*, maintained good momentum of growth. During the period under review, total revenue of ladieswear apparel business reached RMB1.2 billion, representing a year-on-year increase of 85.4%, accounting for 13.0% of the Group's total revenue, demonstrating initial results of the Group's all-season coverage and multi-branding strategy.

MAINTAINING INITIAL ASPIRATION AFTER TEN YEARS OF LISTING • EXPLORING BRAND SUCCESS WITH CONTINUING EFFORTS

On October 11, 2007, the Group was listed on the Main Board of the Hong Kong Stock Exchange, placing itself at a new starting point of brand internationalization and capital operation. This is a precious memory for all of us.

Over the past decade, the Group continued to promote its strategy of "multi-branding, all-season coverage and global penetration with down apparel business as the core business", continuously exploring core brand cultivation, growth and development, promoting the transformation and upgrade of its branded apparel business, with its core down apparel business remaining at the top of the Chinese market in terms of sales volume. However, during the period from 2012 to 2015, in which the traditional apparel industry underwent depression as a whole, the Company also suffered from overcapacity, over-expansion, aging brand image, inadequate product diversification and challenges from e-commerce, resulting in a backlog of inventory, decline in revenue and a "weak" performance. In the past three years, benefiting from the upgrade of domestic mid-to-high end consumption, revamp of business models, and the Company's aggressive transformation measures, its operations have returned onto the growth track and continued to grow steadily and optimistically.

Chairman's Statement

It is ten years of exploration plus ten years of innovation with breakthrough, during which we experienced the ups and downs of both China's economy and the operating environment of the down apparel industry. The Company experimented with business ideas by trial and error and persevered despite setbacks. This has made us truly appreciate that down jackets are consumers' preferred choice for protection from cold; the global market for this kind of apparel is huge so the down apparel industry has a bright prospect. A long-lasting brand must evolve with the time. Only by learning from both positive and negative experiences, embracing changes, adapting our thoughts and ways of doing things to the market, and continuously enhancing communication with consumers, can we withstand the torrents of the times and maintain our leadership in the industry.

A GOOD FOCUS TO ACHIEVE • A VITALIZED BRAND TO ACCOMPLISH

Bosideng has maintained its focus on down jackets for 42 years, with a total global sales volume of over 200 million, which has provided us with competitive advantage and international market dominance. The economy of China has ushered into a new era of high-quality development. "Confidence in its brand" is Bosideng's greatest "belief in its corporate culture". Our slogan "Bosideng warms the world" represents our initial aspiration, which is also a call of duty from the future.

2018 marks the 40th anniversary of China's reform and opening up, which is also a critical year for Bosideng to upgrade its core competitiveness. There is no end to the reform, and no deadline for opening up. We will adhere to our original aspiration and continue to enhance our core competitiveness in terms of brand upgrade, product leadership, high quality and quick response, in order to help remodel our brands, activate brand momentum, and take on the track of stable and high quality development.

Enhancing brand influence and strengthening our core "Down Plus" business. With our *Bosideng* brand strategically positioning itself as the "Top-selling down apparel expert in the world", the Group will maintain its focus on the down apparel business and actively integrate the upstream resources such as fabric/materials, core technologies, and R&D institutions in respect of high-quality living functions, reshaping the *Bosideng* brand as a mid-and-high end brand of the time. We will also set a correct position for our mid-end brand *Snow Flying* and the cost-effective *Bengen* down jackets, aiming to increase market share. At the same time, we will exploit the global resources to establish our presence in the high-end international down apparel market and strive to become the down apparel brand preferred by 7.5 billion consumers worldwide.

Upgrading product quality, with innovation to drive high quality development. The Group will integrate the international forward-looking quality resources and continue to promote upgrade in product quality, function and fashion, so as to enhance core competitiveness of its products. The initiatives include comprehensively upgrading fabrics, velvet, wool, accessories, and production technology on the basis of the existing high-quality products, and developing products in cooperation with internationally renowned designers to highlight our position as international brands.

Upgrading channel capabilities and optimizing outlet support and image. The Group will invest major resources in developing mainstream channels that are in line with its brand positioning, ensuring channel quality and structural upgrade, and continue to increase its support for retail stores and franchisees, renovate and upgrade retail stores to enhance consumers' shopping experience, and further promote the integration of its online and offline operations.

42 years of struggle and endeavour have brought us to a new starting point. Let us look forward together to the new growth in the big era and the new future of Bosideng.

Finally, on behalf of the Board of Directors, I would like to thank our shareholders, business partners and customers for their long-term support, understanding and trust. I would also like to sincerely thank all our staff for their hard work and contribution. We will dedicate more confidence and hard work to creating greater value for our shareholders!

Gao Dekang
Chairman of the Board of Directors
June 28, 2018

Management Discussion and Analysis

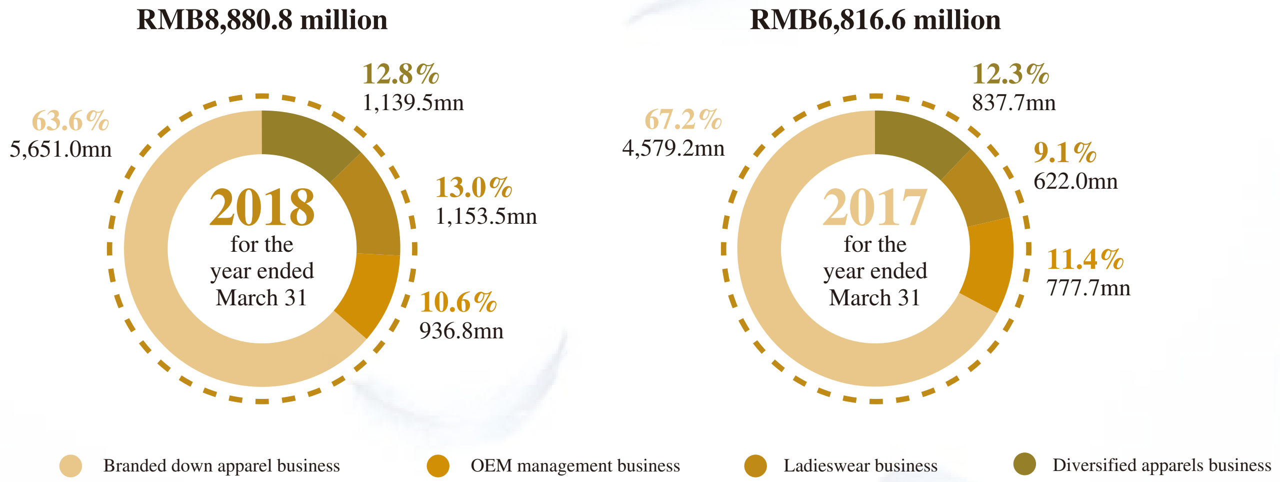
As China's economy has been transitioning from a rapid growth stage to a stage of high-quality development, significant achievement in supply-side structural reform had been made in 2017, speeding up the replacement of old drivers with the latest ones and improving quality and efficiency of economic development. Following deepened adjustments in the past few years, there is a continuous recovery of the apparel industry with an improvement in both the consumption by end-users and the retail performance of offline channels as well as a higher growth in online sales. On the other hand, in light of the changes in consumption behavior and the trend of consumption premiumization in the PRC, enterprises have to strengthen brand building and innovation under the principle of customer orientation. Enterprises have to strive for innovation in a changing market so that they can go ahead with times, keep abreast with market trends and maintain a stable market position in the long run. During this financial year, the Group has focused on further brand reshaping and sales channels optimization, strengthened efforts in product innovation and retail big data analysis, and continuously introduced young and fashionable product series, to better meet the needs of consumers. Accordingly, we have achieved good operating results, with good growth momentum seen in the down apparel business, which is the Group's core business, and also the ladieswear business.

REVENUE ANALYSIS

The Group has recorded a rapid growth in revenue from the branded down apparel business during this financial year, benefiting from a continuous recovery of the apparel industry and measures of reducing inventory adopted in the past few years which brought continuous improvement in sales channels, introduction of innovative and fashionable products and meticulous retail management. This, together with the increase in orders from key customers in the OEM management business, growth in the existing business under the ladieswear brands and introduction of the newly acquired ladieswear brands during the year and the contribution from the diversified apparels business, has brought to the Group a revenue of approximately RMB8,880.8 million for the year ended March 31, 2018, representing an increase of approximately 30.3% as compared to that of the last year. During the year, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 63.6% of the Group's revenue, while 10.6%, 13.0% and 12.8% of the Group's revenue came from the OEM management business, the ladieswear business and the diversified apparels business, respectively. During the same period last year, the four business segments mentioned above accounted for 67.2%, 11.4%, 9.1% and 12.3% of the Group's revenue, respectively.

Revenue from the branded down apparel business, OEM management business, ladieswear business and diversified apparels business amounted to RMB5,651.0 million, RMB936.8 million, RMB1,153.5 million and RMB1,139.5 million for the year, representing a year-on-year increase of 23.4%, 20.4%, 85.4% and 36.0%, respectively.

Revenue of the Group by business



Branded Down Apparel Business:

In recent years, the Group has endeavored to continuously clear inventories and optimize sales network. After years of effort, the opening inventory has returned to a healthy level and the quality and mix of sales network have become more balanced. Following the overall improvement of inventory mix and our efforts in developing more products attuned to market demand during this year, we have enhanced our product marketability. Almost all products sold during this financial year are new items. The sell-through rates of both new and old products exceeded the targeted annual sale-through rates. Meanwhile, the Group strictly controlled the sales discounts for both new and old products. These measures played a key role in significantly increasing the revenue and improving the gross profit margin. Revenue from *Bosideng's* branded down apparel business for this financial year reached a record high compared with previous years, with the increase of 74.5% and 23.9% in revenue from apparel businesses under the *Snow Flying* and *Bengen* brands, respectively, as compared with that for the last year.

Inventory Management

While the inventory returned to a healthy level, the Group continues to maintain stringent production and product planning. The Group has adopted the demand-pull mechanism in certain sales regions to avoid unnecessary inventory accumulation. The inventory awareness of both the Group and its distributors has been strengthened. Inventory was controlled from the beginning of the operation and management under the implementation of a three-year product clearance policy. During the year, the Group continued to enhance its overall operation capability and promote meticulous retail management. The Group held weekly operations analysis meetings to discuss operational issues interdepartmentally and formulate solutions in a collective and timely manner. Sales of each product was followed up on a weekly basis through strengthened retail terminal information analysis to facilitate timely and strategic adjustment to maximize the sell-through rates of products, thereby making prompt response to market changes.

Order Management

The Group has applied a more detailed arrangement and management of order placement. Under the new practice for this financial year, order placements of direct sales and wholesale are completely separated while single-store orders are applied to self-operated stores, which is different from the previous practice of placing integrated order by sales regions. Products for sales in single stores will match the demand for single-store orders, which will be supplemented by the demand-pull mechanism in the sales and production of products with reference to the actual demand. Through timely notification and analysis of retail information on products, the Group regulated and adjusted the order mix of all direct sales stores and distributors to ensure viable and reasonable order placement by providing distributors at different sizes with different modes of bonus and order-making that large distributors may decide the volume on their own with guidelines given by the Company and small distributors may only make orders subject to the volume decided by our subsidiaries, and to make timely adjustment to market changes. This system also benefits our distributors, leading to a mutual and healthy development.

Management Discussion and Analysis

Quality Quick Response System

During the year, the Group strengthened its efforts in developing the competitiveness of its supply chain, which is a quality quick-responsive system, so as to continuously enhance efficiency of management and operation of the supply chain. Only approximately 40% of goods ordered would be put into production. When products are available at our stores, the Group will conduct restocking in the period from October to December with reference to the demand from the end-users. With this measure, we can achieve a quality quick responsive supply system by supplying goods in 15 days and restocking for approximately 60% of the orders. Accordingly, sell-through rates of products have been effectively enhanced and inventory risk has been controlled as far as possible. Looking forward, the Group will strengthen the cooperation of the development of our smart down apparel production bases, so as to provide support and protection to our efforts in enhancing our ability to quickly respond and upgrade our quality of products.

Logistics and Delivery

During the year, the Group has renovated the Smart Delivery Centre in Changshu. The delivery centre controls our logistics in the PRC. With this measure, the whole process from production, warehousing to logistics and delivery is controlled under an intelligent system, achieving direct allocation and delivery of goods through stores in regions of Nanjing, Suzhou and Shanghai. In addition to the warehouse in Changshu, the Group has established the Southwest Region branch warehouse in Chengdu, significantly improving the efficiency of allocation and delivery of goods in the Southwest Region and providing quick-response for demand-pull restocking and an allocation of goods for sales in stores during the peak season. Looking forward, the Group intends to establish a number of regional warehouses in the PRC to replace the warehouses of retail stores for direct allocation of goods to stores, so as to significantly improve its efficiency in terms of turnover rate and substantially reduce inventory costs and excessive stocks.

Development of IT system

By introducing the internet infrastructure developed by Alibaba in 2017, the Group became the first mover in the apparel industry to establish its own cloud platform, namely the Bosideng innovative retail management cloud platform. The platform integrates information of consumers, stores, retail companies, headquarters and suppliers in the areas of members, products, sales, inventory and factories. Leveraging external technologies in speeding up the development of our down apparel business system in the area of innovative retail business, which involves O2O omni-channel, intelligent allocation of products, analysis of members, sites of stores and quick-response system, the Company improved its efficiency and effectiveness of operations in terms of member services, operation of products, development of channels and management of production. The Company has achieved outstanding results of management on its operations in applying cloud computing and big data for consumer business. Bosideng Down Wear Limited, a subsidiary of the Group, was named "Pilot Enterprise for Integration of Informatization and Industrialization Management System 2017" by the Ministry of Industry and Information Technology (MIIT). The Company is the only apparel enterprise recognized by MITT.

R&D of Products

Rising consumer demand for functionality in down apparel has pushed the Group to excite the market with new attempts of R&D for new products such as the launch of the Anti-Cold series (極寒系列) and the Wind Breaker series (風衣系列) this year. The Anti-Cold series contains 90% white goose down with fill power reaching 800. It uses high-density, high-thread count insulated fabric which can resist extreme cold weather up to minus 30 degrees Celsius, together with the chic elements, offering its consumers a brand new cold-resistance experience. Working with iQIYI.COM, a leading video website in China, the Group as the title sponsor presented Run! Gaiason (翻滚吧!地球), a documentary film which describes the life under an extreme temperature of -30°C in Beiji Village, the coldest village in China. The perfect blend of its products with the film created widespread appreciation and brought hot sales of the products. The overall sell-through rate of the Anti-Cold series for the year exceeded 90%, substantially higher than those for sales of other winter down apparel series. The Group will continue to develop, improve and upgrade the Anti-Cold series for winter of 2018 to better meet the needs of consumers. During the year, the Group also introduced the new Wind Breaker series which defies conventional impression of bulkiness towards down apparel by achieving an excellent balance between the function of heat preservation and a fashionable, slim design which has won the favor of consumers.

The Disney series, a popular series in the market when it was initially launched in 2016, was launched again this year along with a breakthrough in material selection, design, cutting and innovation. Through customized printing, attachment of ribbons etc., this series fully demonstrates the elements of Disney, showcasing every detail with personality and a sense of childlike wonder. In 2017, the series was very appealing to young followers and the number of Disney promotional stores has increased to 306 stores from 42 stores in the last financial year. Through the overall layout, scenario marketing, "internet celebrity as spokesperson" activities, live video and Weibo texts and sharing, interactivity and shopping experience have been enhanced, attracting more customers and bringing sales to the Group. These measures in our brand rejuvenation are crucially attributable to the substantial number of young followers attracted by the series.

Brand Promotion

The Group placed emphasis on brand building and brand promotion so as to gradually raise consumers' awareness of its brands as well as to enhance its brand value and recognition. The Group conducts brand promotion in light of patterns of consumer behavior and media usage so that more consumers will be aware of the developments of our brands and products. The Group will invest in various channels with precise forecast by exploring new internet channels, while maintaining a substantial investment in traditional channels, so as to develop influence of the brands. We attach great importance to consumer experience and conduct scenario marketing for our members in strengthening loyalty of our members for revenue achievement. During the Singles Day (Double 11), we made use of hot topics by launching crossover with the nine finalists at The Rap of China 《中國有嘻哈》 through pre-sale of crossover editions online, which attracted a snap-up. We also created our MV 《潮級暖的波司登》and made broadcasting via various channels. The online activity during Double 11 brought a revenue of RMB568.0 million to the Group. Meanwhile, the Group has developed its traffic base through the model of "General Membership Management", which maintains social interaction via WeChat. The Group has been accumulating goodwill for its brands, while gaining in-depth understanding of consumers' needs by providing offline and online marketing services exclusively for members. In 2017, the Group had over 7.7 million members, which brought a significant increase in retail sales and recurring purchases as compared to that for the last year. The expanding base of loyal members would enable us to gain in-depth understanding of needs of consumers and thus maintain sustainable growth in revenue from our brands in the long run.

Multi-brand Strategies

The Group focused on the development of key *Bosideng* brands by reshaping them as mid-to-high end brands, while maintaining the strategy of "Down apparel plus" by leveraging its competitiveness in production, technology and distribution to continuously develop its businesses under *Snow Flying*, its mid-end brand, and *Bengen*, its brand with high price-performance ratio, as part of its efforts in gaining market shares.

1) *Snow Flying*: a down apparel product for youths with the positioning of "young, fashion and sporty". During the year, the Group adopted the SPA model (Specialty Store Retailer of Private Label Apparel Model) for its offline business. The Group has strengthened its back-office supporting system through the SPA model, provided strong support to the headquarters of the Company, achieved direct control on sales channels and put sales channels in practice. By adopting the strategy of "Red Hot Offer" under our online flagship stores at Tmall, we delivered a significant increase in traffic, fans and merchandise value, translating into an increase of around 200% in our revenue for sales through flagship stores at Tmall and another step towards innovative retail business. The Group has achieved a revenue of approximately RMB315.5 million from down apparel under *Snow Flying* brand for 2017, representing a year-on-year increase of 74.5%.

2) *Bengen*: based on the wholesale model in the previous years, the Group has established self-operated retail outlets, while exploring opportunities of innovative retail through integration of online and offline channels. The Group has been working on the new omni-channel retail model and has started to extend its down apparel business to other products, so as to transform *Bengen* to a new brand featuring fashionable lifestyle operated under an omni-channel and multi-brand system, from a fashion down apparel brand of "fashion, quality and elegant". In 2017, the revenue from down apparel business under *Bengen* brand amounted to approximately RMB203.3 million, representing an increase of 23.9% as compared to that of last year.


Mileage

	Revenue from branded down apparel business by brand				
	For the year ended March 31,				
	2018		2017		
Brands	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	Change
Bosideng	4,953.7	87.6%	4,060.7	88.7%	22.0%
Snow Flying	315.5	5.6%	180.8	3.9%	74.5%
Bengen	203.3	3.6%	164.0	3.6%	23.9%
Other brands	112.5	2.0%	102.8	2.2%	9.5%
Others	66.0	1.2%	70.9	1.6%	-6.8%
Total revenue from branded down apparel business	5,651.0	100.0%	4,579.2	100.0%	23.4%

	Revenue from branded down apparel business by sale category				
	For the year ended March 31,				
	2018		2017		
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	Change
Self-operated	3,519.8	62.3%	2,174.1	47.5%	61.9%
Wholesale	2,065.2	36.5%	2,334.2	51.0%	-11.5%
Others*	66.0	1.2%	70.9	1.5%	-6.8%
Total revenue from branded down apparel business	5,651.0	100.0%	4,579.2	100.0%	23.4%

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

In terms of the management of sales channels, the Group continued to actively optimize the retail network and shut down underperforming stores to enhance store quality during the year. The Group also accelerated the development of its network of channels with its specialty stores at malls, boutiques and core commercial districts to gradually increase the revenue from outlets at malls and other leading sales channels as a percentage of the total revenue. During the year, the Group has adopted different strategies for sales channels in different regions with reference to the sizes of the markets and quality of sales channels. The Group has been exploring its network of sales channels to third- or fourth-tier cities, while continuously expanding the network in small-sized markets in first and second tiers. Meanwhile, sales channels in some markets that reached their maximum capacities are optimized through opening of new channels, closure of old channels and conversion of channels. As part of the consolidation of our outlets through closing stores, the Company has shifted its focus to the requirement of disciplined brand management from the fundamentals of production and losses. This approach is applied to all sales channels, and in particular, those channels at wholesale markets, general merchandise stores and supermarkets that did not match positions and images of the brands. The Group will close these channels or change them to factories and will not establish new selling points in these areas.

During the year, the Group achieved the first positive increase in the number of retail outlets in recent years. As at March 31, 2018, the total number of retail outlets of the Group's down apparel business (net) increased by 174 to 4,466 compared to March 31, 2017. Self-operated retail outlets (net) increased by 49 to 1,423; and retail outlets operated by third party distributors (net) increased by 125 to 3,043. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 32% and 68%, respectively.

Retail network breakdown by down apparel brand

As at March 31, 2018	*Bosideng* Number of stores	Change	*Snow Flying* Number of stores	Change	*Bengen* Number of stores	Change	Total Number of stores
Specialty stores							
Operated by the Group	552	100	7	-35	6	6	565
Operated by third party distributors	1,743	-18	170	110	403	92	2,316
Subtotal	2,295	82	177	75	409	98	2,881
Concessionary retail outlets							
Operated by the Group	646	-72	187	25	25	25	858
Operated by third party distributors	396	-65	80	13	251	-7	727
Subtotal	1,042	-137	267	38	276	18	1,585
Total	**3,337**	**-55**	**444**	**113**	**685**	**116**	**4,466**

Change: Compared with that as at March 31, 2017

Retail network of down apparel business breakdown by region

	As at March 31, 2018	As at March 31, 2017	Change
Eastern China	**1,599**	1,495	104
Central China	**1,007**	934	73
Northern China	**368**	424	-56
Northeast China	**479**	501	-22
Northwest China	**542**	533	9
Southwest China	**471**	405	66
Total	**4,466**	4,292	174

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 increased by 20.4% to approximately RMB936.8 million as compared with that of last year, accounting for 10.6% of the Group's revenue. Such increase was mainly attributable to further automatic, standardized and intelligent production development across factories, which enhanced productivity and quality of products. Meanwhile, the Company adjusted its strategy by mobilizing key resources to the existing key OEM clients and negotiating medium-to-long term planning of development, significantly shoring up the confidence of customers and bringing significant increase in orders from major customers. The OEM management business had 13 major customers and the percentage of revenue from the top five customers accounted for approximately 88.4% of its total revenue.

As the production cost increases in China every year, of which wage increase is especially prominent, the Company plans to make use of ITOCHU's resources and transfer part of its production process to Vietnam and other countries in Southeast Asia. Production has commenced for the first batch of orders. As part of its next move, more orders for basic products will be transferred to the factories in Southeast Asia according to their technical capabilities and skills to reduce staff cost.

Ladieswear Business:

During the year, revenue from the Group's ladieswear business was approximately RMB1,153.5 million, which represents a significant increase of 85.4% compared with that for the corresponding period of last year as benefited from the acquisition of Tianjin Ladieswear in 2017. The contribution from the ladieswear business to the Group's revenue increased to 13.0%. The four major ladieswear brands of the Group, namely *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*, have maintained good growth momentum and have become the new drivers for the development of the Group's ladieswear business. Revenue from the ladieswear brands during the year were as follows:

Revenue from ladieswear business by brand					
	For the year ended March 31,				
	2018		2017		
Brands	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	Change
JESSIE	**389.2**	**33.8%**	323.5	52.0%	20.3%
BUOU BUOU	**375.3**	**32.5%**	298.5	48.0%	25.7%
KOREANO	**176.1**	**15.3%**	N/A	N/A	N/A
KLOVA	**205.6**	**17.8%**	N/A	N/A	N/A
Other brands	**7.3**	**0.6%**	N/A	N/A	N/A
Total revenue from ladieswear business	**1,153.5**	**100.0%**	622.0	100.0%	85.4%

Revenue from ladieswear business by sale category					
	For the year ended March 31,				
	2018		2017		
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	Change
Self-operated	**1,059.1**	**91.8%**	516.4	83.0%	105.1%
Wholesale	**94.4**	**8.2%**	105.6	17.0%	-10.7%
Total revenue from ladieswear business	**1,153.5**	**100.0%**	622.0	100.0%	85.4%

FASHION LADIESWEAR – JESSIE

During the year, revenue from *JESSIE* increased by 20.3% to approximately RMB389.2 million, among which, revenue from self-operated business increased by 17.8% to approximately RMB313.4 million and revenue from wholesale business increased by 31.7% to RMB75.8 million, respectively. *JESSIE* concentrated its efforts in strengthening the management capabilities of self-operated stores, increasing the user-end investment as well as maintaining and following up on our VIP customer relationships, developing outlets with influence in different regions and increasing average revenue. *JESSIE* also continued to increase its investment in R&D of products, with new products well received by consumers. In addition, *JESSIE* controlled orders and production of new products by boosting sales of best-selling products through restocking and shortening the processing time.

FASHION LADIESWEAR – BUOU BUOU

During the year, revenue from *BUOU BUOU* was approximately RMB375.3 million, representing an increase of 25.7% as compared to that of last year. *BUOU BUOU* has achieved a stable growth in revenue with the effective measures of optimizing mix of inventory and sales channels. Among these, revenue from self-operated business and wholesale business were approximately RMB356.7 million and RMB18.6 million, respectively. In order to improve its business foundation, *BUOU BUOU* proactively shut down retail outlets with low-efficiency or poor performance, strategically cutback on new products and intensified discount promotions to clear inventory during the period under review. Moreover, *BUOU BUOU* proactively put in more effort in product research to develop products that better accommodate market needs, while identifying potential distributors for co-operation. The number of *BUOU BUOU* retail outlets (net) decreased by 33 to 186 during the period under review.

FASHION LADIESWEAR – KOREANO and KLOVA

The Group completed its acquisition of Joy Smile Development Limited ("Joy Smile"), You Nuo (Tianjin) Clothing Limited ("You Nuo") and Klova (Tianjin) Fashion Co., Ltd. ("Tianjin Klova") (together with Joy Smile and Yuo Nuo as "Tianjin Ladieswear") in April 2017. Joy Smile is principally engaged in sourcing and distributing ladieswear. It mainly owns the trademarks of brands *KOREANO* and *KLOVA* and has established sales channel and management team. You Nuo is the sole production agent for brands *KOREANO* and *KLOVA*. Pursuant to the acquisition agreement, the vendor guaranteed that the audited profit after taxation of Tianjin Ladieswear for the 11 months period from April 28, 2017 to March 31, 2018 shall not be less than RMB70.0 million, or the vendor shall make up the shortfall to the Group. As the consolidated profit for this financial year was RMB61.5 million, which was mainly due to the adjustment of non-cash accounting standards, the vendor will make up the shortfall, of RMB8.5 million to the Group under the acquisition agreement. The Group is confident with the development of the ladieswear business under *KOREANO* and *KLOVA* brands as they possess premium sales channels and loyal VIPs under the operation of an experienced management team. Looking forward, the business under the two brands is expected to deliver sustainable growth through continuous adjustment of product mix and VIP promotions.

KOREANO is positioned as a mid-to-high-end ladieswear brand in China. The products under the brand feature a chic, elegant and tasteful style, and target office ladies aged between 25 and 35. Meanwhile, *KLOVA* features products of simple, stylish yet gracious designs and targets discerning female customers aged between 30 and 40. Both brands focused on self-operated business, without any wholesale business. During the year, self-operated revenue from *KOREANO* and *KLOVA* were RMB176.1 million and RMB205.6 million, respectively. As at March 31, 2018, *KOREANO* and *KLOVA* had 57 and 66 self-operated stores, respectively.

Retail network by ladieswear brand

As at March 31, 2018	*JESSIE* Number of stores	Change	*BUOU BUOU* Number of stores	Change	*KOREANO* Number of stores	*KLOVA* Number of stores	Others Number of stores	Total Number of stores
Specialty stores								
Operated by the Group	4	1	19	5	–	–	–	23
Operated by third party distributors	23	–	13	7	–	–	–	36
Subtotal	27	1	32	12	–	–	–	59
Concessionary retail outlets								
Operated by the Group	109	3	120	-19	57	66	6	358
Operated by third party distributors	67	3	34	-26	–	–	4	105
Subtotal	176	6	154	-45	57	66	10	463
Total	**203**	**7**	**186**	**-33**	**57**	**66**	**10**	**522**

Change: Compared with that as at March 31, 2017

Retail network of ladieswear business by region

	As at March 31, 2018	As at March 31, 2017	Change
Eastern China	**75**	63	12
Central China	**153**	149	4
Northern China	**56**	39	17
Northeast China	**65**	31	34
Northwest China	**109**	75	34
Southwest China	**64**	58	6
Total	**522**	415	107

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

Diversified apparels business

During the year, revenue from our diversified apparels business was approximately RMB1,139.5 million, representing a significant increase of 36.0% as compared to that for the corresponding period of last year, leading to an increase in the revenue from diversified apparels business as a percentage of our total revenue to 12.8%. Benefiting from an increase in the value of *Bosideng* brands and improvement in operating efficiency of retail outlets for *Bosideng MAN* and *Bosideng HOME*, *Bosideng MAN* and *Bosideng HOME* have delivered growth of 52.5% and 201.2%, respectively, as compared to that for the corresponding period of last year, and has offset the decrease in revenue from diversified apparels business due to the disposal of Mogao and the closure of its outdoor apparel business under *Snow Flying* brand last year. Revenue from the diversified apparels brands during the period under review was as follows:

	Revenue from diversified apparels business by brand				
	For the year ended March 31,				
	2018		2017		
Brand	**RMB million**	**% of diversified apparel business revenue**	RMB million	% of diversified apparel business revenue	Change
Bosideng MAN	**503.0**	**44.1%**	329.8	39.4%	52.5%
Bosideng HOME	**561.4**	**49.3%**	186.4	22.2%	201.2%
Mogao	**N/A**	**N/A**	248.4	29.7%	N/A
Other brands and others	**75.1**	**6.6%**	73.1	8.7%	2.6%
Total revenue from diversified apparels business	**1,139.5**	**100.0%**	837.7	100.0%	36.0%

	Revenue from diversified apparels business by sale category				
	For the year ended March 31,				
	2018		2017		
	RMB million	**% of diversified apparel business revenue**	RMB million	% of diversified apparel business revenue	Change
Self-operated	**59.5**	**5.2%**	350.1	41.8%	-83.0%
Wholesale	**1,076.5**	**94.5%**	478.9	57.2%	124.8%
Others*	**3.5**	**0.3%**	8.7	1.0%	-59.6%
Total revenue from diversified apparels business	**1,139.5**	**100.0%**	837.7	100.0%	36.0%

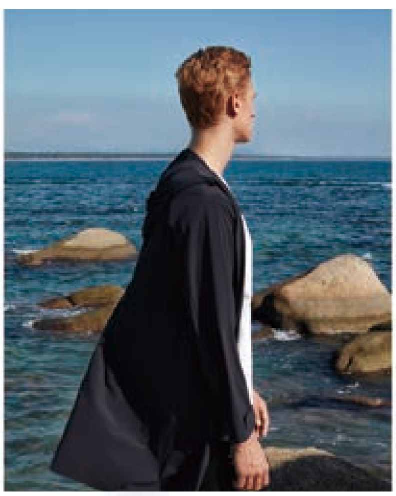
* Represents rental income

Bosideng HOME

During the year, revenue from *Bosideng HOME* was approximately RMB561.4 million, representing an increase of 201.2% as compared to that for the corresponding period of last year. Among which, revenue from self-operated business and wholesale business were approximately RMB8.9 million and RMB552.4 million, respectively. The products of *Bosideng HOME* are mainly underwear and homewear. Benefiting from high brand recognition of Bosideng brands, the Bosideng thermal underwear products jumped to top three in the market of thermal underwear in terms of online sales. After two years of operation, its underwear and homewear are produced, supplied and sold under a well-developed retailing system. The market has been growing as it becomes more regulated and stabilized. The development team has gained full understanding of trends in respect of development and styles of underwear and homewear. On the other hand, the non-down apparel products under *Bosideng* brands will undergo an overall adjustment under our new positioning strategy for *Bosideng* brands, by which the Group will launch new plans for the development of homewear and underwear businesses.


Bosideng MAN

During the year, revenue from *Bosideng MAN* business increased by 52.5% to approximately RMB503.0 million. Revenue from self-operated business and wholesale business decreased and increased by 49.1% and 89.9% to approximately RMB45.1 million and RMB457.9 million, respectively. *Bosideng MAN* actively optimized its retail network and eliminated underperforming retail outlets, resulting in a net decrease in total number of retail outlets by 81 to 282. In the past few years, *Bosideng MAN* gradually reformed the model of franchisee by changing franchise stores to stores under joint ventures, which is more flexible and controllable as well as strengthening meticulous retail management. This measure set up unified standards for sales in our stores, our brands and images as well as logistics and deliveries throughout China, enhancing operating performance of our offline stores. *Bosideng MAN* also continued to strengthen its online business, creating an industry-leading and quick responsive menswear supply chains of Tmall. On the other hand, the non-down apparel products under *Bosideng* brands will undergo an overall adjustment under our new positioning strategy for *Bosideng* brands, by which the Group will terminate the cooperation with existing distributors for *Bosideng menswear* brand, with an aggregate balance of RMB165.4 million for the remaining goodwill and customer relationship in respect of the menswear business fully impaired. The Group will launch new plans for the development of its new menswear business.


School uniform business – Sameite (飒美特)

During the year, the *Sameite* school uniform business under the Group maintained healthy development. *Sameite* focused on providing students in the PRC with trendy school uniforms that reach global standards, as part of its efforts in creating school uniforms that suit the needs of student in the PRC and bringing the market of school uniforms to the brand-oriented consumer market to a new era. *Sameite* has fully leveraged the advantages of cooperation between enterprises from the PRC and Korea. With differentiated design with reference to purchase power and cultural features throughout the PRC, quality materials and simple appearance, students can expect to have attractive uniforms when they go to school. Adhering to the principles of "making standardized, safe, healthy, comfortable and trendy uniform", *Sameite* produces every piece of school uniform with great care. Within the school uniform business that is order-oriented, *Sameite* has secured orders from a number of schools at Jiangsu, Shanghai, Zhejiang and other cities. Looking forward, *Sameite* could expand its business through the sales channels of Bosideng throughout the markets in the PRC. *Sameite* will also provide differentiated and customized services with reference to history, culture, badge, motto and visual identity (VI) of each school to meet the needs of a particular school, so as to further strengthen the competitiveness of the products.

Children's wear business

During the year, the Group has actively explored opportunities of innovation and development for the *Bosideng* brands. The Group has expanded the down apparel business under *Bosideng* to its children's wear by developing the "*Bosideng*" children's wear brand. Following operation of nearly one year, *Bosideng* children's wear is among Top 30 of children's wear products sold at Tmall, demonstrating the strong influence of *Bosideng* brands and the outstanding capability of *Bosideng* children's wear team in conducting online business. On the other hand, the non-down apparel products under *Bosideng* brands will undergo an overall adjustment under our new positioning strategy for *Bosideng* brands, by which the Group will launch new plans for the development of its children's wear business.

The Group believes that the children's wear market in the PRC is still at the stage of growth and is expected to develop at a higher growth as compared to menswear, ladieswear and sportswear businesses. The domestic and overseas giants in the apparel industry have been speeding up the development of their own network for children's wear business. As the landscape of children's wear in the PRC has yet to develop, all these players have equal chance to be the leader in the industry. The Group will form joint ventures with children's wear groups that possess strong capability of conducting online operation. For online business, the Group will select the best global brands of children's wear for cooperation in moving toward the target of becoming a leading operator in the PRC as a specialist in children's wear in global markets. The Group will also select the best global brands for in-depth cooperation in operating its online business. For offline business, the Group will gradually develop its offline stores and continue to enhance consumer experience. With these measures, the Group will achieve integration of online and offline businesses for its development with strategic alliance of global children's wear brands.

Retail network by diversified apparels brand

As at March 31, 2018	*Bosideng HOME* Number of stores	*Bosideng MAN* Number of stores	Change	Total Number of stores
Specialty stores				
Operated by the Group	21	84	8	105
Operated by third party distributors	51	88	-77	139
Subtotal	72	172	-69	244
Concessionary retail outlets				
Operated by the Group	4	47	1	51
Operated by third party distributors	19	63	-13	82
Subtotal	23	110	-12	133
Total	**95**	**282**	**-81**	**377**

Change: Compared with that as at March 31, 2017

Retail network of diversified apparels business breakdown by region

	As at March 31, 2018	As at March 31, 2017	Change
Eastern China	153	102	51
Central China	85	98	-13
Northern China	21	25	-4
Northeast China	15	14	1
Northwest China	46	57	-11
Southwest China	57	67	-10
Total	377	363	14

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

ONLINE SALES

In addition, in order to adapt to the rapid growth of online shopping and the increasing demand from consumers for online shopping, the Group has actively conducted research and development for its online sales. During the year, revenue from online sales of the Group's brands amounted to RMB2,010.5 million, representing a substantial increase of 86.7% year on year. Our online sales achieved RMB568 million during the Double 11, including the online sales revenue from branded down apparel business, ladieswear business and diversified apparels business for the year amounted to approximately RMB1,135.0 million, RMB60.3 million and RMB815.2 million respectively, representing a 20.1%, 5.2% and 71.5% of aggregate revenue from the branded down apparel business, ladieswear business and diversified apparels business, respectively. By sales categories, revenue from self-operation and wholesale through online sales amounted to approximately RMB1,091.4 million and RMB919.1 million, respectively. Looking forward, the Group will continue to increase the investment in its online business and increase the proportion of online sales, while facilitating the integration of its online and offline businesses, so as to continuously enhance consumers' shopping experience.

GROSS PROFIT

During the year, gross profit increased by 30.2% from RMB3,163.2 million to RMB4,119.1 million, and gross profit margin remained the same compared to that of the last year at 46.4%.

The gross profit margin of branded down apparel business increased by 0.4 percentage point to 51.5%, mainly due to the Group's continued efforts to clear inventory and launch new products with higher gross profit margin. The gross profit margin of ladieswear business increased by 7.8 percentage points from last year to 76.4%, mainly due to the launch of the Tianjin ladieswear, its newly acquired brands with higher gross profit margin. The gross profit margin of diversified apparel business decreased by 14.1 percentage points from last year to 14.6%, mainly because of an increase in sales and sales proportion of products with low gross profit margin. The gross profit margin of OEM management business slightly declined to 17.3%, which was due to staff cost in the PRC and cost of raw material.

OPERATING PROFIT

During the year, the Group's operating profit significantly increased by 39.9% to approximately RMB923.4 million. Operating profit margin was 10.4%, representing an increase of 0.7 percentage point as compared to 9.7% of last year, which was mainly attributable to the increase in contribution from branded down apparel business and ladieswear business.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores, fixed operating lease charges and personnel expenses, amounted to approximately RMB2,451.5 million, representing an increase of 25.6% as compared to approximately RMB1,951.1 million of last year. Distribution expenses accounted for 27.6% of total revenue, representing a decrease of 1.0 percentage points as compared to 28.6% of last year. The increase in distribution expenses was mainly due to the significant growth in our down apparel business and non-down apparel business during the period under review. The increase in distribution expenses as a percentage was lower than the increase in sales revenue as a percentage, showing the continuous improvement in the Group's overall operating efficiency.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which were mainly comprised of salary and welfare, depreciation and consultancy expenses amounted to approximately RMB630.2 million, representing an increase of 3.5% as compared to approximately RMB608.8 million of last year. The proportion of administrative expenses in the Group's total revenue decreased by 1.8 percentage points from 8.9% in previous year to 7.1%. During the period, the increase in administrative expenses was mainly due to an appropriate increase in consultant expenses for the continuous advancement of the Group's strategic transformation and meanwhile, the acquisition during the year also increased the administrative expenses correspondingly.

FINANCE INCOME

During the year under review, the Group's finance income decreased by 11.5% to approximately RMB120.2 million from approximately RMB135.7 million. The decrease was mainly due to repayment of loans by remitting its abundant cash dividends to overseas subsidiaries that rendered lower amount of funds in the PRC used for the purpose of financing.

FINANCE COSTS

The Group's finance expenses for the year under review decreased to approximately RMB155.3 million, which was primarily due to repayment of loans by remitting its abundant cash dividends to overseas subsidiaries that rendered lower interest rates for overseas loans during the year and sound foreign exchange management by the Group during the year that significantly reduced the foreign exchange loss.

TAXATION

For the year ended March 31, 2018, income tax expenses increased from approximately RMB203.8 million to approximately RMB248.7 million. The effective tax rate was approximately 28.0%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses and tax losses of certain subsidiaries of Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiary and withholding tax of dividends appropriated from PRC subsidiaries to overseas companies.

DIVIDENDS

The Board recommended the payment of a final dividend of HKD3.5 cents (equivalent to approximately RMB2.9 cents) per ordinary share for the year ended March 31, 2018 and a special dividend of HKD2.5 cents (equivalent to approximately RMB2.1 cents) per ordinary share. The proposed dividends are subject to approval by the shareholders of the Company at the annual general meeting (the "AGM") to be held on or around August 27, 2018. Upon shareholders' approval, the proposed dividends will be paid on or around September 20, 2018 to shareholders whose names appear on the register of members of the Company on September 6, 2018.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended March 31, 2018, the Group's net cash generated from operating activities amounted to approximately RMB1,032.6 million (2017: RMB1,109.2 million). Cash and cash equivalents as at March 31, 2018 amounted to approximately RMB1,794.1 million, as compared to approximately RMB2,835.0 million as at March 31, 2017.

As at March 31, 2018, the distribution of cash and cash equivalents by currency unit is as follows:

	RMB million
Renminbi	1,357.0
US dollar	416.0
Pound sterling	1.8
HK dollar	19.0
Japanese yen	0.2
European dollar	0.1
Total	1,794.1

In order to maximize returns on the Group's available cash reserves, the Group has invested in available-for-sale financial assets. During the period under review, available-for-sale financial assets increased by approximately 72.9% to approximately RMB4,513.9, which comprised (i) short-term investments with banks, which represented investment in wealth management products issued by banks in the PRC with expected but unguaranteed returns ranging from 2.65% to 6.70% per annum; and (ii) available-for-sale securities, which represented trading stocks, bonds and options held by Bosideng Industry Investment Fund S.P. (100% invested by the Group), and the non-public shares of VGRASS Fashion Co., LTD. (a company listed on Shanghai Stock Exchange; SSE, Stock Code: 603518) ("VGrass") held by Shuo Ming De Investment Co., Ltd (a subsidiary of the Group).

As at March 31, 2018, approximately 78.2% of the available-for-sale securities are bonds held by Bosideng Industry Investment Fund S.P., which comprise over 150 transactions held in US dollars, HK dollars and European dollars, accounting for approximately 95.4%, 1.9% and 2.7% of the amount of bonds, respectively.

As at March 31, 2018, the changes in fair value of our available-for-sale securities of approximately RMB4.4 million were recognised as loss in the other comprehensive income. The details are set out as follows:

	As at March 31, 2018			Fair value/ carrying amount	Investment cost
Nature of investment	**Amount**	**As a percentage of net assets of the Group**	**Gains/(losses) at fair value through other comprehensive income**	**As at March 31, 2018**	**As at March 31, 2018**
	RMB million	**%**	**RMB million**	**RMB million**	**RMB million**
VGrass	**244.2**	**2.5%**	**19.3**	**244.2**	**224.9**
Bonds	**1,246.2**	**12.7%**	**(19.3)**	**1,246.2**	**1,265.5**
Stocks	**99.5**	**1.0%**	**(4.4)**	**99.5**	**103.9**
Call option	**2.9**	**0.0%**	**–**	**2.9**	**2.9**
	1,592.8		**(4.4)**	**1,592.8**	**1,597.2**

As at March 31, 2018, the Group had bank borrowings amounting to approximately RMB2,338.4 million (2017: RMB2,984.9 million). The gearing ratio (i.e. total debt/total equity) of the Group was 23.9% (March 31, 2017: 31.9%).

As at March 31, 2018, the distribution of borrowings by currency unit and interest rates adopted were as follows:

	US dollars	HK dollars	European dollars	Japanese yen dollars	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
Floating interest rate	1,132.9	1,033.1	34.8	137.6	2,338.4

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

SIGNIFICANT INVESTMENTS HELD, SIGNIFICANT ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSET ACQUISITIONS

During the year, other than the completion of acquisition of Tianjin Ladieswear, the Group has no significant investments held or significant acquisitions and disposals of subsidiaries. As at March 31, 2018, the Group had no future plan for significant investments or capital asset acquisitions or acquisitions or disposals of subsidiaries.

CONTINGENT LIABILITIES

As at March 31, 2018, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at March 31, 2018, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB11.8 million (March 31, 2017: RMB13.8 million).

OPERATING LEASE COMMITMENT

As at March 31, 2018, the Group had irrevocable operating lease commitments amounting to approximately RMB147.1 million (March 31, 2017: approximately RMB138.2 million).

PLEDGE OF ASSETS

As at March 31, 2018, bank deposits amounting to approximately RMB904.6 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, 2017: approximately RMB1,441.4 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in Renminbi. Some of the Group's cash and bank deposits 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 fluctuation of Hong Kong Dollars, US Dollars, JPY and GBP or against each entity's respective functional currency may have a material impact on the Group.

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

HUMAN RESOURCES

As of March 31, 2018, the Group had 5,340 full-time employees (March 31, 2017: 4,246 full-time employees). The increase in number of employees of the Group by 1,094 as compared to 2017 was mainly due to the increase in headcounts following the acquisition of the Tianjin Ladieswear and new employees recruited from colleges and universities during the year. Staff costs for the year ended March 31, 2018 (including Directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB866.2 million (2017: approximately RMB726.4 million). During the year, the Group acquired the Tianjin Ladieswear and granted awarded shares and share options which led to an increase in staff costs by 19.2% as compared with last year.

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

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

During the year, the Group continued to award 80.6 million award shares and 80.6 million options to 55 persons, including members of the management and key personnel. These shares and options each accounted for approximately 0.75% of the total issued shares of the Company. The Group believes that the implementation of the equity incentive proposal enables the Group to motivate and retain outstanding talents and align the interest of employees with that of the Company and the shareholders as vesting of the awarded shares and options is subject to the Group's financial performance and the performance of the individual. The equity incentive proposal will bring our people together to lay the sound foundation for the long-term development of the Company.

FUTURE DEVELOPMENT

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

Down Apparel Business: the increasing involvement of all-season down apparel brands in the down apparel business in the PRC has been widening the offering of down apparel. Foreign mid-to-high end down apparel brands have defined their products in terms of "luxury" instead of "basic", bringing sales of down apparel to another level. Currently, China's economy has entered into a stage of high-quality development, with the trend of consumption premiumization pushing more and more consumers in the PRC to buy brands made in China with high quality and demonstrating their own identity. We are fully aware of the actual value of down apparel as the first choice in winter, and the promising and attractive prospect of the global market of down apparel. Focusing on down apparel business for 42 years, Bosideng has sold over 200 million pieces of down apparel in the global market with its expertise, competitiveness and position in the global market.

Looking forward, the Group will focus on its principal business while offering diversified products by positioning ourselves as "the expert and the best sellers of down apparel around the world". The Group will continue to strengthen our principal business of down apparel, which is our core business, and mobilize premium resources to comprehensively rebuild Bosideng brand series so as to continuously enhance influence and performance of our brands. We will continue to optimize the mix of our sales channels, establish an ecosystem of Winter series in a short time so as to increase revenue of single stores, and speed up the integration of online and offline channels for efficient sharing of traffic and goods in order to effectively integrate our online and offline businesses in terms of customers, goods and sales channels. The Group will strengthen meticulous retail management and the application of big data, so as to actively enhance our internal competitiveness and operating efficiency. With respect to products, the Group will continue to focus on innovative products with higher quality by incorporating new living functions and enhancing consumer experience, with the goal of providing high-quality and trendy down apparel products for consumers. The Group will continue to develop quality products and strive to be the leader in the down apparel industry.

OEM Management Business: the Group will continue to develop the OEM management business by making reasonable use of its production capacity in off-peak seasons, which will enable the Group to proceed with automatic and intelligent manufacturing across its factories for continuous improvement in productivity and enhancement of the Group's position as a professional provider of down apparel products. Looking forward, the Group will continue to extend the strategic cooperation with its existing key OEM customers as well as increase its investment in upgrading equipment and environmental protection. The Company will make reasonable use of ITOCHU's resources under the cooperation to enhance the technical capabilities and skills across the factories in Southeast Asia. The Group will proceed with the joint ventures for key factories as part of its continuous efforts in upgrading its OEM management business.

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

Diversified Businesses: for Bosideng brand series, the Group will focus on down apparel business under these brands. The Group will also work on comprehensive integration of menswear, homewear and children's wear businesses under Bosideng brand series and will launch new plans for the development of its menswear, underwear and homewear businesses. For its existing school uniform business, the Group will expand the business through the sales channels of Bosideng throughout the markets in the PRC. The Group will also actively extend its research to children's wear and outdoor apparel, etc. to realize the transformation from "product operation" to "brand operation" and to strive for the goal of becoming a respected multi-functional apparel group to achieve sustainable development of our business.

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, 2018 except for Code provision A.2.1, the details of which are disclosed below.

BOARD OF DIRECTORS

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

As at July 19, 2018 (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.

During the financial year ended March 31, 2018, the Board convened a total of four 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, 2018, as well as at the extraordinary general meeting held on August 25, 2017 and annual general meeting held on August 25, 2017, are as follows:

	No. of meetings attended/held					
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meetings	Extraordinary General Meeting on August 25, 2017	Annual General Meeting on August 25, 2017
Executive Directors						
Mr. Gao Dekang *(Chairman of the Board and Chief Executive Officer)*	4/4	N/A	2/2	N/A	1/1	1/1
Ms. Mei Dong	4/4	N/A	N/A	N/A	0/1	0/1
Ms. Gao Miaoqin *(Retired with effect from August 25, 2017)*	2/2	N/A	N/A	N/A	N/A	N/A
Ms. Huang Qiaolian	4/4	N/A	N/A	N/A	0/1	0/1
Mr. Mak Yun Kuen	4/4	N/A	N/A	N/A	1/1	1/1
Mr. Rui Jinsong	4/4	N/A	N/A	N/A	0/1	0/1
Mr. Gao Xiaodong	4/4	N/A	N/A	N/A	0/1	0/1
Independent non-executive Directors						
Mr. Dong Binggen	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Wang Yao	4/4	2/2	2/2	N/A	0/1	0/1
Dr. Ngai Wai Fung	4/4	2/2	N/A	N/A	0/1	0/1
Mr. Lian Jie	2/4*	1/2*	N/A	N/A	0/1	0/1

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

Throughout the financial year ended March 31, 2018, 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 latest 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 *(Retired with effect from August 25, 2017)*	√
Ms. Huang Qiaolian	√
Mr. Mak Yun Kuen	√
Mr. Rui Jinsong	√
Mr. Gao Xiaodong	√
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, 2018. 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, 2018 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, 2018 have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 19, 2018 (being the latest practicable date prior to the printing of this report), the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

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

- review of and recommendation for the Board's approval of the 2016/2017 annual report, interim financial information and annual financial statements with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the efficiency of the financial reporting procedures, and systems of internal control and risk management;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

During the meetings held in the year ended March 31, 2018, the Audit Committee had considered the interim and annual results of the Group as well as the report prepared by the external auditor relating to accounting matters and other major findings identified during the course of interim review and annual audit.

REMUNERATION COMMITTEE

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

As at July 19, 2018 (being the latest practicable date prior to the printing of this report), the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen.

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

NOMINATION COMMITTEE

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

As at July 19, 2018 (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 19, 2018 (being the latest practicable date prior to the printing of this report), the Executive Committee consisted of two members, comprising the two executive Directors, namely Mr. Gao Dekang (Chairman) and Mr. Mak Yun Kuen.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

MANAGEMENT FUNCTION

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

DIRECTORS AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements for the year ended March 31, 2018, 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 61 and page 66 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)	5,300
Non-audit services (including advisory for tax and compliance service)	216
	5,516

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

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The management believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the executive Directors and the Chief Executive Officer held regular briefings and results presentations, attended investors' forums and responded to investors' call-in enquiries, arranged store visits and participated in roadshows to communicate with institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the latest 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 66, is the Chairman of the Board and the CEO of the Company and a director of certain subsidiaries of the Group. He is a representative of the 10th to 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and is responsible for the overall strategic development of the Group. He has over 40 years of experience in the apparel industry. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002, and obtained a Master's degree in business management from Victoria University in Switzerland in 2012.

Mr. Gao is holding the following public offices:

Year	Public Offices
2013	Vice President of the 6th Council of China National Garment Association
2015	Director of the 6th Down Apparel and Related Products Committee of China National Garment Association
2016	President of Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce
2016	The 4th Invited Vice Chairman of China National Textile and Apparel Council
2016	Invited Vice President of the 4th Council of China National Light Industry Council
2017	Member of the Executive Committee of China Federation of Industry and Commerce

Mr. Gao has been widely recognized throughout the years:

Year	Award
1993	Special Contributor to the Development of China's Apparel Industry
1997	Special Contribution Award by Chinese Young Volunteers Association
1998	Outstanding factory manager (manager and chairman) of China
2000	Merit in the Apparel Industry in the PRC
2001	Special Contribution Award for the Mother River Protection Operation
2005	Palmery Contribution and Exploit Award in China Feather and Down Garments Industry
2005	Down apparel expert in China
2005	Outstanding Persons of the Textile Brand Culture Development of the PRC
2006	National Title of "Outstanding Staff Caring Private Entrepreneur"
2006	2006 Brand China Person of the Year
2006	2006 CCTV China Economic Person of the Year
2007	Top ten business leaders in China
2008	Global Leader of Chinese Entrepreneurs
2009	Excellent Contributor of Chinese Socialism
2009	Outstanding Administrator of the 30th Anniversary for Total Quality Control in the PRC
2011	Leader of Textile and Apparel Industry in China
2011	2011 Forbes 25 Influential Chinese in Global Fashion
2012	The 7th China Charity Award
2012	China's Outstanding Quality People
2013	Special Contributor to the Textile Enterprises Culture Construction in the PRC
2015	2014-2015 Outstanding Persons in the Enterprises Culture Construction in the PRC
2015	Most Respected Entrepreneur of China in 2015 by Hurun Report
2017	Person of the Year in Innovation for Textile Industry in the PRC
2017	CCTV's Charitable Person of the Year

Mr. Gao is the spouse of Ms. Mei Dong (an executive Director and the Executive President), cousin of Ms. Gao Miaoqin (former executive Director retired on August 25, 2017) and father of Mr. Gao Xiaodong (an executive Director).

Ms. Mei Dong, aged 50, is an executive Director and the Executive President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the overall operational management of the Group. She has over 20 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation in June 1994, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the spouse of Mr. Gao Dekang (the Chairman, the CEO, a Controlling Shareholder and an executive Director) and the mother of Mr. Gao Xiaodong (an executive Director).

Ms. Huang Qiaolian, aged 53, 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 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 organizations, 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 reorganization 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 42, is an executive Director and the Company Secretary of the Company and the General Manager of the Ladieswear Division of the Group. He is responsible for company secretarial matters of the Company and operation and management of ladieswear brands under the Group. In addition, Mr. Mak is the director and/or company secretary of certain subsidiaries in the Group. He joined the Group in July 2008 as Chief Financial Officer until resignation on June 26, 2017 and was appointed as an executive Director with effect from May 2013. Mr. Mak graduated from Lingnan University with a Bachelor's Degree in Business Administration (Honours), and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Before joining the Group, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (SEHK, Stock Code: 03308), a company listed on the Stock Exchange.

Mr. Rui Jinsong, aged 46, is an executive Director and the Senior Vice President of the Company and the General Manager of Bosideng Down Wear Limited, a subsidiary of the Company. He was appointed as an executive Director with effect from May 2013. Mr. Rui is fully responsible for the overall management of the operational management business of the Group's core Bosideng brands. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile Engineering in 1994. He joined Bosideng Corporation in May 2004 and remained with the Group after the reorganisation of the businesses of the Group prior to its listing, from which he acquired practical experience in brand positioning strategy, core competitiveness building and brand operating management.

Mr. Gao Xiaodong, aged 42, is the Vice President of the Company. Mr. Gao is fully in charge of the Group's diversified businesses. He is a qualified senior economist and has obtained a master's degree in business administration from Centenary College in 2009. He joined Bosideng Corporation in 2002 and joined the Group in 2013, from which he accumulated tremendous experience in apparel, highway, real estate and hotel segments. Mr. Gao is the son of Mr. Gao Dekang (the Chairman, the CEO, an executive Director and a Controlling Shareholder) and Ms. Mei Dong (an executive Director and the Executive President).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 68, 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 and the President of the Shenzhen Textile Engineering Association. He is currently the member of the Standing Committee and the Invited Vice Chairman of China Textile Industry Association.

Mr. Wang Yao, aged 59, 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) from May 2014 to December 2015 and Golden Eagle Retail Group Ltd. (SEHK, Stock Code: 03308) from February 2006 to May 2015.

Dr. Ngai Wai Fung, aged 56, was appointed as an independent non-executive Director in September 2007. He is currently the director and group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as "SW Corporate Services Group Limited"), a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control, regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai had been the President (2014-2015) of the Hong Kong Institute of Chartered Secretaries, a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants and a member of the General Committee of the Chamber of Hong Kong Listed Companies. Dr. Ngai was appointed by the Chief Executive of The Hong Kong Special Administrative Region as a member of Working Group on Professional Services under the Economic Development Commission from January 2013 to March 2018. Dr. Ngai is also appointed by Ministry of Finance of the People's Republic of China as Finance Expert Consultant in 2016. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics in 2011 and received a Master's Degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master's Degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's Degree in Law at University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of two dual-listing companies whose shares are listed on the Stock Exchange (SEHK) and Shanghai Stock Exchange ("SSE"), namely BBMG Corporation (SEHK, Stock Code: 02009, SSE, Stock Code: 601992) and China Communications Construction Company Limited (SEHK, Stock Code: 01800; SSE, Stock Code: 601800). In addition, Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338), Health and Happiness (H&H) International Holdings Limited (SEHK, Stock Code: 01112), Beijing Capital Grand 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), and TravelSky Technology Limited (SEHK, Stock Code: 00696). Dr. Ngai is also an independent director of LDK Solar Co., Ltd. (OTC Pink Limited Information, Stock Code: LDKYQ) and SPI Energy Co., Ltd. (listed on the Nasdaq Stock Market, Stock Code: SPI). He was the independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (SEHK, Stock Code: 00631) from November 2009 to December 2015, the independent non-executive director of China Coal Energy Company Limited (SEHK, Stock Code: 01898, SSE, Stock Code: 601898) from December 2010 to June 2017, the independent non-executive director of China Railway Group Limited (SEHK, Stock Code: 00390, SSE, Stock Code: 601390) from June 2014 to June 2017 and the independent non-executive director of China HKBridge Holdings Limited (SEHK, Stock Code: 02323) from March 2016 to April 2018.

Mr. Lian Jie, aged 44, was appointed as an independent non-executive Director with effect from July 2013. Since September 2016, Mr Lian has served as the President of Perfect World Co., Ltd. and also the Chairman and the Chief Executive Officer of Perfect World Pictures, a company under Perfect World Co., Ltd.. Perfect World Pictures is a leading entertainment company in China listed on SZSE, engaging in business such as games and movies (SZSE, Stock Code: 002624).

Mr. Lian resigned as the Partner of Primavera Capital Group (a China focused private equity firm) on September 22, 2016 and was appointed as the Senior Consultant of Primavera Capital Group on the same day. Mr. Lian has also served as an independent non-executive director of Stella International Holdings Limited (SEHK, Stock Code: 01836) since February 2017. From December 2011 to June 2015, Mr. Lian was 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 (SEHK, Stock Code: 01866) from December 2011 to May 2018.

SENIOR MANAGEMENT

Mr. Zhu Gaofeng, aged 43, is an assistant to the president of the Company and the financial controller of the Group, and is qualified as an internationally certified internal auditor and a China certified public accountant. Mr. Zhu graduated from Yancheng Commerce School (鹽城商業學校) in Jiangsu Province in 1993, obtained a professional degree in finance and accounting from Anhui College of Finance and Trading (安徽財貿學院) in 1998 and obtained a bachelor's degree in accounting from Yancheng Teachers University (鹽城師範學院) in 2008. Mr. Zhu joined Bosideng Corporation in 2005. Prior to joining the Group, he had worked in management positions such as finance in Jiangsu Yueda Investment Co., Ltd. (SSE, Stock Code: 600805) for 12 years. Mr. Zhu has previously served as the auditing manager, vice-financial officer, financial controller and assistant to the president of the Group, and has extensive experience in internal auditing, risk management and control, financial management, etc.

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

Below are the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2017 interim report:

- Dr. Ngai Wai Fung, an independent non-executive Director, has resigned as an independent non-executive director of China HKBridge Holdings Limited (SEHK, Stock Code: 02323), with effect from April 18, 2018.

- Mr. Lian Jie, an independent non-executive Director, has resigned as a non-executive director of China XLX Fertiliser Limited (SEHK, Stock Code: 01866) with effect from May 16, 2018.

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, 2018 set out in the Auditor's Report contained in this annual report (the "Financial Statements").

PRINCIPAL ACTIVITIES

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

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated statement of comprehensive income on pages 67 to 68 and Note 5 to the Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position, the future development of the Group's business, and principal business risks and uncertainties are provided in the "Chairman's Statement" and "Management Discussion and Analysis" and "Subsequent Events" sections, respectively on pages 3 to 4 and on pages 6 to 31 and page 60 of this annual report. Additionally, the financial risk management objectives and policies of the Company can be found in Note 34 to the Financial Statements. These discussions form part of this Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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 this report.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended March 31, 2018 are set out in the Financial Statements. The Board has resolved to recommend the payment of a final dividend of HKD3.5 cents (equivalent to approximately RMB2.9 cents) per ordinary share and a special dividend of HKD2.5 cents (equivalent to approximately RMB2.1 cents) per ordinary share in respect of the year ended March 31, 2018, totalling approximately HKD640,953,623.

NON-CURRENT ASSETS

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

SHARE CAPITAL

Details of the movement in the Group's share capital during the year ended March 31, 2018 are set out in Note 32 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the year ended March 31, 2018 are set out in Note 32 to the Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2018 are set out in Note 26 to the Financial Statements.

DONATIONS

The Group's charitable and other donations during the year ended March 31, 2018 amounted to RMB14,270,000 (2017: RMB8,937,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended March 31, 2018 and up to July 19, 2018 (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 *(Retired with effect from August 25, 2017)*
Ms. Huang Qiaolian
Mr. Mak Yun Kuen
Mr. Rui Jinsong
Mr. Gao Xiaodong

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. Mei Dong, Ms. Huang Qiaolian, Mr. Wang Yao and Mr. Lian Jie shall retire by rotation at the forthcoming annual general meeting (the "AGM"). Mr. Lian Jie has informed the Company that he will not offer himself for re-election as he would like to devote more time to pursue other business commitments. Save as Mr. Lian Jie, the above-mentioned retiring Directors, being eligible, have offered themselves for re-election at the AGM.

Pursuant to the Code Provision A.4.3 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. Since his appointment in September 2007, Mr. Wang Yao has been serving as an independent non-executive Director for more than nine years. Mr. Wang has never been involved with the daily operations and business decisions of the Company. He has never been interested or deemed to be interested in any shares of the Company or its associated corporation. The Company has received from Mr. Wang an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board is of the opinion that Mr. Wang maintains an independent view of the Company's affairs and is able to carry out his duties as an independent non-executive Director in an impartial manner. He has given much valuable advice to the Company during past years of services. The Board therefore recommends the re-election of Mr. Wang as an independent non-executive Director notwithstanding the fact that Mr. Wang has served the Company for more than nine years.

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, 2018, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares") or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Controlled corporation *(Note 1)*	3,198,791,201	29.94%
	Deemed interest *(Note 3)*	2,763,697	0.03%
	Controlled corporation *(Note 4)*	3,844,862,385	35.99%
	Founder of discretionary trust *(Note 5)*	611,656,857	5.73%
Ms. Mei Dong	Deemed interest *(Note 1)*	3,198,791,201	29.94%
	Beneficial owner *(Note 2)*	2,763,697	0.03%
	Deemed interest *(Note 4)*	3,844,862,385	35.99%
	Beneficiary of discretionary trust *(Note 5)*	611,656,857	5.73%
Ms. Huang Qiaolian	Beneficial owner *(Notes 2, 6, 7, 8)*	20,763,697	0.19%
Mr. Mak Yun Kuen	Beneficial owner *(Notes 6, 7)*	22,400,000	0.20%
Mr. Rui Jinsong	Beneficial owner *(Notes 2, 6, 7)*	24,278,242	0.23%
Mr. Gao Xiaodong	Beneficiary of discretionary trust *(Note 5)*	611,656,857	5.73%

Notes:

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

2. Each of Ms. Mei Dong and Ms. Huang Qiaolian was granted 2,763,697 Shares, respectively. Mr. Rui Jinsong was granted 1,878,242 Shares, under the share scheme over a vesting period.

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

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

5. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.

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

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

8. Ms. Huang Qiaolian was granted 3,400,000 options in March 2018 which were not yet vested and 3,400,000 Shares in March 2018 which were not yet vested and held by the Share Award Scheme Trustee.

Save as disclosed above, as at March 31, 2018, 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, 2018 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) (the "Parent Group"), for the financial year ended March 31, 2018, conducted a review of the compliance with the Non-competition Deed and are of the view that: (i) the Parent 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 the Parent Group pursuant to the Non-competition Deed.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

The Parent Group has entered into certain transactions as further described below under the heading "Continuing Connected Transactions" and Note 37 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang, Mr. Gao Xiaodong is the son of Mr. Gao Dekang and Ms. Mei Dong. Save as disclosed, no Director or an entity connected with a Director had a material interest in any transaction, arrangement or contract of significance to the Group's business for the year ended March 31, 2018 in which the Group was a party.

REMUNERATION POLICY

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

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

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

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

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

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

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

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the year ended March 31, 2018 were RMB70,079,000.

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

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

As at March 31, 2018, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the number of the issued Shares carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of shares in long position	Approximate percentage of interest in the Company
Jiangsu Kangbo Investment Co., Ltd	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.94%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.99%
Bosideng Corporation Limited	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.94%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.99%
Bosideng Holdings Group Co., Ltd.	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.94%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.99%
Bo Flying Limited	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.94%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.99%
Kong Bo Investment Limited	Beneficial interest *(Note 1)*	3,146,219,202	29.45%
New Surplus	Beneficial interest *(Note 2)*	3,844,862,385	35.99%
	Party to s317 agreement *(Note 3)*	3,201,554,898	29.97%
Topping Wealth Limited	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.99%
	Party to s317 agreement *(Note 3)*	3,201,554,898	29.97%
ITC SPC	Party to s317 agreement *(Note 4)*	7,046,417,283	65.96%
ITOCHU Corporation	Interest of controlled corporation *(Note 4)*	7,046,417,283	65.96%
	Party to s317 agreement *(Note 4)*	7,046,417,283	65.96%
ITOCHU Hong Kong Limited	Interest of controlled corporation *(Note 4)*	7,046,417,283	65.96%
	Party to s317 agreement *(Note 4)*	7,046,417,283	65.96%
CITIC International Assets Management Limited ("CIAM")	Party to s317 agreement *(Notes 5 & 6)*	7,046,417,283	65.96%
CITIC International Financial Holdings Limited	Interest of controlled corporation *(Notes 5 & 6)*	7,046,417,283	65.96%
CITIC Limited	Interest of controlled corporation *(Notes 5 & 6)*	7,046,417,283	65.96%
CITIC Group Corporation	Interest of controlled corporation *(Notes 5 & 6)*	7,046,417,283	65.96%
Honway Enterprises Limited	Beneficial interest *(Note 7)*	611,656,857	5.73%
Cititrust (Cayman) Limited	Trustee *(Note 7)*	611,656,857	5.73%
First-Win Enterprises Limited	Interest of controlled corporation *(Note 7)*	611,656,857	5.73%

Notes:

1. These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn owned as to 67.54% by Bosideng Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd (a company wholly owned by Mr. Gao Dekang. Bosideng Holdings Group Co., Ltd is owned as to 30.45% by Jiangsu Kangbo Investment Co., Ltd and 69.55% by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.

2. 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 ITC SPC. Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited. Accordingly, each of Mr. Gao Dekang, Topping Wealth Limited and Bo Flying Limited is deemed to be interested in such Shares under the SFO. As explained in Note 1 above, Bo Flying Limited is indirectly controlled by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth Limited.

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

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

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

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

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

Notes:

7. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.

Save as disclosed above, as at March 31, 2018, none of the substantial shareholders of the Company had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at general meeting of the Company.

MANAGEMENT CONTRACTS

Save as disclosed below under the section headed "Continuing 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, 2018.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions with 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 37 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above mentioned connected transactions.

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

FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

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

The Framework Manufacturing Outsourcing and Agency Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and further extended to September 14, 2020, renewable for another term of three years by giving at least three months' notice prior to the expiry of the term.

The annual caps of the Framework Manufacturing Outsourcing and Agency Agreement for the three financial years ending March 31, 2018, 2019 and 2020, were RMB950,000,000, RMB1,150,000,000 and RMB1,380,000,000, respectively.

The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2018 was RMB811,484,000.

PROPERTY LEASE AGREEMENT AND ITS SUPPLEMENTAL AGREEMENTS

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

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

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

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

The actual amount of rental payable by the Group to the Parent Group for the year ended March 31, 2018 was RMB12,780,000.

FRAMEWORK INTEGRATED SERVICE AGREEMENT

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

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

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

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

The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2018 was RMB7,174,000.

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

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

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

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

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

SHARE OPTION SCHEMES

2007 Share Option Scheme

A 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 "2007 Share Option Scheme"), which was expired in October 2017.

The purpose of the 2007 Share Option Scheme was 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 2007 Share Option Scheme. The amount payable on acceptance of an Option was HKD1.00. Details of the 2007 Share Option Scheme were provided in the Prospectus.

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

The closing price of the Shares immediately before the Initial Date of Grant was HKD0.69.

During the year ended March 31, 2018, no Option had been vested or exercised. As at March 31, 2018, 172,600,000 Options granted under the 2007 Share Option Scheme remained outstanding. 4,280,000 Options and 4,020,000 Options were cancelled and lapsed, respectively under the 2007 Share Option Scheme during the period, due to unqualified performance of one person and resignation of two persons.

SHARE OPTION SCHEMES (continued)

As the 2007 Share Option Scheme was set to expire in October 2017, the adoption of a new share option scheme was proposed by the Board on July 26, 2017 and approved by the shareholders on August 25, 2017 (the "Share Option Scheme").

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 replace the 2007 Share Option Scheme and to attract skilled and experienced personnel, to incentivise them to remain with the Company and to give effect to the customer-focused corporate culture of the Company, and to motivate them to strive for the future development and expansion of the Company, by providing them with the opportunity to acquire equity interests in the Company. The Board may, at its absolute discretion, offer any director (including independent non-executive director), employee (whether full-time or part-time), consultant or advisor of the Group who in the sole discretion of the Board has contributed or will contribute to the Group Options to subscribe for Shares on the terms set out in the Share Option Scheme. The amount payable on acceptance of a Option is HKD1.00. Details of the Share Option Scheme were provided in the Company's circular dated July 26, 2017.

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 August 25, 2017 (the "Adoption Date"), after which no further Option 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 Adoption Date (such 10% representing 1,068,256,038 Shares and approximately 10% of the Company's issued share capital as at the date of this annual report) without prior approval from the Company's shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time. No Option may be granted to any person such that the total number of Shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

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

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

SHARE OPTION SCHEMES (continued)

On March 5, 2018 (the "Date of Grant"), the Company granted an aggregate of 80,600,000 Options at the exercise price of HKD0.69 per Share to one executive Director (namely, Ms. Huang Qiaolian (3,400,000 Options)) and 54 employees of the Company (77,200,000 Options), (i) 34,520,000 Options of which shall be vested during the period commencing from first anniversary date from the Date of Grant and ending on the last trading date of the 24-month period from the Date of Grant; (ii) 28,740,000 Options of which shall be vested during the period commencing from first trading day after expiry of the 24-month period from the Date of Grant and ending on the last trading date of the 36-month period from the Date of Grant; and (iii) 17,340,000 Options of which shall be vested during the period commencing from first trading day after expiry of the 36-month period from the Date of Grant and ending on the last trading date of the 48-month period from the Date of Grant.

The closing price of the Shares immediately before the Date of Grant was HKD0.68.

As at March 31, 2018, 80,600,000 Options granted under the Share Option Scheme remained outstanding and no Option had been vested or exercised. According to the scheme mandate limit of the Share Option Scheme, the Company may further grant 987,656,038 Options, representing approximately 9.26% of the issued share capital of the Company as at date of the annual report.

Details of the grant, exercise and lapse of the Options pursuant to the 2007 Share Option Scheme and the Share Option Scheme during the year ended March 31, 2018 are set out in Note 33 to the Financial Statements and are included in the table as follows:

Name or category of participants	Options held at March 31, 2017	Options granted during the reporting period	Options exercised during the reporting period	Options cancelled during the reporting period	Options lapsed during the reporting period	Options held at March 31, 2018
Directors						
Mak Yun Kuen	11,200,000	–	–	–	–	11,200,000
Rui Jinsong	11,200,000	–	–	–	–	11,200,000
Huang Qiaolian	5,600,000	3,400,000	–	–	–	9,000,000
Gao Miaoqin *(Note 1)*	5,600,000	–	–	–	–	5,600,000
Other employees in aggregate	147,300,000	77,200,000	–	4,280,000	4,020,000	216,200,000
Total	**180,900,000**	**80,600,000**	**–**	**4,280,000**	**4,020,000**	**253,200,000**

Note:

(1) Ms. Gao Miaoqin retired as an executive Director from August 25, 2017.

SHARE AWARD SCHEME

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 Shares.

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

Details of the grant, vesting and lapse of the awarded Shares pursuant to the Share Award Scheme during the year ended March 31, 2018 are set out in Note 33 to the Financial Statements and are included in the table as follows:

Name or category of participants	Awarded Shares held at March 31, 2017	Awarded Shares granted during the reporting period	Awarded Shares vested during the reporting period	Awarded Shares lapsed during the reporting period	Awarded Shares held at March 31, 2018
Directors					
Mak Yun Kuen	11,200,000	–	4,480,000	–	**6,720,000**
Rui Jinsong	11,200,000	–	4,480,000	–	**6,720,000**
Huang Qiaolian	5,600,000	3,400,000	2,240,000	–	**6,760,000**
Gao Miaoqin *(Note 1)*	5,600,000	–	–	–	**5,600,000**
Other employees in aggregate	147,300,000	77,200,000	56,880,000	12,860,000	**154,760,000**
Total	**180,900,000**	**80,600,000**	**68,080,000**	**12,860,000**	**180,560,000**

Note:

(1) Ms. Gao Miaoqin retired as an executive Director from August 25, 2017.

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

During the year, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, the trustee of the Share Award Scheme purchased on the Stock Exchange a total of 112,230,000 Shares at an aggregate consideration of about HKD77.3 million.

Save as disclosed above, the Company and its subsidiaries had not purchased, sold or redeemed any the Company's listed securities during the year ended March 31, 2018.

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 total issued Shares was held by the public as at July 19, 2018 (being the latest practicable date prior to the issue of this report).

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2018, 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 the Parent Group. For the year ended March 31, 2018, 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 Shares) had any equity interest in any of the Group's major suppliers.

For the year ended March 31, 2018, 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 Shares) 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 35 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 is currently in force and was in force throughout this year.

SUBSEQUENT EVENTS

There was no subsequent events after the reporting period up to the date of this report.

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 of the Board of Directors

Hong Kong, June 28, 2018

KPMG

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

Opinion

We have audited the consolidated financial statements of Bosideng International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 67 to 149, which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

<table>
<tr><td colspan="2">Assessment of potential impairment of goodwill</td></tr>
<tr><td colspan="2">Refer to note 16 to the consolidated financial statements and the accounting policies on page 78.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>For the purpose of impairment testing, goodwill in the consolidated statement of financial position is allocated to four cash generating units ("CGUs") which are derived from the Group's acquisitions of the menswear and three ladieswear businesses (including Jessie brand, Buou Buou brand and Tianjin ladieswear).

An assessment of impairment of goodwill is performed by management annually.

Management assesses impairment of goodwill by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets.

The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in estimating future sales growth rates and the discount rates applied.

We identified assessing impairment of goodwill as a key audit matter because assessing impairment involves forecasting future cash flows which is complex and inherently uncertain and could be subject to management bias.</td><td>Our audit procedures to assess the valuation of goodwill included the following:

• assessing management's identification of CGUs and the allocation of assets and liabilities to each CGU with reference to the requirements of the prevailing accounting standards;

• involving our internal valuation specialists to assist us in evaluating the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards;

• comparing the most significant inputs in the discounted cash flow forecasts, including growth rates of future revenue, future margins and cost, with the latest financial budgets approved by the board of directors, historical performance, management's forecasts, industry reports and business developments subsequent to the reporting date and assessing the discount rates applied in the discounted cash flow forecasts by benchmarking against the discount rates of similar retailers;

• obtaining sensitivity analyses of both the discount rates and future cash flows and considering the resulting impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and

• considering the disclosures in the consolidated financial statements in respect of assessing impairment of goodwill with reference to the requirements of the prevailing accounting standards.</td></tr>
</table>

Key audit matters (continued)

Valuation of inventories	
Refer to note 20 to the consolidated financial statements and the accounting policies on page 84.	
The Key Audit Matter	**How the matter was addressed in our audit**
Sales of inventories in the apparel industry can be volatile with consumer demand changing according to current fashion trends. The Group typically sells or disposes of off-season inventories at a markdown from the original price to make room for new season inventories. Accordingly, the actual future selling prices of some items of inventories may fall below their purchase costs. For the branded down apparel, management calculates the inventory provision based on the forecast net realizable value of sales of inventories. The forecast quantities to be sold and the corresponding selling prices are prepared based on the Group's sales and marketing strategies, the current market conditions (including weather conditions, customer tastes and purchasing power) and the historical experience of distributing and selling products of a similar nature. Management also compares the subsequent sales quantities and selling prices with the forecast in each of the subsequent periods. For non-down apparel, management calculates the inventory provision based on the inventory ageing report and sales forecasts with reference to historical records and management's apparel industry experience. We identified the valuation of inventories as a key audit matter because of the significant management judgement exercised by the management in determining the appropriate level of inventory provisions which involves predicting the amounts of inventories which will be unsold at the end of each season and the markdowns necessary to sell such off-season inventories on a discounted basis in future years. Both of these factors can be inherently uncertain and could be subject to management bias.	Our audit procedures to assess the valuation of inventories included the following: • assessing whether the inventory provisions at the reporting date were consistent with the Group's inventory provision policy by recalculating the inventory provisions based on the mechanisms and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards; • attending the Group's inventory counts at the year end to assess, on a sample basis, the quantity and condition of inventories at that date; • assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the ageing of the sampled items with information relating to production dates on the labels of garments we inspected during our attendance at the Group's inventory counts; • assessing the Group's inventory provision policy by comparing management's forecasts of the quantities of inventories which are unlikely to be sold in the foreseeable future at current selling price and the corresponding forecast markdowns with the historical sales amounts and markdown data for the current and the prior years; • comparing inventory balances by season with respective balances in prior years and the movement by season with historical movements to identify inventories which were relatively slow moving; • comparing the carrying amounts of a sample of inventory items at the reporting date with the selling prices actually achieved subsequent to the reporting date; and • enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.

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

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Kim Tak.

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

June 28, 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2018 (Expressed in Renminbi)

	Note	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Revenue	5	**8,880,792**	6,816,599
Cost of sales		**(4,761,690)**	(3,653,395)
Gross profit		**4,119,102**	3,163,204
Other income	6	**65,622**	65,686
Selling and distribution expenses		**(2,451,503)**	(1,951,137)
Administrative expenses		**(630,180)**	(608,809)
Impairment losses on goodwill and intangible assets	16	**(165,361)**	–
Other expenses		**(14,270)**	(8,937)
Profit from operations		**923,410**	660,007
Finance income		**120,157**	135,707
Finance costs		**(155,300)**	(203,533)
Net finance costs	9	**(35,143)**	(67,826)
Share of losses of an associate, net of tax		**–**	(19,291)
Profit before income tax		**888,267**	572,890
Income tax expense	10	**(248,746)**	(203,769)
Profit for the year		**639,521**	369,121
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**103,587**	(199,424)
Net change in fair value of available-for-sale financial assets		**(4,364)**	–
Other comprehensive income for the year, net of tax		**99,223**	(199,424)
Total comprehensive income for the year		**738,744**	169,697

The notes on pages 75 to 149 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 32(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2018 (Expressed in Renminbi)

	Note	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Profit attributable to:			
Equity shareholders of the Company		**615,478**	391,844
Non-controlling interests		**24,043**	(22,723)
Profit for the year		**639,521**	369,121
Total comprehensive income attributable to:			
Equity shareholders of the Company		**714,468**	192,400
Non-controlling interests		**24,276**	(22,703)
Total comprehensive income for the year		**738,744**	169,697
Earnings per share	13		
– basic (RMB cents)		**5.82**	4.22
– diluted (RMB cents)		**5.80**	4.22

The notes on pages 75 to 149 form part of these financial statements.

Consolidated Statement of Financial Position

At March 31, 2018 (Expressed in Renminbi)

	Note	At March 31, 2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment	14	**885,308**	818,867
Lease prepayments	15	**54,096**	30,134
Intangible assets and goodwill	16	**1,896,716**	1,480,817
Prepayments for an acquisition	17	**–**	595,000
Non-current trade and other receivables		**–**	111,671
Investment properties	18	**179,167**	182,614
Deferred tax assets	19	**469,320**	416,665
		3,484,607	3,635,768
Current assets			
Inventories	20	**1,454,840**	1,436,500
Trade, bills and other receivables	21	**1,474,427**	1,189,388
Receivables due from related parties	37	**200,734**	289,837
Derivative financial assets	27	**–**	3,388
Prepayments for materials and service suppliers		**344,430**	410,375
Available-for-sale financial assets	22	**4,513,854**	2,610,210
Pledged bank deposits	23	**904,608**	1,441,446
Time deposits with maturity over 3 months	24	**271,611**	266,500
Cash and cash equivalents	25	**1,794,051**	2,834,989
		10,958,555	10,482,633
Current liabilities			
Current income tax liabilities	10(d)	**226,029**	172,785
Interest-bearing borrowings	26	**2,338,429**	2,984,882
Trade and other payables	28	**1,769,135**	1,204,006
Payables due to related parties	37	**3,769**	21,224
		4,337,362	4,382,897
Net current assets		**6,621,193**	6,099,736

The notes on pages 75 to 149 form part of these financial statements.

Consolidated Statement of Financial Position

At March 31, 2018 (Expressed in Renminbi)

	Note	At March 31, 2018 RMB'000	2017 RMB'000
Total assets less current liabilities		**10,105,800**	9,735,504
Non-current liabilities			
Deferred tax liabilities	19	**217,638**	224,846
Non-current other payables	30	**105,394**	155,431
		323,032	380,277
Net assets		**9,782,768**	9,355,227
Capital and reserves			
Share capital	32(c)	**803**	803
Reserves		**9,594,990**	9,174,939
Equity attributable to equity shareholders of the Company		**9,595,793**	9,175,742
Non-controlling interests		**186,975**	179,485
Total equity		**9,782,768**	9,355,227

Approved and authorized for issue by the board of directors on June 28, 2018.

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Gao Dekang
Chairman of the Board of Directors

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Mak Yun Kuen
Director

The notes on pages 75 to 149 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2018 (Expressed in Renminbi)

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000 (note 32)	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 (note 31(b))	Capital reserves RMB'000 (note 32(d))	Statutory reserves RMB'000 (note 32(d))	Translation reserves RMB'000 (note 32(d))	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2016	622	–	(85,678)	76,066	822,601	(424,481)	(94,900)	6,948,147	7,242,377	209,928	7,452,305
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	391,844	391,844	(22,723)	369,121
Foreign currency translation differences – foreign operations	–	–	–	–	–	(199,444)	–	–	(199,444)	20	(199,424)
Total comprehensive income for the year	–	–	–	–	–	(199,444)	–	391,844	192,400	(22,703)	169,697
Transactions with owners, recorded directly in equity:											
Capitalization of a loan payable	124	1,491,487	–	–	–	–	–	–	1,491,611	–	1,491,611
Equity settled share-based transactions (note 33)	–	–	–	30,978	–	–	–	–	30,978	–	30,978
Treasury shares held for Share Award Scheme (note 31(b))	–	–	(13,482)	–	–	–	–	–	(13,482)	–	(13,482)
Capital contribution to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	–	11,115	11,115
Acquisition through a business combination	57	465,416	–	–	–	–	–	–	465,473	19,916	485,389
Disposal of a subsidiary	–	–	–	–	(19)	–	–	19	–	(38,771)	(38,771)
Appropriation to reserves	–	–	–	–	15,157	–	–	(15,157)	–	–	–
Written put option to non-controlling interests (note 29)	–	–	–	–	–	–	57,909	–	57,909	–	57,909
Dividends (note 32(b))	–	–	–	–	–	–	–	(289,562)	(289,562)	–	(289,562)
Purchase of own shares	–	–	–	–	–	–	–	(1,962)	(1,962)	–	(1,962)
Balance at March 31, 2017	803	1,956,903	(99,160)	107,044	837,739	(623,925)	(36,991)	7,033,329	9,175,742	179,485	9,355,227

The notes on pages 75 to 149 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2018 (Expressed in Renminbi)

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000 (note 32)	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 (note 31(b))	Capital reserves RMB'000 (note 32(d))	Statutory reserves RMB'000 (note 32(d))	Translation reserves RMB'000 (note 32(d))	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2017	803	1,956,903	(99,160)	107,044	837,739	(623,925)	(36,991)	7,033,329	9,175,742	179,485	9,355,227
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	615,478	615,478	24,043	639,521
Foreign currency translation differences – foreign operations	–	–	–	–	–	103,571	–	–	103,571	16	103,587
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	–	–	(4,581)	–	(4,581)	217	(4,364)
Total comprehensive income for the year	–	–	–	–	–	103,571	(4,581)	615,478	714,468	24,276	738,744
Transactions with owners, recorded directly in equity:											
Equity settled share-based transactions (note 33)	–	–	–	26,676	–	–	–	–	26,676	–	26,676
Treasury shares held for Share Award Scheme (note 31(b))	–	–	(11,733)	(36,253)	–	–	–	–	(47,986)	–	(47,986)
Acquisition through a business combination (note 36)	–	–	–	–	–	–	–	–	–	6,014	6,014
Appropriation to reserves	–	–	–	–	3,852	–	–	(3,852)	–	–	–
Written put option to non-controlling interests (note 29)	–	–	–	–	–	–	(97,932)	–	(97,932)	–	(97,932)
Dividends (note 32(b))	–	–	–	–	–	–	–	(175,175)	(175,175)	(22,800)	(197,975)
Balance at March 31, 2018	803	1,956,903	(110,893)	97,467	841,591	(520,354)	(139,504)	7,469,780	9,595,793	186,975	9,782,768

The notes on pages 75 to 149 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2018 (Expressed in Renminbi)

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Operating activities		
Profit for the year	**639,521**	369,121
Adjustments for:		
Income tax expense	**248,746**	203,769
Depreciation	**128,999**	127,841
Amortization	**66,491**	46,075
Impairment losses	**165,361**	–
Remeasurement to fair value of pre-existing interest in acquiree	**–**	(29,083)
Equity settled share-based transactions	**26,676**	30,978
Change in fair value of derivative financial assets	**3,388**	(3,388)
Change in fair value of derivative financial liabilities	**–**	(3,219)
Net loss on disposal of property, plant and equipment	**1,358**	–
Net interest income	**(25,225)**	(23,089)
Share of losses of associates	**–**	19,291
Operating profit before changes in working capital	**1,255,315**	738,296
Decrease in inventories	**72,855**	295,537
(Increase)/decrease in trade, bills and other receivables and prepayments	**(176,692)**	163,040
Decrease/(increase) in non-current trade and other receivables	**111,671**	(20,912)
Decrease in receivables due from related parties	**89,103**	10,286
Increase in pledged bank deposit for bills payable and letter of credit facilities	**(65,067)**	–
Increase in trade and other payables	**105,929**	111,490
Decrease in payables due to related parties	**(17,455)**	(2,331)
Cash generated from operations	**1,375,659**	1,295,406
Interest paid	**(94,932)**	(76,936)
Income tax paid	**(248,078)**	(109,229)
Net cash generated from operating activities	**1,032,649**	1,109,241
Investing activities		
Acquisition of subsidiaries, net of cash acquired (note 36)	**(20,716)**	(55,575)
Disposal of a subsidiary, net of cash disposed of	**–**	27,646
Prepayments made for an acquisition (note 17)	**–**	(462,881)
Acquisition of property, plant and equipment and lease prepayments	**(116,756)**	(62,116)
Payment of leasehold improvement of investment properties	**–**	(1,953)
Proceeds from disposal of lease prepayment	**–**	5,422
Acquisition of available-for-sale financial assets	**(9,749,641)**	(8,085,483)
Proceeds from disposal of available-for-sale financial assets	**7,855,215**	6,733,754
(Increase)/decrease in time deposits with maturity over 3 months	**(5,111)**	236,600
Collection of advances/(advances) to a fellow subsidiary of the non-controlling shareholder of a subsidiary (note 21)	**75,936**	(32,617)
Interest received	**97,137**	122,421
Payment for other investing activities	**–**	(2,429)
Net cash used in investing activities	**(1,863,936)**	(1,577,211)

The notes on pages 75 to 149 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2018 (Expressed in Renminbi)

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Financing activities		
Proceeds from interest-bearing borrowings	**1,123,350**	1,161,631
Repayment of interest-bearing borrowings	**(1,645,769)**	(1,774,229)
Decrease in bank deposits pledged for bank loans	**275,652**	85,391
Decrease/(increase) in bank deposits pledged for issuing standby letters of credit for bank loans	**326,253**	(396,881)
Capital contribution to a subsidiary from non-controlling interests	**–**	11,115
Proceeds received from employees in relation to equity-settled share-based transactions	**–**	50,652
Proceeds of a loan from a related party	**–**	1,432,872
Purchase of own shares	**–**	(1,962)
Payment for purchase of shares in connection with the Share Award Scheme	**(64,694)**	(13,482)
Dividends paid	**(197,975)**	(289,562)
Net cash (used in)/generated from from financing activities	**(183,183)**	265,545
Net decrease in cash and cash equivalents	**(1,014,470)**	(202,425)
Cash and cash equivalents at the beginning of the year	**2,834,989**	3,023,421
Effect of foreign currency exchange rate changes	**(26,468)**	13,993
Cash and cash equivalents at the end of the year	**1,794,051**	2,834,989

The notes on pages 75 to 149 form part of these financial statements.

1 GENERAL INFORMATION OF THE REPORTING ENTITY

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

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(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.

2 BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments (continued)

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 a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in Note 25(b) to satisfy the new disclosure requirements introduced by the amendments to IAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Subsidiaries and non-controlling interests

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

(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 notes 3(d) and (j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

(d) Other investments in debt and equity securities

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

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

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

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

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. Rental income from investment properties is accounted for as described in note 3(s)(v).

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

(iv) Depreciation

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

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

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

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

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

(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 3 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. The amortization method and useful lives are reviewed at the end of each reporting period.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill) (continued)

(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.

(ii) Operating lease charges

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

(j) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

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

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

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

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

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

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

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

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

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 carried at the lower of cost and net realizable value.

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other receivables

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

(m) Interest-bearing borrowings

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

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

(i) Short-term employee benefits

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

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(iii) Share-based payment transactions

The fair values of the selected current employee services received in exchange for the grant of the restricted share is recognized as an expense. The fair value is measured at grant date using the Asian option model, taking into account the terms and conditions upon which the restricted share is granted. The total amount to be expensed is determined by reference to the fair value of the granted share measured as of the grant date less the proceeds received from the employees, and records in the capital reserve until each unlocking date. The proceeds received from the employees is firstly recorded as other payables.

The fair value of share option 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 option is granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the option, the total estimated fair value of the option is spread over the vesting period, taking into account the probability that the option will vest.

During the vesting period, the number of share option and restricted share 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 share option and restricted share 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 share. The equity amount is recognized in the capital reserve until either the share option or restricted share is exercised or released (when it is included in the amount recognized in share capital for the share issued) or the share option or restricted share expires or is forfeited or cancelled (when it is released directly to retained earnings) after the end of vesting period.

Share-based payment transactions in which the Company grants share 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.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Finance income and costs (continued)

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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting (continued)

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

4 ACCOUNTING JUDGMENT AND ESTIMATES

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

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

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

(b) Sources of estimation uncertainty

Notes 10, 16, 19, 21, 27, 29, 33 and 36 contain information about the assumptions and their risk factors relating to income tax, goodwill impairment, impairment for bad and doubtful debts, fair value of financial instruments, fair value of share options and restricted shares granted, and fair value of assets acquired and liabilities assumed upon acquisition. Other key sources of estimation uncertainty are as follows:

(i) Net realizable value of inventories

The Group reviews the carrying amounts of inventories at each reporting date to determine whether the inventories are carried at lower of cost and net realizable value in accordance with the accounting policy set out in Note 3(k). For the branded down apparel, management calculates the inventory provision based on the forecast net realizable value of sales of inventories. The forecast quantities to be sold and the corresponding selling prices are prepared based on the Group's sales and marketing strategies, the current market conditions (including weather conditions, customer tastes and purchasing power), the historical experience of distributing and selling products of a similar nature and the aging information of the relevant inventories. For non-down apparel, management calculates the inventory provision based on the inventory aging report and sales forecasts with reference to historical records and management's apparel industry experience. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's profit and net asset value.

(ii) Impairment for non-current assets

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

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

5 REVENUE AND SEGMENT REPORTING

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

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

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

- Ladieswear apparels – The ladieswear apparel segment carries on the business of sourcing and distributing ladieswear products.

- Diversified apparels – The diversified apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded menswear, underwear and causal wear.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment profit represents revenue less cost of sales, and includes selling and distribution expenses, administrative expenses directly attributable to the segment and share of losses of associates directly related to the segment. Items that are not specifically attributable to individual segments, such as unallocated entertainment expenses and consulting expenses, finance income, finance costs, government grants, and unallocated head office and corporate expenses are not included in segment profit.

In addition to receiving segment information concerning segment profit, management is also provided with segment information concerning amortization and impairment losses on intangible assets and goodwill.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

5 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended March 31, 2018 and 2017 is set out below:

	For the year ended March 31, 2018				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	5,651,021	936,807	1,153,506	1,139,458	8,880,792
Inter-segment revenue	2,105	2,441	77,858	63,651	146,055
Reportable segment revenues	5,653,126	939,248	1,231,364	1,203,109	9,026,847
Reportable segment profit/(loss)	948,256	99,701	184,417	(7,431)	1,224,943
Amortization	(70)	–	(53,928)	(12,493)	(66,491)
Impairment losses on intangible assets and goodwill	–	–	–	(165,361)	(165,361)

	For the year ended March 31, 2017 (Restated)*				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels (Restated)* RMB'000	Diversified apparels (Restated)* RMB'000	Group RMB'000
Revenue from external customers	4,579,169	777,759	622,030	837,641	6,816,599
Inter-segment revenue	–	8,508	676	13,958	23,142
Reportable segment revenues	4,579,169	786,267	622,706	851,599	6,839,741
Reportable segment profit/(loss)	673,445	94,572	79,037	(80,939)	766,115
Amortization	(1,084)	–	(32,919)	(12,072)	(46,075)
Share of losses of associates	–	–	(19,291)	–	(19,291)
Impairment losses on intangible assets and goodwill	–	–	–	–	–

* As a result of the acquisition of Joy Smile Development Limited ("Joy Smile"), You Nuo (Tianjin) Clothing Limited ("You Nuo") and Klova (Tianjin) Fashion Co., Ltd. ("Tianjin Klova") for the year ended March 31, 2018 (See note 36), the Group has changed the composition of its reportable segments, to separately present its ladieswear apparels and diversified apparels from non-down apparels. Accordingly, the Group has restated the reportable segment information for the year ended March 31, 2017.

5 REVENUE AND SEGMENT REPORTING (continued)

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

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Revenue		
Reportable segment revenues	9,026,847	6,839,741
Elimination of inter-segment revenue	(146,055)	(23,142)
Consolidated revenue	8,880,792	6,816,599

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Profit before income tax		
Reportable segment profit	1,224,943	766,115
Amortization expenses	(66,491)	(46,075)
Government grants	56,801	24,357
Gain on disposal of a lease prepayment and buildings	–	4,132
Impairment losses	(165,361)	–
Unallocated expenses	(126,482)	(107,813)
Finance income	120,157	135,707
Finance costs	(155,300)	(203,533)
Consolidated profit before income tax	888,267	572,890

(c) Geographic information

Except for land and buildings and investment properties with the aggregate carrying amount of RMB258,875,000 (March 31, 2017: RMB256,288,000) 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, 2018.

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, 2018, except for revenue of RMB3,498,000 derived from the Group's European operation (2017: RMB7,234,000), all revenue is derived from the People's Republic of China ("PRC").

6 OTHER INCOME

	Note	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Royalty income	(i)	**8,821**	8,114
Government grants	(ii)	**56,801**	24,357
Gain on disposal of a lease prepayment and buildings		–	4,132
Remeasurement to fair value of pre-existing interest in acquiree		–	29,083
Other income		**65,622**	65,686

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

(ii) The Group received unconditional discretionary grants amounting to RMB56,801,000 for the year ended March 31, 2018 (2017: RMB24,357,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

7 PERSONNEL EXPENSES

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Salaries, wages and other benefits	**769,397**	635,940
Equity settled share-based payments (note 33)	**26,676**	30,978
Contributions to defined contribution plans	**70,079**	59,457
	866,152	726,375

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

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

8 EXPENSE BY NATURE

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

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**4,761,690**	3,653,395
Depreciation		
– Assets leased out under operating leases	**5,808**	5,967
– Other assets	**123,191**	121,874
Amortization expenses of intangible assets	**63,971**	45,199
Amortization expenses of lease prepayment	**2,520**	876
Operating lease charges		
– Fixed rental charges	**140,568**	114,182
– Contingent rental charges	**859,046**	746,121
Provision for impairment of bad and doubtful debts	**22,386**	19,178
Auditors' remuneration	**5,300**	6,000

9 NET FINANCE COSTS

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**15,021**	18,918
Interest income on available-for-sale financial assets	**105,136**	102,331
Total interest income on financial assets not at fair value through profit or loss	**120,157**	121,249
Change in fair value of derivative financial assets (note 27)	**–**	3,388
Change in fair value of derivative financial liabilities (note 29)	**–**	3,219
Others	**–**	7,851
Finance income	**120,157**	135,707
Interest on interest-bearing borrowings	**(94,932)**	(98,160)
Bank charges	**(17,633)**	(18,355)
Change in fair value of derivative financial assets (note 27)	**(3,388)**	–
Net foreign exchange loss	**(38,154)**	(87,018)
Others	**(1,193)**	–
Finance costs	**(155,300)**	(203,533)
Net finance costs recognized in profit or loss	**(35,143)**	(67,826)

10 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Current tax expenses		
Provision for PRC income tax	**293,366**	137,534
Deferred tax benefit		
Origination and reversal of temporary differences (note 19(a))	**(44,620)**	66,235
	248,746	203,769

(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 Company Limited, Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the Republic of Korea and the United Kingdom during the period.

(iii) The provision includes provision for PRC income tax and provision for HK income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong profits tax rate 16.5% on the estimated assessable Hong Kong profits for the year.

For the year ended March 31, 2018, 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, and Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides service of procurement, production planning, order management, storage and logistics management, and client services to group companies, and which were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016.

(iv) The Enterprise Income Tax Law ("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.

10 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Profit before income tax	**888,267**	572,890
Income tax at the applicable PRC income tax rate of 25%	**222,067**	143,223
Tax effect of unused tax losses not recognized, net of utilization	**3,164**	45,135
Non-deductible expenses	**6,736**	6,174
Effect of tax concessions of PRC operations	**(18,179)**	(11,678)
Effect of tax rate difference	**(12,557)**	–
Withholding tax on dividends to be appropriated from PRC subsidiaries to overseas companies	**53,287**	24,605
Others	**(5,772)**	(3,690)
Income tax expense	**248,746**	203,769

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31, 2018			2017		
	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	**103,587**	**–**	**103,587**	(199,424)	–	(199,424)
Net change in fair value of available-for-sale financial assets	**751**	**(5,115)**	**(4,364)**	–	–	–
Other comprehensive income	**104,338**	**(5,115)**	**99,223**	(199,424)	–	(199,424)

10 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Balance at beginning of the year	172,785	126,041
Acquisition of a subsidiary (note 36)	7,956	18,439
Provision for current income tax for the year	293,366	137,534
Payments during the year	(248,078)	(109,229)
Income tax payable at the end of the year	226,029	172,785

11 DIRECTORS' EMOLUMENTS

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

For the year ended March 31, 2018

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contribution to defined Contributions Schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	368	3,874	–	–	–	4,242
Mei Dong	293	2,695	–	–	90	3,078
Gao Miaoqin	95	691	–	719	–	1,505
Huang Qiaolian	293	1,225	–	719	–	2,237
Mak Yun Kuen	293	1,619	–	1,438	15	3,365
Rui Jinsong	293	1,935	–	1,438	51	3,717
Gao Xiaodong	293	997	58	–	18	1,366
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao	–	–	–	–	–	–
Ngai Wai Fung	385	–	–	–	–	385
Lian Jie	330	–	–	–	–	330
	2,973	13,036	58	4,314	174	20,555

Ms Gao Miaoqin retired as director with effect from August 25, 2017.

During the year ended March 31, 2018 and 2017, Mr. Wang Yao, an independent non-executive director, waived a director's fee of approximately RMB330,000.

11 DIRECTORS' EMOLUMENTS (continued)

For the year ended March 31, 2017

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

During the years ended March 31, 2018 and 2017, no amount was paid or payable by the Group to the directors or any of the other five highest paid individuals set out in note 12 below as an inducement to join or upon joining the Group or as compensation for loss of office.

12 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2017: five) are directors whose emoluments are disclosed in note 11.

13 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2018 is based on the profit attributable to equity shareholders of the Company of RMB615,478,000 for the year ended March 31, 2018 (2017: RMB391,844,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2018, calculated as follows:

Weighted average number of ordinary shares:

	2018 **'000**	2017 '000
Issued ordinary shares at April 1	**10,584,160**	7,924,990
Effect of treasury shares held for Share Award Scheme (note 31(b))	**(42,057)**	(4,108)
Effect of restricted shares vested to employees (note 33(b))	**35,625**	–
Effect of issue of new shares for business combination	**–**	586,849
Effect of capitalization of a loan payable	**–**	784,215
Effect of repurchased shares	**–**	(3,342)
Weighted average number of ordinary shares at March 31	**10,577,728**	9,288,604
Basic earnings per share (RMB cents)	**5.82**	4.22

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB615,478,000 (2017: RMB391,844,000) and the weighted average number of ordinary shares of 10,619,692,000 (2017: 9,288,604,000 shares), after adjusting for the effect of the Company's share-based payment arrangements (Note 33), as follows:

Weighted average number of ordinary shares (diluted):

	2018 **'000**	2017 '000
Weighted average number of ordinary shares (basic) at March 31	**10,577,728**	9,288,604
Effect of share-based payment arrangements	**41,964**	–
Weighted average number of ordinary shares (diluted) at March 31	**10,619,692**	9,288,604
Diluted earnings per share (RMB cents)	**5.80**	4.22

The potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (Note 29) was anti-dilutive.

14 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At March 31, 2016	762,569	38,571	289,175	246,140	14,397	1,350,852
Acquisition of a subsidiary through a business combination	–	941	2,114	22,015	–	25,070
Additions	–	1,563	20,057	28,908	12,464	62,992
Transfer	–	–	308	22,684	(22,992)	–
Movement of exchange rates	(13,638)	–	(91)	–	–	(13,729)
Disposals	(54,995)	(13)	(20,105)	(5,530)	–	(80,643)
Disposal through disposal of a subsidiary	–	(21)	(7,562)	(53,512)	–	(61,095)
At March 31, 2017	693,936	41,041	283,896	260,705	3,869	1,283,447
Acquisition of a subsidiary through a business combination (note 36)	55,049	3,440	4,632	7,711	13	70,845
Additions	–	3,411	20,891	51,457	40,450	116,209
Transfer	–	3,573	25,208	9,547	(38,328)	–
Movement of exchange rates	4,146	–	(215)	–	–	3,931
Disposals	–	(1,703)	(6,213)	(3,850)	–	(11,766)
At March 31, 2018	753,131	49,762	328,199	325,570	6,004	1,462,666
Accumulated depreciation:						
At March 31, 2016	(96,184)	(17,186)	(198,392)	(111,844)	–	(423,606)
Depreciation charged for the year	(29,517)	(2,882)	(31,439)	(58,036)	–	(121,874)
Movement of exchange rates	434	–	49	–	–	483
Disposals	6,467	9	17,323	3,981	–	27,780
Disposal through disposal of a subsidiary	–	13	6,740	45,884	–	52,637
At March 31, 2017	(118,800)	(20,046)	(205,719)	(120,015)	–	(464,580)
Depreciation charged for the year	(30,872)	(3,375)	(24,777)	(64,167)	–	(123,191)
Movement of exchange rates	(385)	–	114	–	–	(271)
Disposals	–	1,412	5,439	3,833	–	10,684
At March 31, 2018	(150,057)	(22,009)	(224,943)	(180,349)	–	(577,358)
Net book value:						
At March 31, 2018	603,074	27,753	103,256	145,221	6,004	885,308
At March 31, 2017	575,136	20,995	78,177	140,690	3,869	818,867

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Except for freehold land and buildings with the carrying amount of RMB158,889,000 (March 31, 2017: RMB157,668,000) which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2018. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at March 31, 2018, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

15 LEASE PREPAYMENTS

	At March 31, 2018 RMB'000	2017 RMB'000
Cost:		
At April 1	**35,770**	42,572
Additions	**7,828**	–
Acquisition through a business combination (note 36)	**18,654**	–
Disposals	**–**	(6,802)
At March 31	**62,252**	35,770
Accumulated amortization:		
At April 1	**(5,636)**	(5,197)
Amortization charge for the year	**(2,520)**	(876)
Disposals	**–**	437
At March 31	**(8,156)**	(5,636)
Net book value:		
At March 31	**54,096**	30,134

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

16 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At March 31, 2016	777,053	597,882	206,765	1,581,700
Acquisition through a business combination	525,137	37,720	205,980	768,837
Disposal through disposal of a subsidiary	–	–	(5,000)	(5,000)
At March 31, 2017	1,302,190	635,602	407,745	2,345,537
Acquisition through a business combination (note 36)	405,961	13,220	226,050	645,231
At March 31, 2018	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2016	(321,274)	(454,149)	(46,639)	(822,062)
Amortization charge for the year	–	(27,787)	(17,412)	(45,199)
Disposal through disposal of a subsidiary	–	–	2,541	2,541
At March 31, 2017	(321,274)	(481,936)	(61,510)	(864,720)
Amortization charge for the year	–	(33,223)	(30,748)	(63,971)
Impairment losses (ii)	(92,467)	(72,894)	–	(165,361)
At March 31, 2018	(413,741)	(588,053)	(92,258)	(1,094,052)
Net book value:				
At March 31, 2018	1,294,410	60,769	541,537	1,896,716
At March 31, 2017	980,916	153,666	346,235	1,480,817

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

16 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing for cash-generating unit containing goodwill

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

	At March 31, 2018 RMB'000	2017 RMB'000
Gross value		
Menswear	**292,741**	292,741
Ladieswear – Jessie brand	**484,312**	484,312
Ladieswear – Buou Buou brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	–
	1,708,151	1,302,190
Accumulated impairment losses		
Menswear(ii)	**(292,741)**	(200,274)
Ladieswear – Jessie brand(i)	**(121,000)**	(121,000)
Ladieswear – Buou Buou brand(i)	**–**	–
Ladieswear – Tianjin Ladieswear(i)	**–**	–
	(413,741)	(321,274)
Net value		
Menswear	**–**	92,467
Ladieswear – Jessie brand	**363,312**	363,312
Ladieswear – Buou Buou brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	–
	1,294,410	980,916

16 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing for cash-generating unit containing goodwill (continued)

(i) The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimate of value in use of Jessie brand Ladieswear CGU, Buou Buou brand Ladieswear CGU and Tianjin Ladieswear CGU was determined using a discount rate of 24%, 17% and 17%, respectively.

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

(ii) Due to the Group will undergo an overall adjustment under its new positioning strategy for Bosideng brands, by which the Group will launch new plans for the development of its new menswear business, management has revisited the current menswear business and plan to terminate current menswear customer relationship with existing distributors. Management has prepared cash flow projections based on financial budgets approved by management for the purposes of impairment reviews based on the current group strategy. The discount rate used is Menswear 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 was determined using a discount rate of 20%. As a result, the remaining goodwill of RMB92,467,000 and customer relationship of RMB72,894,000 were fully impaired. The Group has also reassessed the inventories of the current menswear business and written down the inventories to their net realizable value.

17 PREPAYMENTS FOR AN ACQUISITION

In March 2017, prepayments of RMB595,000,000 were made to the vendors for the acquisition of Joy Smile and You Nuo (note 36).

18 INVESTMENT PROPERTIES

	At March 31, 2018 RMB'000	2017 RMB'000
Cost:		
At April 1	**210,791**	217,149
Additions	**–**	1,953
Effect of movement in exchange rates	**2,526**	(8,311)
At March 31	**213,317**	210,791
Accumulated depreciation:		
At April 1	**(28,177)**	(22,669)
Charge for the year	**(5,808)**	(5,967)
Effect of movement in exchange rates	**(165)**	459
At March 31	**(34,150)**	(28,177)
Net book value:		
At March 31	**179,167**	182,614

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2018, freehold investment properties of RMB99,986,000 (March 31, 2017: RMB98,620,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB79,181,000 (March 31, 2017: RMB83,994,000) 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, 2018, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP14,688,000 (equivalent of RMB129,535,000) (March 31, 2017: GBP14,298,000 (equivalent of RMB123,131,000)), 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 (2017: RMB115,193,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

18 INVESTMENT PROPERTIES (continued)

During the year ended March 31, 2018, rental income of RMB4,222,000 (2017: RMB6,920,000) 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, 2018 RMB'000	2017 RMB'000
Within 1 year	**3,123**	4,725
After 1 year but within 5 years	**1,764**	6,935
After 5 years	**–**	884
	4,887	12,544

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	Property, plant and equipment 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, 2016	83,108	22,757	(75,234)	–	(68,311)	87,626	241,561	7,660	299,167
Acquisition through a business combination	11,579	1,606	(58,510)	–	–	173	4,039	–	(41,113)
Credited/(charged) to profit or loss	(20,306)	(3,174)	8,771	–	(24,605)	(11,544)	(9,849)	(5,528)	(66,235)
At March 31, 2017	74,381	21,189	(124,973)	–	(92,916)	76,255	235,751	2,132	191,819
Acquisition through a business combination (note 36)	74,476	–	(59,817)	(9,819)	–	–	15,056	462	20,358
Credited/(charged) to profit or loss	(24,110)	4,584	34,218	2,178	47,916	(28,685)	632	7,887	44,620
Credited/(charged) to OCI	–	–	–	–	–	–	–	(5,115)	(5,115)
At March 31, 2018	124,747	25,773	(150,572)	(7,641)	(45,000)	47,570	251,439	5,366	251,682

19 DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Net deferred tax assets	**469,320**	416,665
Net deferred tax liabilities	**(217,638)**	(224,846)
	251,682	191,819

(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, 2018 RMB'000	2017 RMB'000
Accumulated tax losses of subsidiaries	**410,282**	417,196
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(3,278,293)**	(4,001,387)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2018 which will expire from 2018 to 2022, 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.

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, 2018 RMB'000	2017 RMB'000
Raw materials	**332,835**	265,424
Work in progress	**17,621**	9,413
Finished goods	**1,104,384**	1,161,663
	1,454,840	1,436,500

At March 31, 2018, inventories carried at net realizable value amounted to approximately RMB263,657,000 (2017: RMB305,110,000).

The analysis of the amount of inventories recognized in cost of sales and included in profit or loss is as follows:

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Carrying amount of inventories sold	**4,861,669**	3,752,911
Write down of inventories	**80,027**	59,159
Reversal of write-down inventories due to sales or disposal	**(180,006)**	(158,675)
	4,761,690	3,653,395

21 TRADE, BILLS AND OTHER RECEIVABLES

	At March 31, 2018 RMB'000	2017 RMB'000
Trade receivables	**981,722**	629,747
Bills receivable	**121,968**	78,715
Less: allowance for doubtful debts	**(123,325)**	(102,123)
	980,365	606,339
Third party other receivables:		
– VAT recoverable	**68,357**	74,488
– Deposits	**205,677**	173,706
– Advances to employees	**43,812**	36,426
– Secured loans receivable	**–**	81,032
– Receivables from companies controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.	**60,829**	110,829
– Advances to a company controlled by the non-controlling shareholder of a subsidiary, Jessie International Holdings Ltd.	**22,200**	98,136
– Amounts due from brokers (i)	**56,009**	–
– Interest receivable in relation to securities investment	**14,553**	–
– Short-term deferred expense	**13,249**	1,739
– Others	**9,376**	6,693
	1,474,427	1,189,388

(i) Amounts due from brokers mainly represented the amount receivable for sale of available-for-sale financial assets not yet settled by the brokers (note 22 (b)).

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

As at March 31, 2018, the Group endorsed certain bank acceptance bills totalling RMB153,254,000 (2017: RMB25,413,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group have derecognised RMB90,201,000 (2017: RMB13,230,000) bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group have transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on the maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

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, 2018 RMB'000	2017 RMB'000
Within credit terms	**822,378**	503,523
1 to 3 months past due	**136,616**	54,992
Over 3 months but less than 6 months past due	**20,949**	13,293
Over 6 months but less than 12 months past due	**388**	95
Over 1 year past due	**34**	34,436
	980,365	606,339

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 34.

(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 is as follows:

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
At April 1	**102,123**	102,961
Provision for impairment of bad and doubtful debts	**22,386**	19,178
Uncollectible amounts written off	**(1,184)**	(20,016)
At March 31	**123,325**	102,123

At March 31, 2018, RMB167,251,000 of the Group's trade receivables (2017: RMB108,003,000) were individually determined to be impaired. The individually impaired receivables as at March 31, 2018, 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 RMB123,325,000 (2017: RMB102,123,000) were provided.

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,	
	2018	2017
	RMB'000	RMB'000
Neither past due nor impaired	**822,378**	503,523
1 to 3 months past due	**98,811**	51,519
Over 3 months but less than 6 months past due	**15,196**	10,981
Over 6 months but less than 12 months past due	**20**	–
Over 1 year past due	**34**	34,436
	114,061	96,936
	936,439	600,459

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

	At March 31,	
	2018	2017
	RMB'000	RMB'000
Short-term investments with banks	**2,921,051**	2,610,210
Available-for-sale securities	**1,592,803**	–
	4,513,854	2,610,210

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

(a) Short-term investments with banks

Available-for-sale financial assets represent investments in short-term wealth management products issued by banks in the PRC, with expected but not guaranteed returns, ranging from 2.65% to 6.70% (2017: 2.30% to 4.90%) per annum.

(b) Available-for-sale securities

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

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

(ii) On February 9, 2018, Shuo Ming De Investment Co., Ltd. ("Shuo Ming De"), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of VGRASS Fashion Co., LTD. for an amount of RMB224,921,000. The shares cannot be transferred within 12 months from the date of the stock listing.

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

	At March 31,	
	2018	2017
	RMB'000	RMB'000
– maturing within 1 year	**1,592,803**	–

During the period, the changes in fair value of available-for-sale securities of RMB4,364,000 was recognised as loss in the other comprehensive income.

23 PLEDGED BANK DEPOSITS

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

	At March 31, 2018 RMB'000	2017 RMB'000
Standby letters of credit	**544,805**	871,058
Bank borrowings (note 26)	**278,255**	553,907
Bills payable and letter of credit facilities	**81,548**	16,481
	904,608	1,441,446

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 RMB271,611,000 (March 31, 2017: RMB266,500,000) as at March 31, 2018 were deposited in banks for a period of over three months.

25 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At March 31, 2018 RMB'000	2017 RMB'000
Cash at bank and on hand	**2,970,270**	4,542,935
Less: Pledged bank deposits	**(904,608)**	(1,441,446)
Time deposits with maturity over 3 months	**(271,611)**	(266,500)
Cash and cash equivalents	**1,794,051**	2,834,989

25 CASH AND CASH EQUIVALENTS (continued)

(a) Cash and cash equivalents comprise (continued)

Cash at bank and on hand are denominated in:

	At March 31, 2018 RMB'000	2017 RMB'000
– RMB	**2,445,218**	3,538,292
– USD	**503,830**	605,172
– HKD	**19,069**	141,106
– GBP	**1,779**	4,006
– EUR	**145**	119
– KRW	**19**	2,176
– JPY	**210**	252,064
	2,970,270	4,542,935

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.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flow from financing activities.

	Bank loans and other borrowings RMB'000
At 1 April 2017	2,984,882
Changes from financing cash flows:	
Proceeds from new bank loans	1,123,350
Repayment of bank loans	(1,645,769)
Total changes from financing cash flows	(522,419)
Exchange adjustments	(124,034)
At 31 March 2018	2,338,429

26 INTEREST-BEARING BORROWINGS

At March 31, 2018, the interest-bearing borrowings were repayable as follows:

	At March 31, 2018 RMB'000	2017 RMB'000
Within 1 year or on demand	**2,338,429**	2,984,882

At March 31, 2018, the interest-bearing borrowings were secured as follows:

	At March 31, 2018 RMB'000	2017 RMB'000
Bank loans		
– Secured	**2,338,429**	2,970,138
– Unsecured	**–**	14,744
	2,338,429	2,984,882

Bank borrowings of RMB989,434,000 as at March 31, 2018 (March 31, 2017: RMB1,695,579,000) were secured by standby letters of credit, which is in turn secured by pledged deposit of RMB 544,805,000 (March 31, 2017: RMB 871,058,000).

Bank borrowings of RMB571,176,000 as at March 31, 2018 (March 31, 2017: RMB1,274,559,000) were secured by pledged bank deposits of RMB278,255,000 (March 31, 2017: RMB553,907,000) (note 23).

Bank borrowings of RMB777,819,000 as at March 31, 2018 (March 31, 2017: Nil) were borrowed by Cithara on behalf of Bosideng Fund according to the Framework Agreement (note 22(b)).

Further details of the Group's management of liquidity risk are set out in note 34(b).

27 DERIVATIVE FINANCIAL ASSETS

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

As at March 31, 2018, the fair value of outstanding forward contracts was zero (March 31, 2017: RMB3,388,000), which was recorded as derivative financial assets with a fair value change of RMB3,388,000 (note 9) being recognized in profit or loss.

28 TRADE AND OTHER PAYABLES

	At March 31, 2018 RMB'000	2017 RMB'000
Trade payables	**522,540**	495,077
Other payables and accrued expenses		
– Deposits from customers	**353,320**	206,229
– Construction payables	**21,753**	29,310
– Accrued advertising expenses	**18,848**	14,695
– Accrued payroll, welfare and bonus	**268,815**	202,711
– Cash-settled written put option (note 29)	**120,855**	22,923
– VAT payable	**125,245**	38,542
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**52,055**	13,014
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	**36,371**	–
– Advances from a company controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.	**27,131**	29,159
– Payables in relation to unvested restricted shares (note 33(b))	**13,994**	20,261
– Amount due to Brokers (i)	**34,445**	–
– Payables in relation to completion of acquisition of Tianjin Ladieswear	**40,252**	–
– Others	**128,511**	127,085
	1,769,135	1,204,006

(i) Amounts due to brokers mainly represented the amount payable for buy-in of available-for-sale financial assets not yet settled to the brokers (note 22 (b)).

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, 2018 RMB'000	2017 RMB'000
Within 1 month	**391,704**	364,505
1 to 3 months	**130,836**	130,572
	522,540	495,077

29 DERIVATIVE FINANCIAL LIABILITIES

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Jessie") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement, the Group granted a written put option to Talent Shine International Limited, the non-controlling shareholder of Jessie, giving it the right to sell its entire 30% interest in Jessie after March 31, 2015 at a consideration which comprises cash and a variable number of shares of Bosideng. The consideration for exercising the put option depends on Jessie's adjusted net profit for the previous financial year and in total shall not exceed RMB900,000,000. The put option was not yet exercised by Talent Shine International Limited as at March 31, 2018.

As at March 31, 2018, the present value of the redemption price of the cash settled portion of the written put option of RMB120,855,000 was recorded as a current payable (2017: RMB22,923,000). The increase of RMB97,932,000 during the year was recorded as a decrease of other reserves.

As at March 31, 2018, the fair value of the share settled portion of the written put option was zero (2017: nil), and no fair value change of derivative financial liabilities were recognized in profit or loss (2017: RMB3,219,000).

30 NON-CURRENT OTHER PAYABLES

	At March 31, 2018 RMB'000	2017 RMB'000
Dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**75,929**	110,872
Payables in relation to equity settled share-based transactions (note 33(b))	**13,608**	29,433
Sales performance bonus accrual	**15,857**	15,126
	105,394	155,431

31 INVESTMENT IN SUBSIDIARIES

(a) Subsidiaries

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

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

31 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation/ establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
4) Domestic companies established in the PRC						
Changshu Bosideng Advertising Co., Ltd. 常熟市波司登廣告有限責任公司	PRC	RMB10,000,000	100%	–	100%	Advertisement agency
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	PRC	RMB76,500,000	70%	–	100%	Sourcing and distribution of non-down apparels
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	PRC	RMB5,000,000	100%	–	100%	Sourcing and distribution of OEM products
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	PRC	RMB200,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	PRC	RMB50,000,000	100%	–	100%	Distribution of down apparels
Shenzhen Buoubuou Fashion Co., Ltd. (note 31(ii)) 深圳邦寶時尚服飾有限公司	PRC	HKD10,000,000	91%	–	91%	Sourcing and distribution of non-down apparels
Shanghai Bosideng Information Technology Co., Ltd. 上海波司登信息科技有限公司	PRC	RMB50,000,000	100%	–	100%	Network consulting and e-business of down and non-down apparels
Xuezhongfei Enterprise Co., Ltd. 雪中飛實業有限公司	PRC	RMB500,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Electronic commerce Co., Ltd. 上海波司登電子商務有限公司	PRC	RMB28,000,000	100%	–	100%	E-commerce of down and non-down apparels
You Nuo (Tianjin) Clothing Limited (note 31(ii)) 優諾（天津）服裝有限公司	PRC	RMB30,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Ke Ruo Ba (Tianjin) Clothing Limited (note 31(ii)) 柯蘿芭（天津）服裝有限公司	PRC	RMB1,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Koreano (Tianjin) Clothing Limited (note 31(ii)) 天津柯利亞諾時裝有限公司	PRC	RMB1,650,000	100%	–	100%	Sourcing and distribution of non-down apparels
Luhua (Tianjin) Clothing Limited (note 31(ii)) 盧華（天津）服裝有限公司	PRC	USD4,000,000	100%	–	100%	Sourcing and distribution of non-down apparels

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

ii) Subsidiaries acquired during the year ended March 31, 2018.

As at March 31, 2018 and 2017, none of the Group's subsidiaries have non-controlling interests that are material to the Group's consolidated financial statements.

31 INVESTMENT IN SUBSIDIARIES (continued)

(b) A trust for the share award scheme (the "Trust")

On September 23, 2011, the Company adopted a share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares. The Share Award Scheme remains in force for a period commencing on September 23, 2011 and ended 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 10% 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, 2018, the Company had contributed RMB86,245,000 (March 31, 2017: RMB83,025,000) to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

During the year ended March 31, 2018, the Trustee purchased 112,230,000 shares of the Company at a total cost (including related transaction costs) of RMB64,694,000. 68,080,000 shares were vested to the employees on September 21, 2017 (note 33(b)). As at March 31, 2018, total number of shares held by the Trustee was 142,550,000 (March 31, 2017: 98,400,000) at a total cost (including related transaction costs) of RMB163,854,000 (March 31, 2017: RMB99,160,000).

32 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 32(c))	Share premium RMB'000	Capital reserves RMB'000 (note 32(d))	Translation reserves RMB'000 (note 32(d))	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2016	622	–	76,066	(765,174)	1,161,977	473,491
Changes in equity for the year:						
Acquisition through a business combination	57	465,416	–	–	–	465,473
Capitalization of a loan payable	124	1,491,487	–	–	–	1,491,611
Loss for the year	–	–	–	–	(227,404)	(227,404)
Equity settled share-based transactions (note 33)	–	–	30,978	–	–	30,978
Foreign currency translation differences – foreign operations	–	–	–	73,651	–	73,651
Dividends (note 32(b))	–	–	–	–	(292,909)	(292,909)
Purchase of own shares	–	–	–	–	(1,962)	(1,962)
Balance at March 31, 2017	803	1,956,903	107,044	(691,523)	639,702	2,012,929
Changes in equity for the year:						
Loss for the year	–	–	–	–	(88,291)	(88,291)
Equity settled share-based transactions (note 33(a))	–	–	26,676	–	–	26,676
Foreign currency translation differences – foreign operations	–	–	–	(170,633)	–	(170,633)
Dividends (note 32(b))	–	–	–	–	(176,994)	(176,994)
Balance at March 31, 2018	803	1,956,903	133,720	(862,156)	374,417	1,603,687

32 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,	
	2018	2017
	RMB'000	RMB'000
Interim dividend declared and paid of HKD1.5 cents per ordinary share (2017: interim dividend declared and paid of HKD1.0 cent per ordinary share)	**132,266**	94,752
Final dividend proposed after the end of the reporting period of HKD3.5 cents per ordinary share (2017: HKD0.5 cent per ordinary share)	**310,541**	46,699
Special dividend proposed after the end of the reporting period of HKD2.5 cents per ordinary share (2017: nil)	**221,815**	–
	664,622	141,451

The final dividend and special dividend 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,	
	2018	2017
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.5 cent per ordinary share (2016: final dividend of HKD2.6 cents per ordinary share)	**44,728**	198,157

Difference between the final dividends proposed and dividends paid was attributable to the exchange rate fluctuation of HKD against RMB.

32 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:

	2018 No. of shares ('000)	2018 USD'000	2017 No. of shares ('000)	2017 USD'000
Authorized:				
Ordinary shares	**20,000,000**	**200**	20,000,000	200
RMB equivalent ('000)		**1,556**		1,556
		USD'000		USD'000
Ordinary shares, issued and fully paid:				
At April 1 and March 31	**10,682,560**	**107**	10,682,560	107
RMB equivalent ('000)		**803**		803

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

Authorized share capital

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

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves at March 31, 2018 and 2017 represent the value of employee services in respect of shares granted to employees.

(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) Translation reserves

The 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) Other reserves

The other reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired and change in the present value of the redemption price of the cash settled portion of the written put option.

(e) 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, 2018, the Group's strategy, which was unchanged from 2017, 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.

32 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management (continued)

The adjusted net debt-to-equity ratio as at March 31, 2018 and 2017 was as follows:

	Note	2018 RMB'000	2017 RMB'000
Current liabilities:			
Interest-bearing borrowings	26	**2,338,429**	2,984,882
Total debt		**2,338,429**	2,984,882
Add: Proposed dividends	32(b)	**532,356**	46,699
Less: Cash and cash equivalents	25	**(1,794,051)**	(2,834,989)
Adjusted net debt		**1,076,734**	196,592
Total equity		**9,782,768**	9,355,227
Less: Proposed dividends	32(b)	**(532,356)**	(46,699)
Adjusted capital		**9,250,412**	9,308,528
Adjusted net debt to-capital ratio		**12%**	2%

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

33 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme and share award scheme

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

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

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

At 31 March 2018, the Company had the following share-based payment arrangements.

(b) Restricted shares

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

33 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Restricted shares (continued)

These restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ending March 31, 2018 and 2019, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.33 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2018, payment for all restricted shares were received by the Group and such payments were recorded as current other payables amounting to RMB13,994,000 and non-current other payables amounting to RMB13,608,000.

During the year ended March 31, 2018, a number of 68,080,000 restricted shares were vested to 63 persons, and a number of 12,860,000 restricted shares for 4 persons were not vested due to unqualified performance or resignation. As at March 31, 2018, the remaining number of restricted shares outstanding was 99,960,000 shares.

(ii) On March 5, 2018, the Group granted an aggregate number of 80,600,000 restricted shares to 55 selected persons who are directors and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.34 per share.

57,800,000 of these restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. The remaining 22,800,000 restricted shares vest for a period up to two years, with 50% and 50% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2019, 2020 and 2021 as well as the cumulative performance for the two years and three years ending March 31, 2020 and 2021, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.34 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2018, no payment for any of these restricted shares was received by the Group.

No restricted shares were forfeited during the year ended March 31, 2018. As at March 31, 2018, no shares were vested, as the performance conditions had not been met by March 31, 2018.

(c) Share Options

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

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

As at March 31, 2018, the number of share options outstanding was adjusted from 180,900,000 shares to 169,000,000 shares due to unqualified performance of 2 people and resignation of 2 people and the exercise price stayed the same.

33 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Share Options (continued)

(ii) On March 5, 2018, the Group granted 80,600,000 share options to 55 selected persons who are directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.69 per share.

These share options are valid for four years, and 57,800,000 of which vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year, the remaining 22,800,000 vest for a period up to two years, with 50% and 50% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2019, 2020 and 2021 as well as the cumulative performance for the two years and three years ending March 31, 2020 and 2021.

No share options were forfeited during the year ended March 31, 2018. As at March 31, 2018, no share options were vested as the performance conditions had not been met by March 31, 2018.

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

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

Fair value of restricted shares granted on August 5, 2016 and assumptions

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

Fair value of restricted shares granted on March 5, 2018 and assumptions

Fair value at grant date	HKD0.295 ~ 0.298
Share price at grant date	HKD0.68
Purchase price	HKD0.34
Expected DLOM (weighted average)	6.221% ~6.603%
Lock-up period	12 months
Expected dividend	2.94%
Risk-free interest rate (based on government bonds)	2.000% ~ 2.349%

33 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

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

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

Fair value of share options granted on August 5, 2016 and assumptions

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

Fair value of share options granted on March 5, 2018 and assumptions

Fair value at grant date	HKD0.167 ~ 0.170
Share price at grant date	HKD0.68
Exercise price	HKD0.69
Expected volatility (weighted average)	38.36%
Expected life (weighted average)	4 years
Expected dividend	2.94%
Risk-free interest rate (based on government bonds)	1.61%

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

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

(e) Expense recognized in profit or loss

For details of the related employee benefit expenses, see note 7.

34 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 the majority of these are guaranteed by the financial institutions.

34 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:

	2018 Contractual undiscounted cash flow					2017 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	Total RMB'000	Carrying amount at Mar-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	Total RMB'000	Carrying amount at Mar-31 RMB'000
The Group										
Interest-bearing borrowings	2,363,802	–	–	2,363,802	2,338,429	3,017,989	–	–	3,017,989	2,984,882
Trade and other payables	1,769,135	–	–	1,769,135	1,769,135	1,204,006	–	–	1,204,006	1,204,006
Payables due to related parties	3,769	–	–	3,769	3,769	21,224	–	–	21,224	21,224
Non-current other payables	–	108,607	–	108,607	105,394	–	70,003	93,279	163,282	155,431
	4,136,706	108,607	–	4,245,313	4,216,727	4,243,219	70,003	93,279	4,406,501	4,365,543

As shown in the above analysis, bank loans of the Group amounting to RMB2,363,802,000 were due to be repaid during the year ending March 31, 2019. 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.

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

(c) Interest rate risk

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

(i) Interest rate profile

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

	2018		2017	
Variable rate borrowings	Effective Interest rate	RMB'000	Effective Interest rate	RMB'000
The Group				
Interest-bearing borrowings	**1.94%**	**(2,338,429)**	2.69%	(2,984,882)
		(2,338,429)		(2,984,882)

(ii) Sensitivity analysis

At March 31, 2018, 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 RMB22,903,000 (2017: decreased/increased by approximately RMB28,767,000). 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 2018.

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

(d) Currency risk

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

(i) Exposure to currency risk

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

	Exposure to foreign currencies (expressed in Renminbi)							
	2018				2017			
	Renminbi RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000	Japanese Yen RMB'000	Renminbi RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000	Japanese Yen RMB'000
Bank deposits	–	231,502	18,680	210	–	265,427	140,822	252,064
Trade receivables	–	45,538	–	–	–	34,351	–	–
Prepayments for materials and service suppliers	–	56,077	3	–	–	40,799	9	–
Trade payables	–	(1,497)	–	–	–	(1,331)	–	–
Interest-bearing borrowings	–	(1,323)	(1,033,105)	(137,612)	(147,450)	–	(829,077)	(153,767)
	–	330,297	(1,014,422)	(137,402)	(147,450)	339,246	(688,246)	98,297

34 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.

	2018			2017		
	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000
Hong Kong Dollars	10%	(96,633)	–	10%	(63,488)	–
United States Dollars	10%	24,821	–	10%	25,445	–
Renminbi	10%	–	–	10%	(14,745)	–
Japanese Yen	10%	(13,740)	–	10%	9,830	–

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2017.

(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.

34 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, 2018 categorized into		
	Fair value at March 31, 2018 RMB'000	Significant observable inputs (Level 1) 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)	**4,513,854**	**1,592,803**	**2,921,051**	**–**
Derivative financial assets (note 27)	**–**	**–**	**–**	**–**
Financial liabilities:				
Derivative financial liabilities (note 29)	**–**	**–**	**–**	**–**

34 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, 2017 RMB'000	Fair value measurements as at March 31, 2017 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)	2,610,210	2,610,210	–
Derivative financial assets (note 27)	3,388	3,388	–
Financial liabilities:			
Derivative financial liabilities (note 29)	–	–	–

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, 2018 and 2017.

35 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at March 31, 2018 not provided for in the consolidated financial statements were as follows:

	At March 31, 2018 RMB'000	2017 RMB'000
Contracted for	**11,769**	13,820

The Company had no capital commitments outstanding at March 31, 2018 and 2017.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At March 31, 2018 RMB'000	2017 RMB'000
Within 1 year	**64,935**	61,173
After 1 year but within 5 years	**82,145**	76,895
Over 5 years	**–**	177
	147,080	138,245

The Group leases a number of warehouses, factory facilities, office premises and specialty shops 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. 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 RMB859,046,000 for the year ended March 31, 2018 (2017: RMB746,121,000).

(c) Contingent liabilities

As at March 31, 2018, the Group did not have any significant contingent liabilities.

36 BUSINESS COMBINATION

Acquisition of Joy Smile, You Nuo and Klova

Pursuant to a sales and purchase agreement ("SPA"), the Group acquired 100% of the equity interests of Joy Smile from Jun Da Group Limited, acquired 100% equity interests of You Nuo from three natural persons, and acquired 70% of the equity interests of Tianjin Klova from one natural person (together with Joy Smile and You Nuo as the "Target Companies") on April 28, 2017 ("the Acquisition Date"). The Target Companies were acquired under common control of Mr. Chow Mei Wo ("Mr. Chow"). The total consideration payable comprised a cash consideration of RMB680 million subject to adjustments based on the performance of the Target Companies for the financial year ended March 31, 2018.

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

You Nuo is a company incorporated in the PRC with limited liability and is principally engaged in manufacturing, processing and sales of ladieswear. It is currently the sole production agent of Joy Smile ladieswear with the brands KOREANO and KLOVA.

Tianjin Klova is a company incorporated in the PRC with limited liability and is principally engaged in sourcing and distribution of ladieswear.

The revenue and net profit that the Target Companies contributed to the Group during the 11 months period ended March 31, 2018 are approximately RMB389,000,000 and RMB52,726,000, respectively. If the acquisition had occurred on April 1, 2017, management estimates that the Group's consolidated revenue and consolidated profit for the financial year ended March 31, 2018 would have been RMB8,913,116,000 and RMB644,323,000, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the above acquisition would have been the same if the acquisition had occurred on April 1, 2017.

The Target Companies' performance for the 11 months period ended March 31, 2018 did not meet certain performance targets as stipulated by the SPA. As a result, the Group should receive contingent consideration of RMB8,524,000, by offsetting dividends payable to Mr. Chow, the former controlling shareholder of Joy Smile (note 28).

36 BUSINESS COMBINATION (continued)

	Recognized values on acquisition RMB'000
Property, plant and equipment	70,845
Lease prepayment	18,654
Intangible assets (note 16)	239,270
Inventories	91,195
Trade and other receivables	89,084
Prepayments for materials and service suppliers	14,701
Cash and cash equivalents	24,032
Trade and other payables	(288,654)
Income tax payables	(7,956)
Deferred tax assets/(liabilities) (note 19(b))	20,358
Net identifiable assets	271,529
Non-controlling interests arising from the acquisition	(6,014)
Goodwill arising from the acquisition (note 16)	405,961
Total consideration	671,476
Representing:	
Cash	639,748
Payables in relation to completion of acquisition of Joy Smile	40,252
Less: Contingent consideration	(8,524)
	671,476
Analysis of the net cash outflow in respect of the acquisition:	
Cash consideration paid	639,748
Less: Cash acquired	(24,032)
Net cash outflow on acquisition	615,716

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognized on acquisition are their estimated fair values. The goodwill recognized on the acquisition is attributable mainly to the skills and technical talent of the Target Companies' management and the advantageous distribution network of the Target Companies.

37 RELATED PARTY TRANSACTIONS

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

Name of parties	Relationship
Bosideng Corporation 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family ("the Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") 山東康博置業有限公司("山東康博置業")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. ("Shandong Kangbo Industrial") 山東康博實業有限公司("山東康博實業")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司("江蘇蘇甬")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣製衣有限公司("江蘇康欣")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd. ("Zhongke Bosideng") 中科波司登納米服飾（蘇州) 有限公司("中科波司登")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
New Surplus International Investment Limited 盈新國際投資有限公司	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since Oct 25, 2016
Changshu Kangbo Landscaping Co., Ltd. ("Changshu Kangbo") 常熟市康博園林綠化有限公司("常熟康博")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since Apr 1, 2014

37 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Purchase of raw materials		
Bosideng Corporation	**759**	247
Interest expenses		
New surplus	**–**	21,224
Rental expenses for lease of properties		
Bosideng Corporation	**12,780**	12,909
Jiangsu Suyong	**–**	4,009
Total	**12,780**	16,918
Processing fee costs		
Bosideng Corporation	**749,220**	539,236
Shandong Kangbo Industrial	**7,980**	3,965
Jiangsu Kangxin	**54,284**	11,354
Total	**811,484**	554,555
Processing income		
Bosideng Corporation	**7,848**	–
Integrated service fees		
Bosideng Corporation	**7,118**	4,516
Jiangsu Suyong	**38**	37
Jiangsu Kangxin Garment Co., Ltd.	**2**	–
Changshu Kangbo Landscaping	**16**	–
Total	**7,174**	4,553
Disposal of a lease prepayment and buildings		
Shandong Kangbo Property	**–**	51,105

37 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	2018 RMB'000	2017 RMB'000
Other receivables due from:		
Bosideng Corporation	196,532	234,523
Jiangsu Kangxin	4,079	3,621
Jiangsu Suyong	123	133
Shandong Kangbo Property	–	51,560
Total receivables due from related parties	200,734	289,837
Other payables due to:		
Bosideng Corporation	3,236	–
Shandong Kangbo	512	–
Jiangsu Suyong	21	–
New Surplus	–	21,224
Total payables due to related parties	3,769	21,224

38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At March 31, 2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		376	833
Investment in subsidiaries		1,195,656	1,932,076
		1,196,032	1,932,909
Current assets			
Trade, bills and other receivables		44,539	21,401
Dividends due from a subsidiary		1,528,637	1,677,220
Cash and cash equivalents		320,058	634,377
		1,893,234	2,332,998

38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	Note	At March 31, 2018 RMB'000	2017 RMB'000
Current liabilities			
Interest-bearing borrowings		**1,269,156**	2,194,556
Trade and other payables		**216,423**	58,422
		1,485,579	2,252,978
Net current assets		**407,655**	80,020
Total assets less current liabilities		**1,603,687**	2,012,929
Net assets		**1,603,687**	2,012,929
Capital and reserves			
Share capital	32(c)	**803**	803
Reserves	32(c)	**1,602,884**	2,012,126
Total equity		**1,603,687**	2,012,929

39 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2018 to be Bosideng Holdings Group Co., Ltd, which is incorporated in the PRC.

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2018

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2018 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)
IFRS 9, *Financial instruments*	January 1, 2018
IFRS 15, *Revenue from contracts with customers*	January 1, 2018
Amendments to IFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	January 1, 2018
Amendments to IFRS 40, *Investment property: Transfer of investment property*	January 1, 2018
IFRIC 22, *Foreign currency transactions and advance consideration*	January 1, 2018
IFRS 16, *Leases*	January 1, 2019
IFRIC 23, *Uncertainty over income tax treatments*	January 1, 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

While the assessment has been substantially completed for IFRS 9 and IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending September 30, 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2018 (continued)

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment of financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at April 1, 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

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

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

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

The Group has assessed that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of IFRS 9.

With respect to the Group's investments in equity securities currently classified as "available-for-sale", the Group has the option to irrevocably designate as FVTOCI (without recycling) on transition to IFRS 9. The Group plans not to elect this designation option for any of the equity securities investments held on 1 April 2018 and will recognise any fair value changes in respect of these investments in profit and loss as they arise. This will give rise to a change in accounting policy as currently the Group recognises the fair value changes of available-for-sale equity investments in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's policies set out in note 3(d). This change in policy will have no impact on the Group's net assets and total comprehensive income, but will increase volatility in profit or loss. Upon the initial adoption of IFRS 9, fair value loss of RMB4,581,000 related to the available-for-sale investments will be transferred from the fair value reserve to retained profits at 1 April 2018.

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

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2018 (continued)

IFRS 9, Financial instruments (continued)

(b) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognized. Instead, an entity is required to recognize and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at March 31, 2018, the increase in accumulated impairment loss at that date would not be significant as compared with that recognized under IAS 39. Therefore, no adjustments is required to be made to the opening balances of net assets and retained earnings at April 1, 2018.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognizing revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2018 (continued)

IFRS 15, Revenue from contracts with customers (continued)

Based on the assessment so far, the Group considers that the initial application of IFRS 15 will not have a significant impact on the Group's results of operations and financial position. The Group plans to use the cumulative effect transition method for the adoption of IFRS 15 and will recognize the cumulative effect of initial application as an adjustment to the opening balance of equity at April 1, 2018.

IFRS 16, Leases

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that adopt IFRS at or before the date of the initial adoption of IFRS 16. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group enters into some leases as the lessee and accounts for the lease arrangements in accordance with accounting policy disclosed in note 3(i).

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

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 35(b), at March 31, 2018 the Group' s future minimum lease payments under non-cancellable operating leases amount to RMB147,080,000 for properties and other assets, the majority of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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http://www.bosideng.com

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iPR Ogilvy Ltd.

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

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Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

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

Notes:

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

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

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

Shareholder Information

IMPORTANT DATES

Closure of Register of Members

August 22, 2018 to August 27, 2018
(for attending the Annual General Meeting) (both days inclusive)

September 4, 2018 to September 6, 2018
(for entitlement to the Final Dividend and Special Dividend) (both days inclusive)

ANNUAL GENERAL MEETING

On or around August 27, 2018

DIVIDENDS

Final Dividend	:	HKD3.5 cents per ordinary share
Special Dividend	:	HKD2.5 cents per ordinary share
Payable on	:	On or around September 20, 2018

Financial Year End

March 31

Board Lot

2,000 Shares


波司登
BOSIDENG