



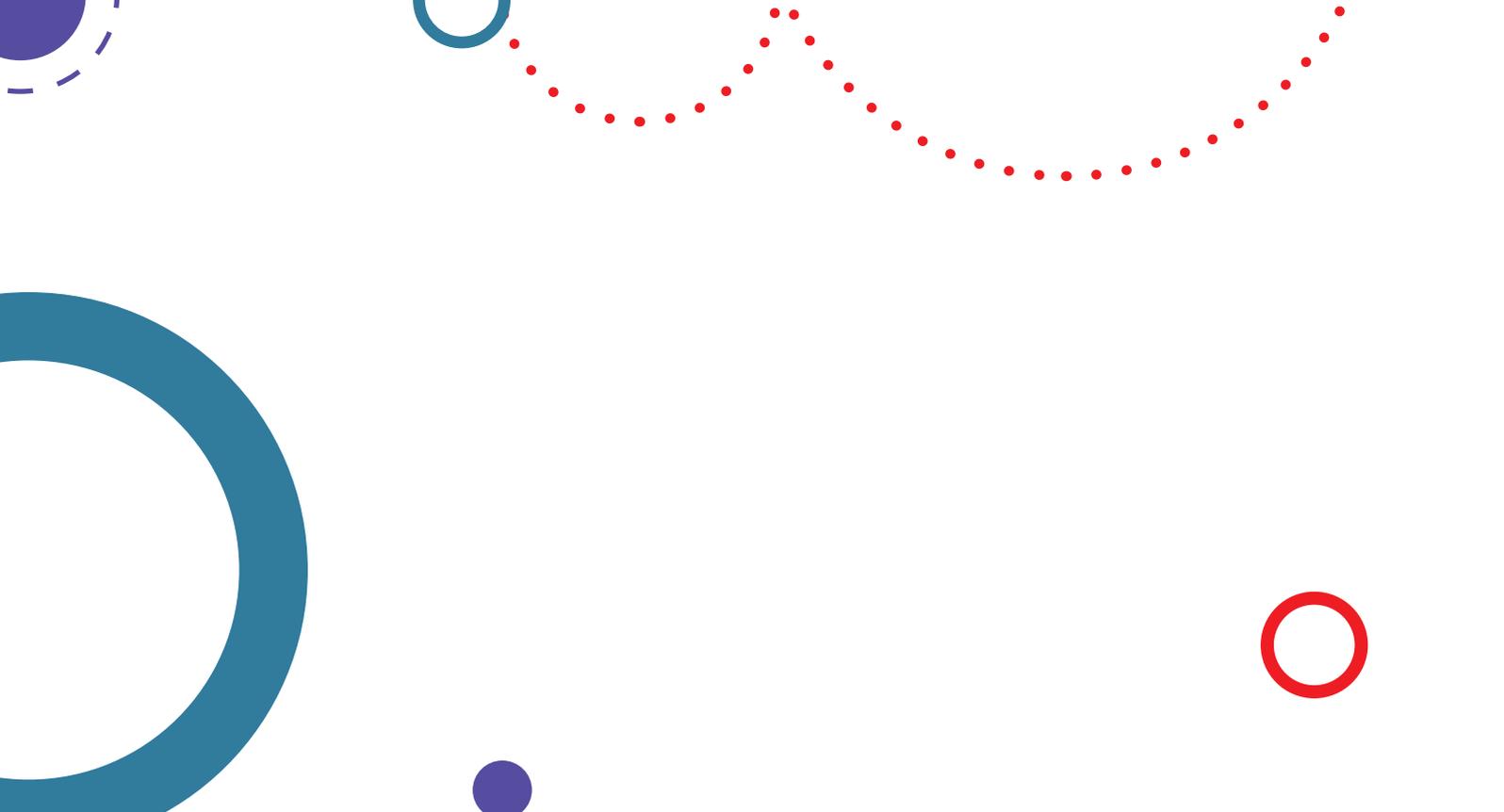
Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3998

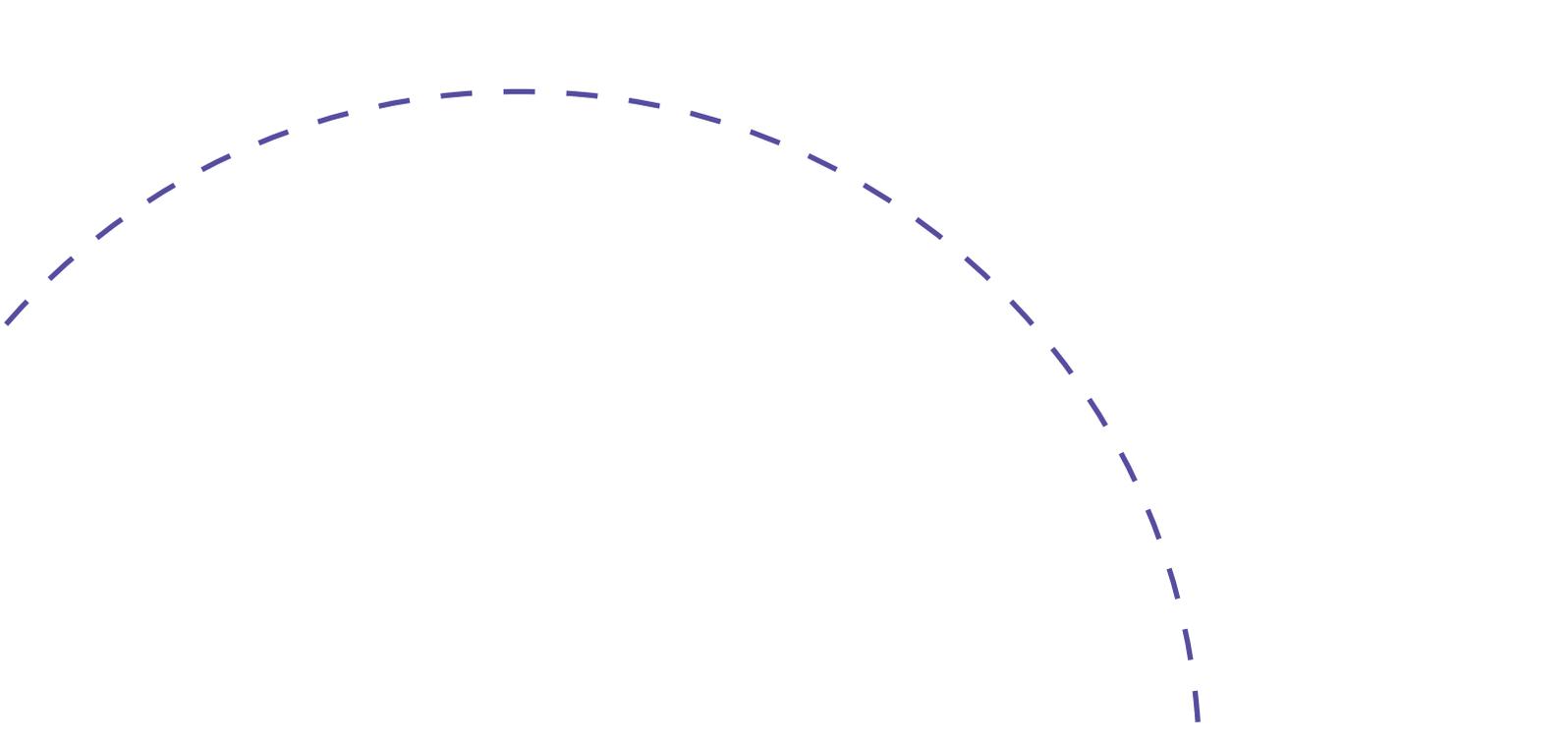
INTERIM REPORT 2016/17

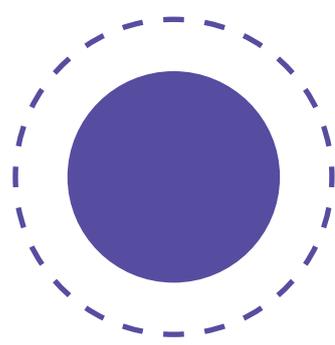




Bosideng International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is a renowned down apparel company in the People’s Republic of China (the “PRC”) with down apparel brands, namely *Bosideng*, *Snow Flying* and *Bengen*. The Group satisfies different customers and fosters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

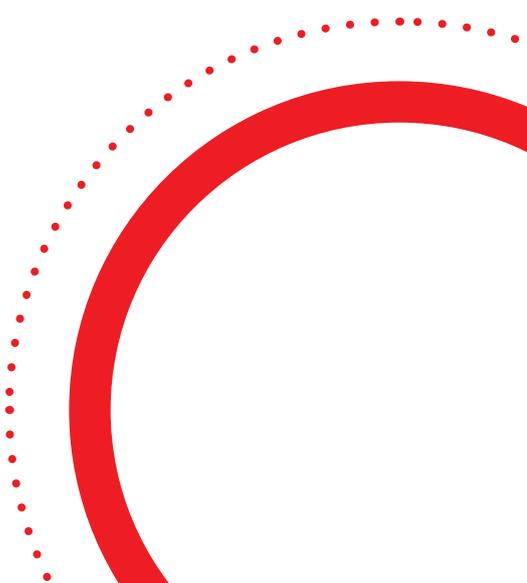
Leveraging on its well-established down apparel business, the Group is actively propelling the strategy of developing an evergreen business for four seasons and proactively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation, and stride toward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





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Financial Highlights

- Revenue increased by 0.1% to approximately RMB2,566.7 million
- Gross profit margin increased by 3.3 percentage points to 39.4%
- Operating profit margin increased by 4.9 percentage points to 10.1%
- Profit attributable to equity shareholders of the Company increased by 20.3% to approximately RMB157.2 million
- The board of directors of the Company (the "Board") declared payment of an interim dividend of HKD1.0 cent per ordinary share

INTERIM RESULTS HIGHLIGHTS

Six months ended September 30			
RMB'000	2016 Unaudited	2015 Unaudited	Change (%)
Revenue	2,566,663	2,563,746	0.1
Gross profit	1,010,918	924,325	9.4
Gross profit margin	39.4%	36.1%	3.3 ppt
Profit from operation	259,512	132,330	96.1
Operating profit margin	10.1%	5.2%	4.9 ppt
Profit attributable to equity shareholders of the Company	157,177	130,699	20.3
Profit margin	6.1%	5.1%	1.0 ppt
Earnings per share (RMB cents)			
– Basic	1.91	1.64	16.5%
– Diluted	1.91	1.63	17.2%

Management Discussion and Analysis

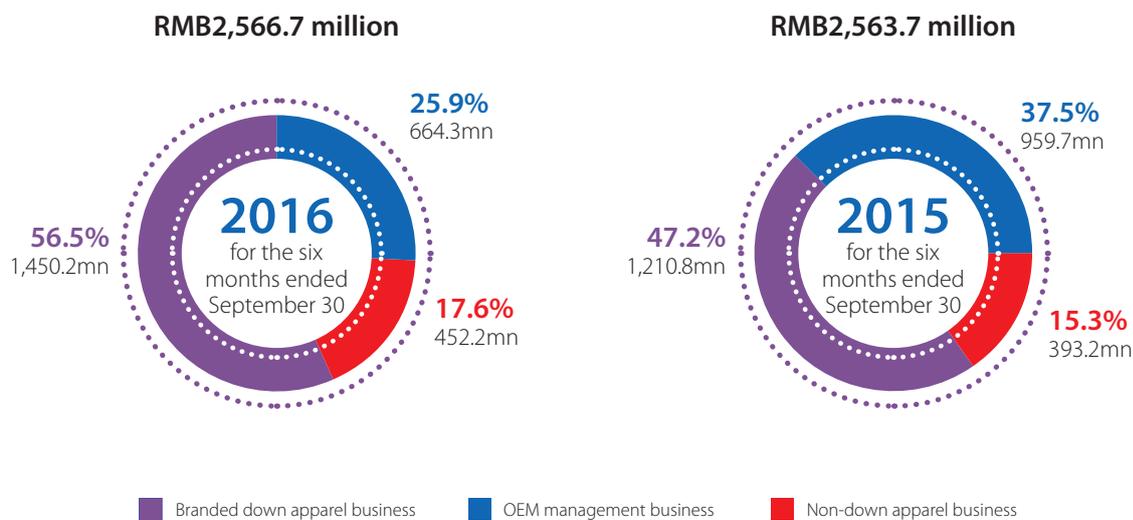
During 2016, uncertainties have remained in the macroeconomy of China. Overall consumption power and consumer sentiments lacked conspicuous growth momentum. The apparel industry in China continued to face tremendous challenges. However, in the past few years, most of the apparel companies have learnt the consequences of overexpansion of the industry in the past and taken proactive efforts to streamline and improve their businesses, including enhancing the efficiency of supply chain to avoid overcapacity and inventory clearance as well as shutting down underperforming stores and implementing prudent store opening strategies. All these are conducive to the long-term and healthy development of the industry. In addition, apparel companies also begin to focus on consumer experience, brand building and corporate image, thus laying a more solid foundation for their long-term development in the market. After years of exploring and adapting to marketisation, domestic apparel enterprises have gradually switched to a more matured business model rather than solely relying on production and wholesale. The Group is also gradually exploring the transition from the traditional business model that focuses on wholesale to a retail model that attaches greater importance to the needs of consumers, while accelerating its efforts to have quick response to market changes throughout the business operation, including branding, products, logistics and retail, so as to meet consumer expectations. This builds a more solid business foundation for future healthy and sustainable development.

REVENUE ANALYSIS

During the period under review, overall revenue remained steady. Branded down apparel business continued to grow, whereas non-down apparel business increased due to the acquisition of *BUOU BUOU* ladieswear. These increases are sufficient to fill the gap arising from the downturn in the OEM management business due to reduction in orders' size. For the period ended September 30, 2016, revenue of the Group amounted to approximately RMB2,566.7 million, representing an increase of approximately 0.1% as compared to that for the corresponding period of last year. During the period under review, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 56.5% of the Group's revenue, with the remaining 25.9% and 17.6% derived from OEM management business and non-down apparel business, respectively. For the same period last year, the three business segments accounted for 47.2%, 37.5% and 15.3% of the Group's revenue, respectively.

Revenue from the branded down apparel business, OEM management business and non-down apparel business amounted to approximately RMB1,450.2 million, RMB664.3 million and RMB452.2 million for the period under review. Save that the revenue from OEM management business decreased by 30.8% as compared to that for the corresponding period of last year, branded down apparel business and non-down apparel business substantially increased by 19.8% and 15.0%, respectively.

REVENUE OF THE GROUP BY BUSINESS



Management Discussion and Analysis

Branded Down Apparel Business:

The first half of the year was a low season for the sales of down apparel products. During the period under review, the Group focused on off-season sales and made proactive preparations for the upcoming peak sales season. In the past two financial years, the Group endeavoured to clear inventory and adjust the sales network. During the period under review, the Group devoted relentless efforts in these two areas and actively maintained strict production and product planning to avoid unnecessary inventory. Nevertheless, at the same time, the Group also placed the emphasis of its core strategies on brand building and image optimisation so as to gradually increase consumers' awareness of its brands as well as to enhance its brand value and recognition.

During the period under review, the Group actively promoted brand innovation while optimising various business segments. *Bosideng* has changed its logo which has been used for many years. In terms of shape, the new logo retains and highlights the original wings pattern and the English name is enlarged to make the overall design more trendy, concise, clear and internationalised. The new logo enhances the aesthetics, while maintaining the old elements of *Bosideng's* logo. The change of logo represents an important milestone of the Group's brand reshaping and also symbolises the Group's determination to change its past thinking and brand image towards a market-oriented sales strategy, giving the brand a modern and trendy image.



In addition, with respect to products, the Group made a number of new attempts during the period under review and launched many new product series, bringing freshness to the market. With the opening of Disneyland in Shanghai this year, the Group captured the opportunities to work with The Walt Disney Company to introduce Bosideng x Disney down apparel products. The Bosideng x Disney series was officially launched in 42 major stores nationwide including Shanghai and Beijing and online on September 10, 2016 and was well received by the market. The series not only created a buzz for the brand and increased exposure, but also injected elements of youth, vitality and fashion into *Bosideng* brand via its cooperation with Disney.





Management Discussion and Analysis

Given the increasing consumer demand for high quality down apparel products, the Group introduced the velvet series of high-end down apparel products to cater for the market needs. It not only provided more diversified choices for consumers, but also increased the Group's proportion of products with higher profit margins. The Group will appropriately adjust and optimise the product mix according to the market responses of new products. Besides, during the period under review, *Bosideng* rolled out Fabio De Bianco product series designed by Fabio De Bianco, the former Moncler chief menswear designer, which features a trendy style, thus making the design of *Bosideng* apparel products comparable to internationally renowned brands.

Revenue from down apparel business by brand

For the six months ended September 30					
Brands	2016		2015		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Bosideng	1,234.9	85.2%	963.8	79.6%	28.1%
Snow Flying	89.8	6.2%	141.7	11.7%	-36.7%
Bengen	78.4	5.4%	50.9	4.2%	54.0%
Combo	38.6	2.7%	51.5	4.3%	-25.0%
Other brands	0.7	0.1%	1.5	0.1%	-53.3%
Others	7.8	0.4%	1.4	0.1%	457.1%
Total revenue from branded down apparel business	1,450.2	100.0%	1,210.8	100.0%	19.8%

Revenue from branded down apparel business by sale category

For the six months ended September 30					
Brands	2016		2015		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	300.7	20.8%	288.5	23.8%	4.2%
Wholesale	1,141.7	78.7%	920.9	76.1%	24.0%
Others*	7.8	0.5%	1.4	0.1%	457.1%
Total revenue from branded down apparel business	1,450.2	100.0%	1,210.8	100.0%	19.8%

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

Management Discussion and Analysis

During the period under review, the Group continued to actively optimise the retail network and shut down underperforming stores to enhance store quality. Despite that *Combo* brand will be taken out of the down apparel market in the long run, some of the stores were retained during the period to clear the remaining inventory. As at September 30, 2016, the total number of retail outlets of the Group's down apparel business (net) reduced by 449 from March 31, 2016 to 4,822; self-operated outlets (net) increased by 95 to 1,789 during the period; and retail outlets operated by third-party distributors (net) reduced by 544 to 3,033. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 37.1% and 62.9%, respectively.

Retail network by down apparel brand

As at September 30, 2016	Bosideng		Snow Flying		Combo		Bengen		Total*	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores										
Operated by the Group	438	127	15	-25	-	-4	-	-	453	98
Operated by third party distributors	1,746	-32	96	-89	-	-14	312	169	2,154	34
Subtotal	2,184	95	111	-114	-	-18	312	169	2,607	132
Concessionary retail outlets										
Operated by the Group	1,085	229	182	-171	69	-61	-	-	1,336	-3
Operated by third party distributors	526	-368	75	-85	23	-58	255	-67	879	-578
Subtotal	1,611	-139	257	-256	92	-119	255	-67	2,215	-581
Total	3,795	-44	368	-370	92	-137	567	102	4,822	-449

Change: Compared with that as at March 31, 2016

Management Discussion and Analysis

Retail network of down apparel business by region

	As at September 30, 2016	As at March 31, 2016	Change
Eastern China	1,962	1,909	53
Central China	969	1,008	-39
Northern China	428	506	-78
Northeast China	544	596	-52
Northwest China	518	786	-268
Southwest China	401	466	-65
Total	4,822	5,271	-449

Areas:

Eastern China : Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong

Central China : Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi,
Hainan

Northern China : Beijing, Tianjin, Hebei

Northeast China : Liaoning, Jilin, Heilongjiang, Inner Mongolia

Northwest China : Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia, Shanxi

Southwest China : Sichuan, Tibet, Chongqing,
Yunnan, Guizhou

OEM Management Business:

During the period under review, revenue from the Group's OEM management business decreased by 30.8% as compared with that for the corresponding period of last year to RMB664.3 million, accounting for 25.9% of the Group's revenue. As increasingly more OEM customers tend to look for those factories with multinational production capabilities, this will gradually be an international norm. Accordingly, revenue of the Group decreased due to the loss of some OEM orders. Faced with this new trend, the Group will actively cope with it and plan to fully make use of ITOCHU Corporation's production facilities in Southeast Asia in the coming financial year to increase the Group's multinational production capabilities, which is believed to benefit the expansion of the Group's OEM management business in the long run.

The OEM management business had 14 major clients and the percentage of revenue from the top five customers accounting approximately 90.0% of the total revenue from OEM management business.





Management Discussion and Analysis

Non-down Apparel Business:

During the period under review, revenue from the Group's non-down apparel business was approximately RMB452.2 million, representing an increase of 15.0%. During the period, non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail capabilities to enhance their business. The revenue from the non-down apparel business is as follows:

Revenue breakdown by non-down apparel brand

For the six months ended September 30					
Brands	2016		2015		Change
	RMB million	% of non-down apparel revenue	RMB million	% of non-down apparel revenue	
Bosideng MAN	100.5	22.2%	98.3	25.0%	2.2%
JESSIE	168.9	37.4%	158.3	40.3%	6.7%
Mogao	100.5	22.2%	128.2	32.6%	-21.6%
BUOU BUOU	76.3	16.9%	N/A	N/A	N/A
Others	6.0	1.3%	8.4	2.1%	-28.6%
Total revenue from non-down apparel business	452.2	100.0%	393.2	100.0%	15.0%

Revenue from non-down apparel business by sale category

For the six months ended September 30					
Brands	2016		2015		Change
	RMB million	% of non-down apparel revenue	RMB million	% of non-down apparel revenue	
Self-operated	277.6	61.4%	249.9	63.6%	11.1%
Wholesale	170.6	37.7%	139.3	35.4%	22.5%
Others*	4.0	0.9%	4.0	1.0%	-
Total revenue from non-down apparel business	452.2	100.0%	393.2	100.0%	15.0%

* Represents revenue from rental income.

Management Discussion and Analysis

BOSIDENG MAN

During the period under review, revenue from *Bosideng MAN* increased by 2.2% to approximately RMB100.5 million. Revenue from self-operated business decreased by 65.6% and revenue from wholesale business increased by 25.1% to approximately RMB8.6 million and RMB91.9 million, respectively. The increase in revenue was due to the increase in overall sales volume, *Bosideng MAN's* continued efforts in adjusting the retail network during the period and in eliminating less competitive retail outlets such that the total number of retail outlets (net) was reduced by 23 to 369.

JESSIE

During the period under review, revenue from *JESSIE* increased by 6.7% to approximately RMB168.9 million. Of which, revenue from self-operated and wholesale businesses increased by 1.3% and 20.1%, respectively to approximately RMB114.6 million and RMB54.3 million. During the period under review, *JESSIE* concentrated its efforts on strengthening the management capabilities of self-operated stores, increasing the user-end investment, maintaining and following up VIP customer relationship and increasing revenue from VIP customer purchase, and took a prudent approach towards store opening. Following the adjustment and optimisation of retail network over the past two years, the number of *JESSIE* retail outlets (net) slightly increased by 3 to 206 during the period.

MOGAO

During the period under review, revenue from *Mogao* decreased by 21.6% to approximately RMB100.5 million. Revenue from self-operated and wholesale businesses decreased by 13.1% and 66.0%, respectively, to approximately RMB93.5 million and RMB7.0 million. The decrease in revenue from *Mogao* was mainly due to the fact that *Mogao* implemented a tight strategy to profoundly streamline the sales network and substantially shut down underperforming stores. During the period under review, the total number of *Mogao* retail outlets (net) reduced by 57 to 187.

Taking into account the prevailing economic conditions and consumption pattern in China, the Group will continue to assess the positioning and development direction of *Mogao* and *Bosideng MAN* and appropriately formulate strategies for *Mogao* and *Bosideng MAN* that are in the interest of the Group's long-term development.

BUOU BUOU

During the period under review, the Company acquired 70% equity interests in Buoubuou International Holdings Limited ("Buoubuou International") which holds *BUOU BUOU* brand through Jessie International Holdings Limited for a consideration comprising 850,000,000 new shares of the Company (the "Shares"; and each a "Share") issued at HKD0.652 per Share and cash payment of RMB70.0 million. Back in 2013, the Company invested RMB150.0 million in the acquisition of 30% interests in Buoubuou International through its subsidiary Talent Shine Limited ("Talent Shine").

During the period under review, revenue from *BUOU BUOU* amounted to approximately RMB76.3 million. Revenue from self-operated and wholesale businesses amounted to approximately RMB58.9 million and RMB17.4 million, respectively. As at September 30, 2016, *BUOU BUOU* had a total of 215 stores.

Management Discussion and Analysis

Retail network by non-down apparel brand

As at September 30, 2016	Bosideng MAN		JESSIE		Mogao		Buou Buou	Total*		
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Number of stores	Change	
Specialty stores										
Operated by the Group	4	-20	1	-	-	-	-	5	-20	
Operated by third party distributors	199	5	24	-4	36	-28	31	290	4	
Subtotal	203	-15	25	-4	36	-28	31	295	-16	
Concessionary retail outlets										
Operated by the Group	11	-21	115	3	151	-29	136	413	89	
Operated by third party distributors	155	13	66	4	-	-	48	269	65	
Subtotal	166	-8	181	7	151	-29	184	682	154	
Total	369	-23	206	3	187	-57	215	977	138	

Change: Compared with that as at March 31, 2016. As the Group acquired BUOU BUOU ladieswear in July 2016, the comparative figures are not applicable.

Retail network of non-down apparel business by region

	As at September 30, 2016	As at March 31, 2016	Change
Eastern China	220	210	10
Central China	296	231	65
Northern China	72	45	27
Northeast China	102	103	-1
Northwest China	128	112	16
Southwest China	159	138	21
Total	977	839	138

Areas:

Eastern China: Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong

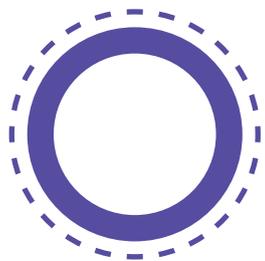
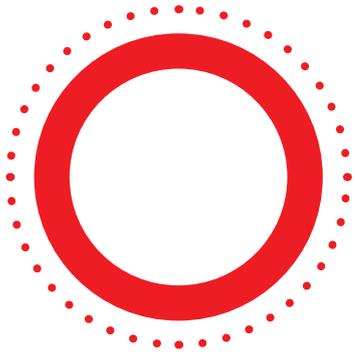
Central China: Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan

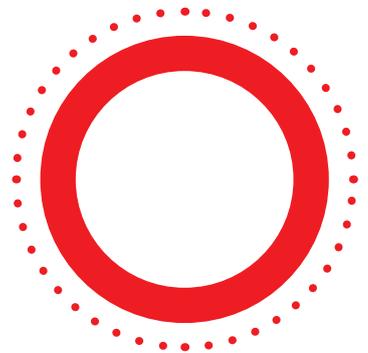
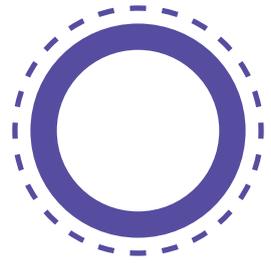
Northern China: Beijing, Tianjin, Hebei

Northeast China: Liaoning, Jilin, Heilongjiang, Inner Mongolia

Northwest China: Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia, Shanxi

Southwest China: Sichuan, Tibet, Chongqing, Yunnan, Guizhou





Management Discussion and Analysis

International Business:

The Group's flagship store in London gradually expanded the popular and higher margin down apparel series in the UK market by fully utilising the Group's extensive resources in down apparel products since the last two financial years. The percentage of down apparel products in sales gradually increased on a year-on-year basis. In view of this, the London flagship store rolled out another best-selling product of the Group – autumn down apparel series at the end of August during the period. Market response was good initially, which increased the gross profit margin of the London flagship store.

GROSS PROFIT

Gross profit of the Group increased by 9.4% from approximately RMB924.3 million in the same period last year to approximately RMB1,010.9 million, while gross margin increased by 3.3 percentage points to 39.4%.

The Group proactively controlled and adjusted the inventory and sales network of down apparel business and non-apparel business to minimise unnecessary inventory to leave room for production of products with higher profit margin. During the period under review, gross margin of down apparel business and non-down apparel business slightly dropped by 0.3 percentage point and 3.3 percentage points to 43.6% and 52.0%, respectively.

Gross margin of OEM management business increased by 3.4 percentage points from last year to 21.6%, mainly attributable to the change in sales mix where the proportion of higher profit margin orders increased during the period.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising of advertising, promotion, concession fees, rental and salary and welfare, amounted to approximately RMB505.4 million, representing a decrease of 2.9%, as compared to approximately RMB520.6 million for the corresponding period of last year. Distribution expenses accounted for 19.7% of total revenue, representing a decrease of 0.6 percentage point as compared to 20.3% for the corresponding period of last year. The decrease in actual expenditure during the period under review was due to the decrease in relevant demand for personnel and store advertising expenses, which was caused by the Group's proactive efforts in optimising the retail network.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which were mainly comprised of salary and welfare, depreciation and bad and doubtful debts provision, rental and consultancy expenses amounted to approximately RMB267.1 million, representing an increase of 10.0% as compared to approximately RMB242.8 million for the corresponding period of last year. During the period under review, administrative expenses accounted for 10.4% of the Group's revenue, representing a slight increase of 0.9 percentage point as compared to 9.5% for the corresponding period of last year. During the period under review, the Group purchased *BUOU BUOU* ladieswear and introduced a share award scheme (the "Share Award Scheme"), resulting in an increase in administrative expenses as compared to that in the corresponding period of last year.

OPERATING PROFIT

For the six months ended September 30, 2016, the Group's operating profit increased by 96.1% to RMB259.5 million. Operating profit margin for the period under review was 10.1%, representing an increase of 4.9 percentage points as compared to 5.2% for the corresponding period of last year, such increase was mainly due to the increase in the contribution from branded down apparel business and absence of impairment loss on goodwill.

Management Discussion and Analysis

FINANCE INCOME

During the period under review, the Group's finance income recognised in profit or loss decreased by 22.2% to approximately RMB77.6 million from approximately RMB99.8 million for the corresponding period of last year, mainly due to the decrease in the PRC interest rates.

FINANCE COSTS

During the period under review, the Group's finance costs generally comprised interest for the loans borrowed from banks outside China, which increased by approximately 150% to RMB140.7 million during the period, primarily as a result of the exchange loss of approximately RMB67.0 million arising from substantial volatility in currencies markets during the period.

TAXATION

For the six months ended September 30, 2016, income tax expenses decreased from RMB53.8 million to RMB50.4 million. The effective tax rate was approximately 26.3%, slightly higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognised as deferred tax assets and tax preferential rate enjoyed by the subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended September 30, 2016, the Group's net cash used in operating activities amounted to approximately RMB1,127.1 million, as compared to a net cash inflow of approximately RMB708.7 million for the year ended March 31, 2016. Cash and cash equivalents as at September 30, 2016 amounted to approximately RMB2,396.7 million, as compared to approximately RMB3,023.4 million as at March 31, 2016.

As at September 30, 2016, the distribution of cash and cash equivalents by currency unit is as follows:

	RMB'000
Renminbi	1,527,490
US dollar	789,816
Pound sterling	7,104
Korean Won	336
HK dollar	71,682
Japanese yen	308
Total	2,396,736

The Group had available-for-sale financial assets, which was comprised of principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets had expected but not guaranteed returns ranging from 2.68% to 4.20% (March 31, 2016: 1.60% to 6.30%) per annum.

Management Discussion and Analysis

As at September 30, 2016, the borrowings of the Group amounted to approximately RMB4,297.6 million (March 31, 2016: approximately RMB3,393.9 million), which were short-term borrowings due within one year, of which shareholders' loan amounted to approximately RMB1,466.7 million. The gearing ratio (total debt/total equity) of the Group was 55.2% (March 31, 2016: 45.5%) and the gearing ratio after deducting the loans amounted to JPY24 billion ("JPY loan") for capitalization on October 26, 2016 was 36.4%.

As at September 30, 2016, the distribution of borrowings by currency unit and interest rates adopted were as follows:

	Renminbi RMB'000	US dollars RMB'000	HK dollars RMB'000	Japanese yen RMB'000	Total RMB'000
Floating interest rate	–	1,819,367	941,831	–	2,761,198
Fixed interest rate	69,756	–	–	–	69,756
Compound interest rate	–	–	–	1,466,719	1,466,719
	69,756	1,819,367	941,831	1,466,719	4,297,673

The Group anticipated that it will be able to arrange with its lenders to obtain fresh loans to replace the existing borrowings as they fall due, and the Group has sufficient cash and financial assets available for sale to meet its borrowing repayment requirements. Coupled with the loan capitalization mentioned above, the Group's liquidity position is strengthened.

CAPITAL COMMITMENTS

As at September 30, 2016, the Group had capital commitments amounting to approximately RMB11.9 million (March 31, 2016: approximately RMB24.4 million).

OPERATING LEASE COMMITMENT

As at September 30, 2016, the Group had irrevocable operating lease commitments amounting to approximately RMB90.9 million (March 31, 2016: approximately RMB118.0 million).

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at September 30, 2016, the Group had no material contingent liabilities.

NON-CURRENT ASSETS

As at September 30, 2016, the total non-current assets of the Group amounted to approximately RMB3,146.8 million (March 31, 2016: approximately RMB2,698.1 million). The increase was mainly due to the increase of intangible assets and goodwill which amounted to approximately RMB717.5 million arising from acquisition of *BUOU BUOU* ladieswear during the period under review, partially netting off by the decrease of pre-existing interest in *BUOU BUOU* ladieswear amounted to approximately RMB237.0 million.

PLEDGE OF ASSETS

As at September 30, 2016, bank deposits amounting to approximately RMB943.7 million (March 31, 2016: approximately RMB1,127.5 million) had been pledged to secure the bills payable and letters of credit as collateral of the Group's bank loans and banking facilities.

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in Renminbi. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries adopted US Dollars or pound sterling as their functional currency. On April 8, 2016, the Company obtained the JPY loans (please refer to note 36(b) to the consolidated financial statements for 2015/16 and the announcement of the Company dated January 8, 2016) and the capitalisation of the JPY loans was completed on October 26, 2016 (please refer to the announcements of the Company dated September 6, 2016, September 28, 2016 and October 25, 2016 and the circular of the Company dated September 28, 2016). Any significant exchange rate fluctuations of Hong Kong Dollars, US Dollars, JPY and pound sterling or against each entity's respective functional currency may have a financial impact on the Group.

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

HUMAN RESOURCES

As at September 30, 2016, the Group had 4,267 full-time employees (March 31, 2016: 3,867 full-time employees). Staff costs for the six months ended September 30, 2016 (including directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB292.9 million (2015: approximately RMB268.6 million). During the period, the Group acquired *BUOU BUOU* ladieswear, introduced the Share Award Scheme and granted share options. Accordingly, staff costs increased by 9.0% as compared to that in the corresponding period of last year.

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

Management Discussion and Analysis

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

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

During the period, no Option has been vested or exercised. As at September 30, 2016, 180,900,000 Awarded Shares and 180,900,000 Share Options had been granted by the Group under the Share Award Scheme and the Share Option Scheme.

OUTLOOK

Looking ahead to the second half of the year, the retail business environment remains not optimistic as a whole. Macroeconomic growth in China is expected to continue slowing down. It is believed that consumer confidence and consumption sentiments will remain weak. Coupled with intensifying market competition and increasing choices for consumers, the market and business environment remains challenging. The Group will continue to adopt a practical and proactive approach to enhance its competitiveness and operating efficiency so as to lay a solid foundation for the Group's sustainable development.

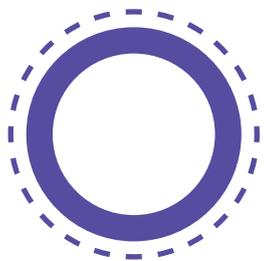
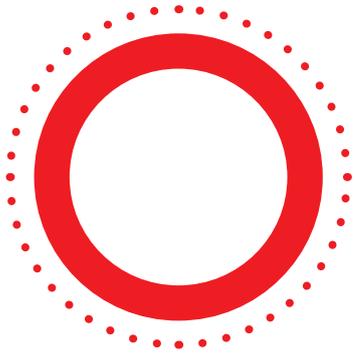
With respect to down apparel business, in addition to adjusting retail network and devoting its efforts to branding and product innovation, the Group will inject new growth momentum into the brand through introducing a series of retail transformation and enhancement measures. With respect to non-down apparel business, the Group will reassess and review the performance of various brands and their long-term growth potentials. After weighing the revenue, resource allocation and the Group's long-term development strategies, the Group will appropriately adjust the non-down apparel product mix in pursuit of the objective of becoming a sound and multi-brand integrated apparel operator.

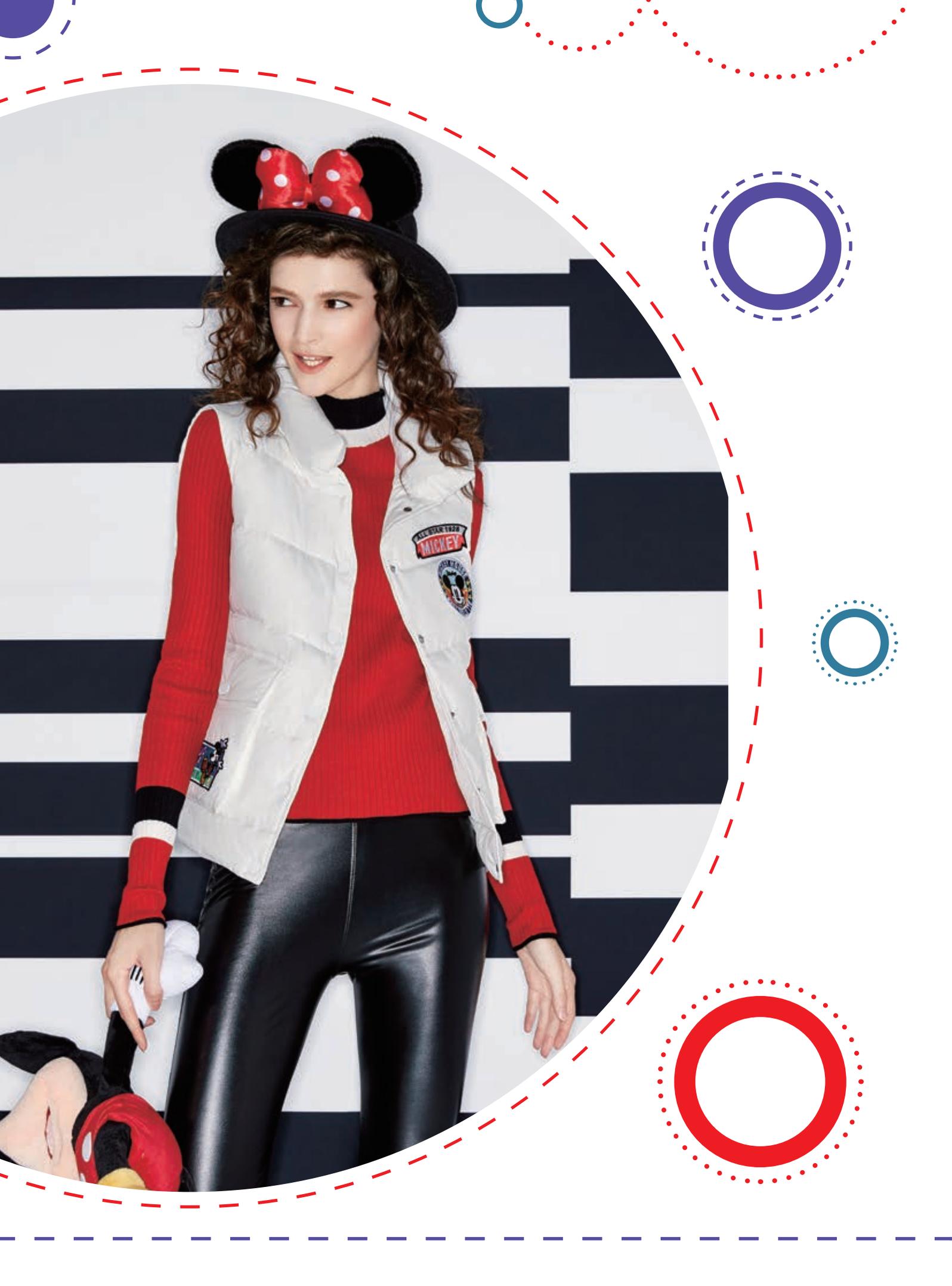
Management Discussion and Analysis

In addition, taking into account the prevailing conditions in the apparel industry and long-term development needs, the Company is well aware of the importance of market size, resources and international network. Accordingly, the Group will actively seek opportunities of new businesses and external alliances, including proactively introducing strategic investors and partners to promote diversified development. In October 2016, the Company indirectly introduced ITOCHU Corporation as a strategic shareholder through capitalisation of the JPY loans into new Shares. The Company believes that it will bring in business or investment opportunities to the Company leveraging on ITOCHU Corporation's expertise and global resources. Currently, the preliminary work plans include:

- 1) Introducing ITOCHU Corporation's highly competitive raw materials to enhance the Company's brand value and product value;
- 2) Assisting the Company to strengthen overseas sales and e-sales;
- 3) Utilising ITOCHU Corporation's new production base in Southeast Asia to reduce the costs of production and expand the OEM management business;
- 4) Working together to seek merger and acquisition opportunities of European and US high-end down apparel brands and high growth potential kidswear brands with a view to enhancing the diversified development of the Company's businesses; and
- 5) Optimising the Company's internal control and management practice by leveraging on ITOCHU Corporation's international experience to enhance the Company's corporate value.

It is believed that, through the above profound cooperation, ITOCHU Corporation's relevant experience in apparel wholesale and retail as well as brand building not only strengthen the Group's capabilities in brand management, but also increase Bosideng's merger and acquisition capabilities to further expand the Group's business so as to achieve the long-term win-win objective.





Independent Review Report

Review Report to the Board of Directors of Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 26 to 61 which comprises the consolidated statement of financial position of Bosideng International Holdings Limited as of September 30, 2016, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at September 30, 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

November 29, 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2016 – unaudited

	Note	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Revenue	6	2,566,663	2,563,746
Cost of sales		(1,555,745)	(1,639,421)
Gross profit		1,010,918	924,325
Other income	7	24,504	21,375
Selling and distribution expenses		(505,381)	(520,593)
Administrative expenses		(267,137)	(242,777)
Impairment losses on goodwill		–	(50,000)
Other expenses	7	(3,392)	–
Profit from operations		259,512	132,330
Finance income		77,623	99,773
Finance costs		(140,725)	(55,753)
Net finance (cost)/income	10	(63,102)	44,020
Share of (loss)/profit of an associate		(4,443)	8,987
Profit before taxation		191,967	185,337
Income tax expense	11(a)	(50,425)	(53,811)
Profit for the period		141,542	131,526
Other comprehensive income for the period:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(117,381)	(108,191)
Other comprehensive income for the period, net of tax		(117,381)	(108,191)
Total comprehensive income for the period		24,161	23,335

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2016 – unaudited

	Note	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Profit attributable to:			
Equity shareholders of the Company		157,177	130,699
Non-controlling interests		(15,635)	827
Profit for the period		141,542	131,526
Total comprehensive income attributable to:			
Equity shareholders of the Company		39,796	22,508
Non-controlling interests		(15,635)	827
Total comprehensive income for the period		24,161	23,335
Earnings per share			
– basic (RMB cents)	12	1.91	1.64
– diluted (RMB cents)		1.91	1.63

The notes on pages 34 to 61 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 27(a).

Consolidated Statement of Financial Position

At September 30, 2016 – unaudited

	Note	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Non-current assets			
Property, plant and equipment	13	910,535	927,246
Non-current receivables		92,892	90,759
Lease prepayments		36,930	37,375
Intangible assets and goodwill	14	1,456,936	759,638
Investment properties	15	184,128	194,480
Interest in an associate		–	237,013
Deferred tax assets	11(b)	465,406	451,594
		3,146,827	2,698,105
Current assets			
Inventories	16	1,937,933	1,628,588
Trade, bills and other receivables	17	3,015,942	1,506,466
Receivables due from related parties	32(b)	454,629	300,123
Derivative financial assets	23	11,657	–
Prepayments for materials and service suppliers		349,663	109,797
Available-for-sale financial assets	18	1,889,123	1,258,481
Pledged bank deposits	19	943,727	1,127,527
Time deposits with maturity over 3 months	20	132,200	503,100
Cash and cash equivalents	21	2,396,736	3,023,421
		11,131,610	9,457,503
Current liabilities			
Current income tax liabilities		190,788	126,041
Interest-bearing borrowings	22	4,297,673	3,393,915
Trade and other payables	24	1,644,058	1,025,370
Payables due to related parties	32(b)	4,622	2,331
Derivative financial liabilities	25	109	3,219
		6,137,250	4,550,876
Net current assets		4,994,360	4,906,627
Total assets less current liabilities		8,141,187	7,604,732

Consolidated Statement of Financial Position

At September 30, 2016 – unaudited

	Note	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Non-current liabilities			
Deferred tax liabilities	11(b)	206,929	152,427
Non-current other payables	26	147,515	–
		354,444	152,427
Net assets			
		7,786,743	7,452,305
Capital and reserves			
Share capital	27	679	622
Reserves		7,555,979	7,241,755
Equity attributable to equity shareholders of the Company		7,556,658	7,242,377
Non-controlling interests		230,085	209,928
Total equity		7,786,743	7,452,305

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

Gao Dekang
Chairman of the Board of Directors

Gao Miaoqin
Director

The notes on pages 34 to 61 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended September 30, 2016 – unaudited

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

Consolidated Statement of Changes in Equity

For the six months ended September 30, 2016 – unaudited

	Attributable to the equity shareholders of the Company										
	Share capital (note 25(b)) RMB'000	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests		Total equity RMB'000
									Total RMB'000	RMB'000	
Balance at April 1, 2015	622	-	(71,778)	76,066	824,115	(267,288)	(107,109)	6,730,588	7,185,216	228,683	7,413,899
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	130,699	130,699	827	131,526
Foreign currency translation differences – foreign operations	-	-	-	-	-	(108,191)	-	-	(108,191)	-	(108,191)
	-	-	-	-	-	(108,191)	-	130,699	22,508	827	23,335
Transactions with owners, recorded directly in equity											
Treasury shares held for Share Award Scheme	-	-	(13,900)	-	-	-	-	-	(13,900)	-	(13,900)
Written put option of non-controlling interests	-	-	-	-	-	-	(1,578)	-	(1,578)	-	(1,578)
Disposal of a subsidiary	-	-	-	-	(1,426)	-	-	1,426	-	-	-
Dividends	-	-	-	-	-	-	-	(61,979)	(61,979)	-	(61,979)
	-	-	(13,900)	-	(1,426)	-	(1,578)	(60,553)	(77,457)	-	(77,457)
Balance at September 30, 2015	622	-	(85,678)	76,066	822,689	(375,479)	(108,687)	6,800,734	7,130,267	229,510	7,359,777

The notes on pages 34 to 61 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended September 30, 2016 – unaudited

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Operating activities		
Profit for the period	141,542	131,526
Adjustments for:		
Income tax expense	50,425	53,811
Depreciation	61,369	60,522
Amortization	20,651	18,236
Impairment losses	–	50,000
Change in fair value of derivative financial assets	(11,657)	–
Change in fair value of derivative financial liabilities	(3,110)	1,416
Net interest expense/(income)	1,786	(35,062)
Remeasurement to fair value of pre-existing interest in acquiree	(14,236)	–
Share of loss/(profit) of an associate	4,443	(8,987)
Equity settled share-based transactions	6,705	–
Operating profit before changes in working capital	257,918	271,462
Increase in inventories	(76,905)	(142,626)
Increase in trade, bills and other receivables and prepayments	(1,455,807)	(1,449,484)
(Increase)/decrease in receivables due from related parties	(154,506)	2,203
Increase in non-current receivables	(2,133)	–
Increase in trade and other payables	387,705	66,556
Increase/(decrease) in payables due to related parties	2,291	(1,075)
Cash used in operations	(1,041,437)	(1,252,964)
Interest paid	(64,642)	(51,834)
Income tax paid	(21,038)	(35,307)
Net cash used in operating activities	(1,127,117)	(1,340,105)
Investing activities		
Acquisition of property, plant and equipment	(31,845)	(36,138)
Proceeds from disposal of property, plant and equipment	1,499	2,119
Payment of deposit in relation to written put option	–	(130,099)
Acquisition of a subsidiary, net of cash acquired	(55,575)	–
Acquisition of available-for-sale financial assets	(2,252,363)	(2,064,795)
Proceeds from disposal of available-for-sale financial assets	1,621,721	2,951,782
Proceeds from disposal of other financial assets	–	234,060
Decrease/(increase) in pledged bank deposits	2,697	(10,277)
Decrease in time deposits with maturity over 3 months	370,900	79,700
Interest received	62,856	86,896

Consolidated Statement of Cash Flows

For the six months ended September 30, 2016 – unaudited

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Net cash (used)/generated from investing activities	(280,110)	1,113,248
Financing activities		
Proceeds from interest-bearing borrowings	1,880,240	687,144
Repayment of interest-bearing borrowings	(1,126,623)	(733,443)
Decrease/(increase) in bank deposits pledged for bank loans	360,898	(348,044)
(Increase)/decrease in bank deposits pledged for standby letter of credit	(179,795)	150,600
Payment for purchase of shares in connection with the Share Award Scheme	–	(13,900)
Proceeds received from employees in relation to equity settled share-based transactions	50,652	–
Capital contribution to subsidiaries from non-controlling interests	10,800	–
Purchase of own shares	(1,962)	–
Dividends paid	(195,731)	(61,979)
Net cash generated/(used) in financing activities	798,479	(319,622)
Net decrease in cash and cash equivalents	(608,748)	(546,479)
Cash and cash equivalents at the beginning of the period	3,023,421	2,470,780
Effect of foreign currency exchange rate changes	(17,937)	(124,627)
Cash and cash equivalents at the end of the period	2,396,736	1,799,674

The notes on pages 34 to 61 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1 REPORTING ENTITY AND CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION

The Company has a financial year end date of March 31. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorized for issue on November 29, 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015/16 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016/17 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to understanding of the changes in the financial position and performance of the Group since the 2015/16 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

Notes to the Unaudited Interim Financial Report

2 BASIS OF PREPARATION (CONTINUED)

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 25.

The financial information relating to the financial year ended March 31, 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The 2015/16 annual financial statements are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 29, 2016.

3 CHANGES IN ACCOUNTING POLICIES

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

- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS1: Presentation of financial statement: Disclosure Initiative

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

4 SEASONALITY OF OPERATIONS

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

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2015/16 annual financial statements.

6 REVENUE AND SEGMENT INFORMATION

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

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

Notes to the Unaudited Interim Financial Report

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment results

	For the six months ended September 30, 2016			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	1,450,203	664,290	452,170	2,566,663
Inter-segment revenue	–	–	2,461	2,461
Reportable segment revenues	1,450,203	664,290	454,631	2,569,124
Reportable segment profit from operations	177,464	86,322	45,326	309,112
Depreciation	(45,753)	(86)	(15,530)	(61,369)
Share of loss of an associate	–	–	(4,443)	(4,443)

	For the six months ended September 30, 2015			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	1,210,850	959,691	393,205	2,563,746
Inter-segment revenue	–	–	4,072	4,072
Reportable segment revenues	1,210,850	959,691	397,277	2,567,818
Reportable segment profit from operations	75,794	129,046	20,005	224,845
Depreciation	(43,983)	(95)	(16,444)	(60,522)
Share of profits of associates	–	–	8,987	8,987
Impairment losses on goodwill	–	–	(50,000)	(50,000)

Notes to the Unaudited Interim Financial Report

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	For the six months ended September 30	
	2016 RMB'000	2015 RMB'000
Revenue		
Reportable segment revenues	2,569,124	2,567,818
Elimination of inter-segment revenue	(2,461)	(4,072)
Consolidated revenue	2,566,663	2,563,746

	For the six months ended September 30	
	2016 RMB'000	2015 RMB'000
Profit before taxation		
Reportable segment profit derived from the Group's external customers	309,112	224,845
Amortization expenses	(20,651)	(18,236)
Government grants	5,642	13,450
Impairment losses	–	(50,000)
Unallocated expenses	(39,034)	(28,742)
Finance income	77,623	99,773
Finance costs	(140,725)	(55,753)
Consolidated profit before taxation	191,967	185,337

Notes to the Unaudited Interim Financial Report

7 OTHER INCOME/(EXPENSES)

	Note	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Royalty income	(i)	4,626	7,925
Government grants	(ii)	5,642	13,450
Remeasurement to fair value of pre-existing interest in acquiree	31	14,236	–
Other income		24,504	21,375
Other expense – Donations		3,392	–

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

(ii) The Group received unconditional discretionary grants amounting to RMB5,642,000 during the six months period ended September 30, 2016 (September 30, 2015: RMB13,450,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

8 PERSONNEL EXPENSES

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Salaries, wages and other benefits	264,881	245,674
Contributions to defined contribution plans	20,882	22,942
Equity settled share-based transactions (note 28)	6,705	–
	292,468	268,616

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

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

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9 EXPENSES BY NATURE

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

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Cost of inventories recognized as expenses included in cost of sales	1,555,745	1,639,421
Depreciation		
– Assets leased out under operating leases	2,971	2,998
– Other assets	58,398	57,524
Amortization	20,651	18,236
Operating lease charges	69,305	59,645
Provision for impairment of bad and doubtful debts	6,751	33,073

10 NET FINANCE (COST)/INCOME

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	17,717	16,187
Interest income on available-for-sale financial assets	43,132	67,889
Interest income on other financial assets	2,007	2,820
Total interest income on financial assets not at fair value through profit or loss	62,856	86,896
Change in fair value of derivative financial assets (note 23)	11,657	–
Change in fair value of derivative financial liabilities (note 25)	3,110	–
Net foreign exchange gain	–	12,877
Finance income	77,623	99,773
Interest on interest-bearing borrowings	(64,642)	(51,834)
Bank charges	(9,048)	(2,503)
Net foreign exchange loss	(67,035)	–
Change in fair value of derivative financial liabilities	–	(1,416)
Finance costs	(140,725)	(55,753)
Net finance (cost)/income recognized in profit or loss	(63,102)	44,020

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11 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Current tax expenses		
Provision for PRC income tax	67,346	94,829
Deferred tax benefit		
Origination of temporary differences	(16,921)	(41,018)
	50,425	53,811

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No tax provision has been made for Bosideng America Inc., Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United States and the United Kingdom during the period.
- (iii) No tax provision has been made for Talent Shine Limited, Hong Kong Bestmate Limited, Bosideng International Fashion Limited, Long Pacific (H.K.) Ltd. and Rocawear (China) Limited, as they do not have assessable profits subject to Hong Kong Profits Tax during the period.
- (iv) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

For the six months ended September 30, 2016, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, which was granted a tax holiday by the local tax bureau of tax-exemption for two years starting from January 1, 2012 and 50% reduction on the applicable income tax rates for three years starting from January 1, 2014 to December 31, 2016.

The effective tax rate for the six months ended September 30, 2016 was approximately 26.3%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiary mentioned above.

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11 INCOME TAX EXPENSE (CONTINUED)

(b) Deferred tax assets and liabilities:

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and trademark RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax loss expected to be utilized RMB'000	Others RMB'000	Total RMB'000
At April 1, 2016	83,108	22,757	(75,234)	(68,311)	87,626	241,561	7,660	299,167
Acquisition through a business combination (note 31)	676	1,348	(60,321)	-	686	-	-	(57,611)
(Charged)/credited to profit or loss	(29,873)	2,963	4,385	-	(6,798)	52,540	(6,296)	16,921
Balance at September 30, 2016	53,911	27,068	(131,170)	(68,311)	81,514	294,101	1,364	258,477

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

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Net deferred tax assets	465,406	451,594
Net deferred tax liabilities	(206,929)	(152,427)
	258,477	299,167

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12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB157,177,000 (six months ended September 30, 2015: RMB130,699,000) and the weighted average number of ordinary shares of 8,247,318,000 (2015: 7,946,495,000 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB157,177,000 (six months ended September 30, 2015: RMB130,699,000) and the weighted average number of ordinary shares of 8,247,318,000 (2015: 7,996,498,000). The diluted earnings per share for the six months ended September 30, 2016 are the same as the basic earnings per share because the potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 25) was anti-dilutive.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At April 1, 2016	762,569	38,571	289,175	246,140	14,397	1,350,852
Acquisition through a business combination (note 31)	-	941	2,114	22,015	-	25,070
Additions during the period	-	516	13,310	11,213	4,984	30,023
Transfer during the period	-	-	-	14,092	(14,092)	-
Movement of exchange rate	(12,784)	-	(181)	-	-	(12,965)
Disposals during the period	(40)	(6)	(8,335)	(1,687)	-	(10,068)
At September 30, 2016	749,745	40,022	296,083	291,773	5,289	1,382,912
Depreciation						
At April 1, 2016	(96,184)	(17,186)	(198,392)	(111,844)	-	(423,606)
Depreciation charge for the period	(14,760)	(1,325)	(17,639)	(24,674)	-	(58,398)
Movement of exchange rate	871	-	187	-	-	1,058
Disposals during the period	-	5	6,877	1,687	-	8,569
At September 30, 2016	(110,073)	(18,506)	(208,967)	(134,831)	-	(472,377)
Carrying amount						
At September 30, 2016	639,672	21,516	87,116	156,942	5,289	910,535
At March 31, 2016	666,385	21,385	90,783	134,296	14,397	927,246

Notes to the Unaudited Interim Financial Report

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Except for freehold land and buildings with the carrying amount of RMB160,583,000, which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2016. The properties located in the United Kingdom were acquired by the Group in June 2011, functioning as the Group's European flagship store as well as its headquarters in Europe.

14 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At April 1, 2016	777,053	597,882	206,765	1,581,700
Acquisition through a business combination (note 31)	473,804	37,720	205,980	717,504
At September 30, 2016	1,250,857	635,602	412,745	2,299,204
Amortization and impairment loss:				
At April 1, 2016	(321,274)	(454,149)	(46,639)	(822,062)
Amortization charge for the period	-	(13,195)	(7,011)	(20,206)
At September 30, 2016	(321,274)	(467,344)	(53,650)	(842,268)
Net book value:				
At September 30, 2016	929,583	168,258	359,095	1,456,936
At March 31, 2016	455,779	143,733	160,126	759,638

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

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15 INVESTMENT PROPERTIES

	2016 RMB'000
Cost:	
At April 1, 2016	217,149
Effect of movement in exchange rates	(7,790)
At September 30, 2016	209,359
Accumulated depreciation:	
At April 1, 2016	(22,669)
Charge for the period	(2,971)
Effect of movement in exchange rates	409
At September 30, 2016	(25,231)
Carrying amounts:	
At September 30, 2016	184,128
At March 31, 2016	194,480

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2016, freehold investment properties with the carrying amount of RMB99,696,000 (March 31, 2016: RMB107,685,000) represented land and buildings located in the United Kingdom and leasehold investment properties with the carrying amount of RMB84,432,000 (March 31, 2016: RMB86,795,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases typically carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at September 30, 2016, the estimated fair value of the investment properties that were acquired before April 1, 2015 had not significantly changed as compared to their respective fair value as at March 31, 2016, because having considered the latest property market condition and the market data on comparable properties, the directors were of the view that there were no indications of significant changes in the fair value since previous annual reporting date.

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16 INVENTORIES

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Raw materials	425,086	201,953
Work in progress	62,643	6,140
Finished goods	1,450,204	1,420,495
	1,937,933	1,628,588

17 TRADE, BILLS AND OTHER RECEIVABLES

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Trade receivables	1,887,123	797,014
Bills receivable	6,225	127,858
Less: Allowance for doubtful debts	(109,446)	(102,961)
	1,783,902	821,911
Third party other receivables:		
• VAT recoverable	215,470	174,348
• Deposits	302,554	159,023
• Advances to employees	27,476	8,913
• Deposits in relation to the written put option	136,539	132,119
• Secured loans receivable	81,032	81,032
• Deposits in relation to a potential business combination	195,000	–
• Others	273,969	129,120
	3,015,942	1,506,466

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

To facilitate the negotiation on a potential business combination, a deposit of RMB195,000,000 was paid to the seller who is also one of the non-controlling shareholders of the Group's partially owned subsidiaries.

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17 TRADE, BILLS AND OTHER RECEIVABLES (CONTINUED)

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 September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Within credit terms	1,518,226	506,700
1 to 3 months past due	36,964	79,012
Over 3 months but less than 6 months past due	18,664	210,805
Over 6 months but less than 12 months past due	183,917	23,027
Over 1 year past due	26,131	2,367
	1,783,902	821,911

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

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 2.68% to 4.20% per annum (March 31, 2016: 1.60% to 6.30%).

19 PLEDGED BANK DEPOSITS

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

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Standby letters of credit	653,972	474,177
Bank borrowings (note 22)	278,400	639,298
Bills payable and letter of credit facilities	11,355	14,052
	943,727	1,127,527

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

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20 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB132,200,000 as at September 30, 2016 (March 31, 2016: RMB503,100,000) were deposited in banks for a period of over three months but within one year.

21 CASH AND CASH EQUIVALENTS

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Cash at bank and on hand	3,472,663	4,654,048
Less: pledged bank deposits	(943,727)	(1,127,527)
time deposits with maturity over 3 months	(132,200)	(503,100)
Cash and cash equivalents	2,396,736	3,023,421

22 INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were repayable as follows:

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Within 1 year or on demand	4,297,673	3,393,915
	4,297,673	3,393,915

Notes to the Unaudited Interim Financial Report

22 INTEREST-BEARING BORROWINGS (CONTINUED)

The interest-bearing borrowings comprised:

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Bank loans		
– Secured	2,026,640	2,337,261
– Unsecured	804,314	1,056,654
Shareholder loan	1,466,719	–
	4,297,673	3,393,915

Bank borrowings of RMB1,492,416,000 as at September 30, 2016 (March 31, 2016: RMB1,024,966,000) were secured by standby letters of credit.

Bank borrowings of RMB534,224,000 as at September 30, 2016 (March 31, 2016: RMB1,312,295,000) were secured by pledged bank deposits of RMB278,400,000 (March 31, 2016: RMB639,298,000) (note 19).

One of the shareholders of the Company, New Surplus International Investment Limited (a company ultimately controlled by Mr. Gao Dekang, the controlling shareholder of the Company) (“New Surplus”) advanced an unsecured loan to the Company at a compound interest rate of 2.5% per annum with a repayment date of March 23, 2017.

23 DERIVATIVE FINANCIAL ASSETS

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

As at September 30, 2016, the fair value of outstanding forward contracts amounted to RMB11,657,000 (March 31, 2016: nil), which was recorded as derivative financial assets with a gain on fair value change of RMB11,657,000 (note 10) being recognized in profit or loss.

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24 TRADE AND OTHER PAYABLES

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Trade payables	675,201	427,441
Other payables and accrued expenses		
• Deposits from customers	363,418	165,441
• Construction payables	3,280	5,102
• Accrued advertising expenses	4,619	1,054
• Accrued payroll and welfare	174,417	152,068
• Cash-settled written put option	80,832	80,832
• VAT payable	115,165	66,591
• Dividends payable	5,000	5,000
• Current portion of dividends payable to the former controlling shareholder of a newly acquired subsidiary (note 31)	13,014	–
• Payables in relation to unvested shares (note 28)	20,261	–
• Others	188,851	121,841
	1,644,058	1,025,370

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

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

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Within 1 month	626,801	252,530
1 to 3 months	48,400	174,911
	675,201	427,441

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25 DERIVATIVE FINANCIAL LIABILITIES

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

As at September 30, 2016, the Group recorded the estimated present value of the redemption price of the cash settled portion of the written put option of RMB80,832,000 as a current payable (March 31, 2016: RMB80,832,000).

As at September 30, 2016, the fair value of the share settled portion of the written put option amounted to RMB109,000 (March 31, 2016: RMB3,219,000), and was recorded as derivative financial liabilities with the fair value change of RMB3,110,000 being recognized in profit or loss.

26 NON-CURRENT OTHER PAYABLES

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Dividends payable to the former controlling shareholder of a newly acquired subsidiary (note 31)	117,124	-
Payables in relation to unvested shares (note 28)	30,391	-
	147,515	-

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27 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Interim dividend declared and paid after the interim period of RMB0.9 cent per ordinary share (2015: interim dividend of nil cents per ordinary share)	94,907	–

The interim dividend has not been recognized as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial years, approved and paid during the periods.

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB2.2 cents per ordinary share (2015: final dividend of RMB0.8 cent per ordinary share)	198,157	63,112

(b) Issue of ordinary shares related to a business combination

In connection with the business combination described in note 31, the Group issued 850,000,000 new ordinary shares on July 22, 2016 as a part of the purchase consideration.

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27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Purchase of own shares

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

Month/year	Number of shares repurchased	Price paid per share HKD	Aggregated price paid RMB'000
May 2016	592,000	0.60	299
May 2016	2,162,000	0.60	1,094
May 2016	1,126,000	0.60	569
			1,962

These repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The total amount paid on the repurchased shares of RMB1,962,000 was debited to retained earnings.

As at September 30, 2016, the number of issued and fully paid ordinary shares of the Company was 8,847,698,000.

28 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 amend 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 then.

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28 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)**(b) Restricted shares**

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

These restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ending March 31, 2018 and 2019, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.33 per share, which shall be refunded if the restricted shares are not vested. As of September 30, 2016, payment for all restricted shares were received by the Group and such payments were recorded as current other payables amounting to RMB20,261,000 and non-current other payables amounting to RMB30,391,000.

(c) Share options

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

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

(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.

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28 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

Fair value of restricted shares 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%

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 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%

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.

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

	Fair value measurements as at September 30, 2016 categorized into		
	Fair value at September 30, 2016 RMB'000	Significant other observable inputs(Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 18)	1,889,123	1,889,123	–
Derivative financial assets (note 23)	11,657	11,657	–
Financial liabilities:			
Derivative financial liabilities (note 25)	109	–	109

	Fair value measurements as at March 31, 2016 categorized into		
	Fair value at March 31, 2016 RMB'000	Significant other observable inputs(Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 18)	1,258,481	1,258,481	–
Financial liabilities:			
Derivative financial liabilities (note 25)	3,219	–	3,219

Notes to the Unaudited Interim Financial Report

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair value hierarchy (continued)

During the six months ended September 30, 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

The fair value of available-for-sale financial assets in Level 2 is determined by reference to quoted prices from banks on similar financial products at the reporting date.

The fair value of derivative financial assets in Level 2 is determined by reference to discounted cash flows with key inputs including forward exchange rate, contract forward rates and discount rate at the reporting date.

(iii) Information about Level 3 fair value measurements

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at March 31, 2016 and September 30, 2016.

30 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at September 30, 2016 not provided for in the interim financial report are as follows:

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Contracted for	11,864	24,440
Authorized but not contracted for	-	-
	11,864	24,440

Notes to the Unaudited Interim Financial Report

30 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Within 1 year	51,860	61,683
After 1 year but within 5 years	38,885	55,200
Over 5 years	175	1,141
	90,920	118,024

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of one to six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the period, were RMB112,570,000 for the period ended September 30, 2016 (2015: RMB129,890,000).

(c) Contingent liabilities

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

31 BUSINESS COMBINATION

Acquisition of Buoubuou International Holdings Limited

Pursuant to the agreement dated July 8, 2016 and supplemental agreement dated July 12, 2016, the Group obtained control of Buoubuou International Holdings Limited (the "Target Company") on July 22, 2016 ("the Acquisition Date") by acquiring additional 70% of the shares and voting interests in the Target Company.

The revenue and net profit that the Target Company contributed to the Group during the period ended September 30, 2016 are RMB76,320,000 and RMB5,507,000 respectively. If the acquisition had occurred on April 1, 2016, management estimates that the Group's consolidated revenue and consolidated profit for the period ended September 30, 2016 would have been RMB2,680,731,000 and RMB131,175,000 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, 2016.

The total consideration payable by the Group comprises cash consideration of RMB70,000,000 and issuance of 850,000,000 new ordinary shares with a fair value of RMB465,473,000. The fair value of the ordinary shares issued was based on the listed share price of the Company on July 22, 2016 of HKD0.636 per share.

The Group's pre-existing interest in the Target Company was remeasured to fair value on the Acquisition Date, which resulted in a gain of RMB14,236,000 being recognized in profit or loss by reference to the difference between its fair value of RMB191,032,000 and its carrying amount of RMB176,796,000 as at the Acquisition Date.

Notes to the Unaudited Interim Financial Report

31 BUSINESS COMBINATION (CONTINUED)

Acquisition of Buoubuou International Holdings Limited (continued)

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

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognized values on acquisition RMB'000
Property, plant and equipment	25,070	–	25,070
Intangible assets (note 14)	–	243,700	243,700
Inventories	232,440	–	232,440
Trade and other receivables	230,560	–	230,560
Prepayments for materials and service suppliers	7,201	–	7,201
Cash and cash equivalents	14,425	–	14,425
Trade and other payables	(143,757)	–	(143,757)
Income tax payables	(18,439)	–	(18,439)
Dividends payable (note 24 & 26)	(185,911)	–	(185,911)
Interest-bearing borrowings	(69,985)	–	(69,985)
Deferred tax assets/(liabilities) (note 11(b))	3,314	(60,925)	(57,611)
Net identifiable assets	94,918	182,775	277,693
Non-controlling interests arising from the acquisition			(24,992)
Goodwill arising from the acquisition (note 14)			473,804
Total consideration			726,505
Representing:			
Fair value of pre-existing equity interest			191,032
Cash			70,000
Allotment of new ordinary shares			465,473
			726,505
Analysis of the net cash outflow in respect of the acquisition:			
Cash consideration paid			70,000
Less: cash acquired			(14,425)
Net cash outflow in acquisition			55,575

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

Notes to the Unaudited Interim Financial Report

31 BUSINESS COMBINATION (CONTINUED)

Acquisition of Buoubuou International Holdings Limited (continued)

Assets acquiredValuation technique

Intangible assets Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

Inventories Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The goodwill recognized on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the Target Company into the Group's existing ladieswear business.

32 RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2016 and 2015, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
Bosideng Corporation 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family (the "Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Industry Co., Ltd. ("Shandong Kangbo") 山東康博實業有限公司 (「山東康博」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司 (「江蘇蘇甬」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣制衣有限公司 (「江蘇康欣」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd. ("Zhongke Bosideng") 中科波司登納米服飾(蘇州)有限公司 (「中科波司登」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
New Surplus 盈新	One of the shareholders, also effectively controlled by the Gao Family, the controlling equity shareholders of the Group

Notes to the Unaudited Interim Financial Report

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Six months ended September 30, 2016 RMB'000	Six months ended September 30, 2015 RMB'000
Purchase of raw materials:		
Bosideng Corporation	92	117
Jiangsu Kangxin	–	3
Total	92	120
Rental expenses for lease of properties:		
Bosideng Corporation	630	4,566
Shandong Kangbo	–	1,068
Jiangsu Suyong	2,673	–
Total	3,303	5,634
Processing fee costs:		
Bosideng Corporation	327,666	314,444
Jiangsu Kangxin	1,324	33
Shandong Kangbo	923	1,828
Total	329,913	316,305
Integrated service fees:		
Bosideng Corporation (i)	2,273	1,767
Interest-bearing borrowings:		
New Surplus (note 22)	1,466,719	–

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

Notes to the Unaudited Interim Financial Report

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	At September 30, 2016 RMB'000	At March 31, 2016 RMB'000
Other receivables due from:		
Bosideng Corporation	449,465	295,589
Jiangsu Kangxin	3,976	4,410
Jiangsu Suyong	–	124
Shandong Kangbo	1,188	–
	454,629	300,123
Total receivables due from related parties	454,629	300,123
Trade payables due to:		
Shandong Kangbo	–	2,222
Jiangsu Suyong	–	109
Bosideng Corporation	4,622	–
	4,622	2,331
Total payables due to related parties	4,622	2,331
Interest-bearing borrowings:		
New Surplus	1,466,719	–

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On September 6, 2016, the Company entered into a subscription agreement with New Surplus pursuant to which New Surplus has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 1,834,862,385 new shares at the subscription price of HKD0.93 per share in exchange for, and by waiving its rights to repayment of the shareholder loan. The subscription was approved by the independent shareholders of the Company on October 25, 2016, and completed on October 26, 2016.

General Information

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

As at September 30, 2016, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other (Note 1)	3,198,791,201	36.15%
	Deemed interest (Note 3)	2,763,697	0.03%
	Controlled corporation (Note 4)	3,844,862,385	43.46%
Ms. Mei Dong	Other (Note 1)	3,198,791,201	36.15%
	Beneficial owner (Note 2)	2,763,697	0.03%
	Deemed interest (Note 4)	3,844,862,385	43.46%
Ms. Gao Miaoqin	Beneficial owner (Notes 2, 5, 6)	12,203,697	0.13%
Ms. Huang Qiaolian	Beneficial owner (Notes 2, 5, 6)	13,963,697	0.15%
Mr. Mak Yun Kuen	Beneficial owner (Notes 5, 6)	22,400,000	0.25%
Mr. Rui Jinsong	Beneficial owner (Notes 2, 5, 6)	24,278,242	0.27%

Notes:

- (1) These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The GDK Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such Shares under the SFO.
- (2) Each of Ms. Mei Dong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 Shares respectively. Mr. Rui Jinsong was granted 1,878,242 Shares, under the share scheme over a vesting period. Ms. Gao Miaoqin had disposed of 1,760,000 Shares in 2013.

General Information

Notes:

- (3) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
- (4) These Shares were directly held by New Surplus, the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by IC International Limited. Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Accordingly, Mr. Gao Dekang is deemed to be interested in such shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 3,844,862,385 Shares held by the controlled corporation of Mr. Gao Dekang under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth Limited.
- (5) Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 11,200,000 Shares, 11,200,000 Shares, 5,600,000 Shares and 5,600,000 Shares in August 2016 which were not yet vested and held by the Share Award Scheme Trustee.
- (6) Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 11,200,000 options, 11,200,000 options, 5,600,000 options and 5,600,000 options in August 2016 which were not yet vested.

Save as disclosed above, as at September 30, 2016, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at September 30, 2016, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Approximate percentage of	
		Number of Shares in long position	interest in the Company
Cititrust Private Trust (Cayman) Limited	Trustee (Note 1)	3,198,791,201	36.15%
Kova Group Limited	Interest of controlled corporation (Note 1)	3,198,791,201	36.15%
Kong Bo Investment Limited	Corporate interest (Note 1)	3,146,219,202	35.56%
New Surplus	Beneficial interest (Note 2)	3,844,862,385	43.46%
	Party to s317 agreement (Note 3)	3,201,554,898	36.19%

General Information

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Topping Wealth Limited	Interest of controlled corporation (Note 2)	3,844,862,385	43.46%
	Party to s317 agreement (Note 3)	3,201,554,898	36.19%
IC International Company Limited ("ITC SPC")	Party to s317 agreement (Note 4)	7,046,417,283	79.64%
ITOCHU Corporation	Interest of controlled corporation (Note 4)	7,046,417,283	79.64%
	Party to s317 agreement (Note 4)	7,046,417,283	79.64%
ITOCHU Hong Kong Limited	Interest of controlled corporation (Note 4)	7,046,417,283	79.64%
	Party to s317 agreement (Note 4)	7,046,417,283	79.64%
CITIC International Assets Management Limited ("CIAM")	Party to s317 agreement (Notes 5 & 6)	7,046,417,283	79.64%
CITIC International Financial Holdings Limited	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	79.64%
CITIC Limited	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	79.64%
CITIC Group Corporation	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	79.64%
Brandes Investment Partners, L.P.	Investment Management	476,071,900	5.38%
Kingford Investment Development Limited	Beneficial interest (Note 7)	814,542,857	9.21%
Yvonne Lee	Interest of controlled corporation (Note 7)	814,542,857	9.21%
Lion Group Holdings Private Limited	Interest of controlled corporation (Note 7)	814,542,857	9.21%
Lion Trust (Singapore) Limited	Interest of controlled corporation (Note 7)	814,542,857	9.21%
Kong Shengyuan	Interest of controlled corporation (Note 7)	814,542,857	9.21%
Kong Xin Development Limited	Interest of controlled corporation (Note 7)	814,542,857	9.21%
Cultivate Rise Limited	Interest of controlled corporation (Note 7)	814,542,857	9.21%

General Information

Notes:

1. These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Trust, the trustee of which was Cititrust Private Trust (Cayman) Limited. The GDK Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Cititrust Private Trust (Cayman) Limited and Kova Group Limited is deemed to be interested in such Shares 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 IC International Limited. Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Accordingly, Topping Wealth Limited 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.

General Information

Notes:

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 September 12, 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	65.21	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

General Information

Notes:

7. Each of Yvonne Lee, Lion Group Holdings Private Limited, Lion Trust (Singapore) Limited, Kong Shengyuan, Kong Xin Development Limited and Cultivate Rise Limited was deemed to be interested in a total of 814,542,857 Shares by virtue of its direct or indirect control over Kingford Investment Development Limited, according to the disclosure forms filed by them on July 26, 2016, the details of which are as follows:

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

Save as disclosed above, as at September 30, 2016, 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HKD1.0 cent (equivalent to approximately RMB0.9 cent) per ordinary share for the six months ended September 30, 2016. The proposed interim dividend is payable on or around February 14, 2017 to shareholders whose names appear on the register of members of the Company on February 1, 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from January 26, 2017 to February 1, 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around February 14, 2017, all duly completed transfer forms must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on January 25, 2017.

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

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

Mr. Lian Jie, was appointed as the President of Perfect World Co. Ltd, a company listed on Shenzhen Stock Exchange (Stock Code: 002624), in September 2016. Mr Lian resigned as the founding partner of Primavera Capital Group which is a China focused private equity firm. He remains as Senior Advisor to Primavera Capital.

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

General Information

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

During the six months ended September 30, 2016, the Company had repurchased 3,880,000 of its shares on the Stock Exchange at an aggregate consideration of about HKD2.3 million before expenses. Details of the share repurchases are as follows:

Month of repurchases	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate consideration paid HKD
May 2016	3,880,000	0.60	0.60	2,328,000

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

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

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company has complied with the code provisions of Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2016, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2016.

General Information

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The unaudited consolidated interim financial statements for the six months ended September 30, 2016 have been reviewed by the Audit Committee and KPMG, the Company's external auditors. The independent review report issued by KPMG is set out on page 25 of this report. As at the date of this report, the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang (Chairman of the Board of Directors) ^(Notes 1 & 2)

Ms. Mei Dong

Ms. Gao Miaoqin

Ms. Huang Qiaolian

Mr. Mak Yun Kuen

Mr. Rui Jinsong

Independent Non-executive Directors

Mr. Dong Binggen ^(Notes 1, 2 & 3)

Mr. Wang Yao ^(Notes 1, 2 & 3)

Dr. Ngai Wai Fung ^(Note 3)

Mr. Lian Jie ^(Note 3)

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang

Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing

The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

Email: bosideng_ir@bosideng.com

Tel: (852) 2866 6918

Fax: (852) 2866 6930

WEBSITES

<http://www.bosideng.com>

<http://company.bosideng.com>

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5709, 57/F., The Center

99 Queen's Road Central

Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17 Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright

AUDITORS

KPMG

Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Changshu Sub-branch

Bank of China Limited, Changshu Sub-branch

China Construction Bank Corporation, Changshu Sub-branch

China Minsheng Banking Corp., Ltd., Suzhou Sub-branch

Standard Chartered Bank (Hong Kong) Limited

DBS Bank Ltd., Hong Kong Branch

Bank of Communications Co., Ltd., Hong Kong Branch

Notes:

- (1) Members of Remuneration Committee, Mr. Wang Yao is the Chairman of the Committee
- (2) Members of Nomination Committee, Mr. Gao Dekang is the Chairman of the Committee
- (3) Members of Audit Committee, Dr. Ngai Wai Fung is the Chairman of the Committee

Shareholder Information

IMPORTANT DATES

Closure of Register of Members

January 26, 2017 to February 1, 2017 (both days inclusive)

Dividend

Interim Dividend: HKD1.0 cent per ordinary share

Payment Date: on or around February 14, 2017

Interim Period End

September 30

Board Lot

2,000 shares