



# 2018/19

INTERIM REPORT

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

**波司登**  
**BOSIDENG**

## COMPANY PROFILE

Bosideng International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is a renowned operator in the People’s Republic of China (the “PRC”) with down apparel brands. The Group was founded in 1976.

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

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

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

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## Financial Highlights

- Revenue increased by 16.4% to approximately RMB3,444.2 million.
- Gross profit margin increased by 2.2 percentage points to 42.3%.
- Profit attributable to equity shareholders of the Company increased by 43.9% to approximately RMB251.2 million.
- The Board of directors of the Company (the "Board") declared payment of an interim dividend of HKD2.0 cents per ordinary share.

### INTERIM RESULTS HIGHLIGHTS

(RMB'000)	2018 Unaudited	2017 Unaudited	Changes %
Revenue	<b>3,444,181</b>	2,959,143	16.4
Gross profit	<b>1,455,405</b>	1,187,921	22.5
Gross profit margin	<b>42.3%</b>	40.1%	2.2 ppt
Profit from operation	<b>354,932</b>	218,959	62.1
Operating profit margin	<b>10.3%</b>	7.4%	2.9 ppt
Profit attributable to equity shareholders of the Company	<b>251,164</b>	174,506	43.9
Profit margin	<b>7.3%</b>	5.9%	1.4 ppt
Earnings per share (RMB cents)			
– Basic	<b>2.38</b>	1.65	44.2
– Diluted	<b>2.36</b>	1.65	43.0

# Management Discussion and Analysis

Recently, China's retail industry has been strengthening thanks to the new momentum driven by the core elements of new industries, new formats and new models. While the supply-side structural reform has been continuously advancing, the domestic trade flow and innovation reform are going deeper, and the consumer market has maintained steady and relatively fast growth. The country attaches great importance to improving the quality of life of the people as well as the development of the consumer goods industry including down products. A series of national strategies, including the production strategy of "increasing varieties, improving quality, creating brands" and consumer product standards and quality improvement planning, has brought unprecedented momentum to the upgrading of consumer goods industry and consumption. China's down industry actively implements the national strategy, thus promoting industrial transformation, consumption upgrade and high quality development.

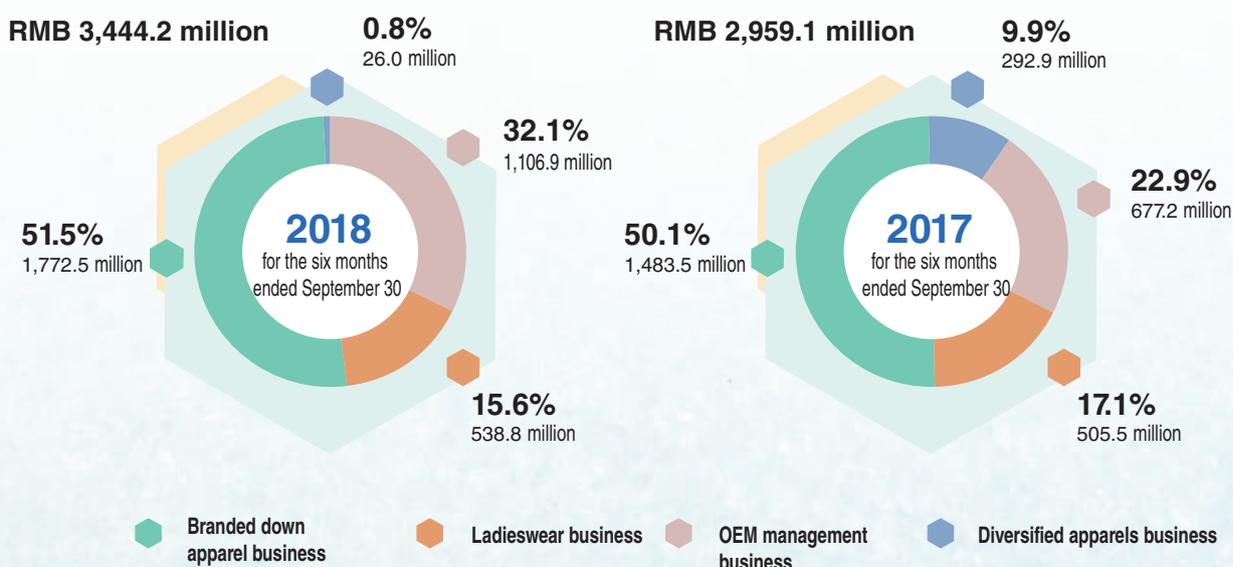
In the meantime, given the gradual transformation of the competition model and environment in the domestic retail consumer market, the Group has proactively responded to the changing trend of the industry as a whole, keeping abreast with the times, adhering to brand reshaping, channel optimization, product innovation and terminal boosting. The Group is fully committed to its strategic reform principle, maintaining stability and steady growth amid turbulence, and has achieved remarkable results in the past six months.

## REVENUE ANALYSIS

During the period, the Group upheld its holistic strategic principle focusing on its principal business and key brands while implementing de-diversification to focus on its principal business and leveraged its strong brand to enhance the awareness of the Bosideng brand and the brand influence among consumers. This led to a steady increase in the sale of the branded down apparel and the Group's total revenue. During the six months ended September 30, 2018, revenue of the Group amounted to RMB3,444.2 million, representing an increase of approximately 16.4% as compared to that for the corresponding period of last year. The branded down apparel business remained the biggest revenue contributor of the Group, accounting for 51.5% of the total revenue. The OEM management business and ladieswear business accounted for 32.1% and 15.6% of the total revenue respectively. During the past six months, the diversified apparels business reduced significantly to 0.8% of the total revenue.

During the six months ended September 30, 2018, the branded down apparel business, OEM management business, ladieswear business and diversified apparels business amounted to approximately RMB1,772.5 million, RMB1,106.9 million, RMB538.8 million and RMB26.0 million, representing an increase of 19.5%, 63.5%, 6.6% and a decrease of 91.1% as compared to that for the corresponding period of last year, respectively.

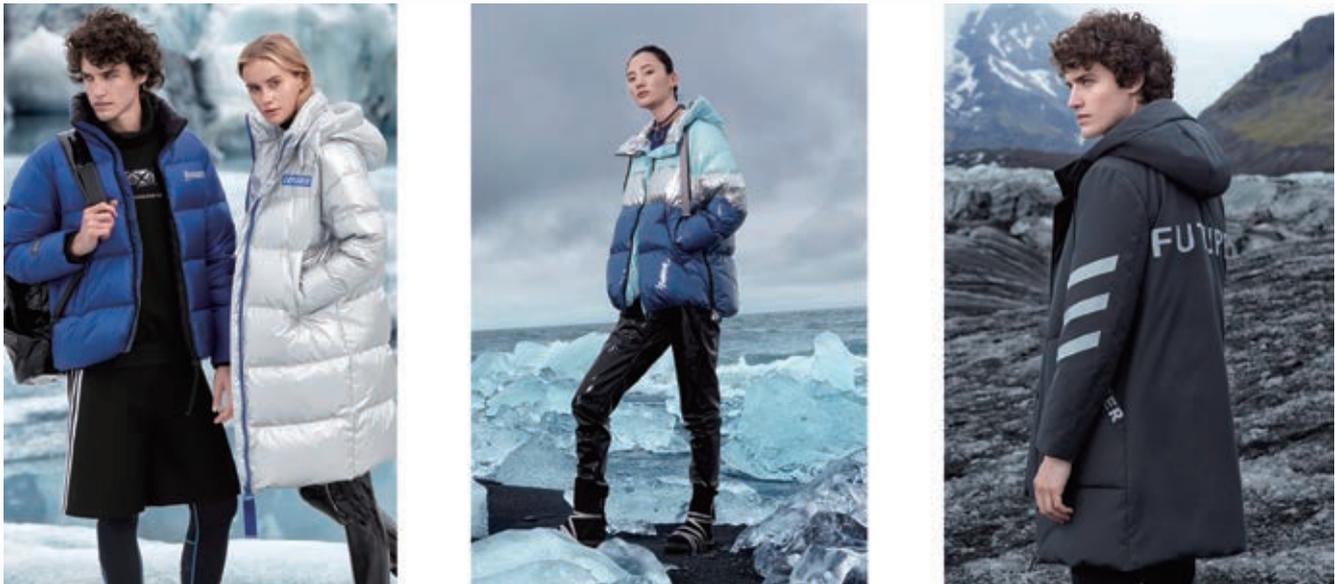
## Revenue by Business



# Management Discussion and Analysis

## *Branded Down Apparel Business:*

Focusing on our principal business and key brands has been a major strategic principle of the Group this year. During the previous six months, Bosideng brands, through improving brand power, product power and channel power, have been revitalized systematically, achieving good results by laying a foundation and saving energy for brand transformation and sales explosion in the peak season. From being the only candidate in the apparel industry selected for the national brand program, being officially invited to New York Fashion Week, to building advertisements, new media and a number of renowned IP cooperation opportunities, there were plenty of activities one after another to promote brand building and drive market enthusiasm. Bosideng brands have won wide recognition from consumers. Moreover, the Group still attaches great importance to the building and upgrading of channel terminals. During the past six months, it has optimized the channel structure, improved images of certain stores, adjusted the shelf display and optimized its sales staff structure, with a view to boosting the efficiency of terminal sales in the future. At the same time, compared with the same period of last year, the proportion of new products in the product mix has increased significantly in the first half of this year. And while the Group strictly controls the sales discounts for both new and old products, the brand new product series and collections have helped expand product mix, drive terminal sales and optimize gross profit margin. For the six months ended September 30, 2018, the Group's branded down apparel Bosideng brands recorded an increase of 24.1% in revenue to RMB1,557.1 million as compared to that for the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 19.5% to RMB1,772.5 million as compared to that for the corresponding period of last year.



## *Brand Building*

The Group revitalizes the brand and enhances brand value through brand reshaping, brand building and brand promotion. It is hoped that stronger brand awareness among consumer groups would enhance the value and reputation of key Bosideng brands. During the past six months, the Group rationalized its brand strategy and positioning, responding to consumers' views and focusing on its core businesses; focusing on key Bosideng brands, launching a series of Bosideng-oriented brand building campaigns; rationalizing and arranging promotion as to brand public relations activities and integrated product marketing, communicating in an effective and integrated manner; focusing on and devoting resources to the Company's newly developed products and core products this year (Puff, Anti-Cold, Disney, Marvel, etc.) so as to allow consumers to experience the change in branding; strengthening the creation and promotion of brand and product themes by cooperating with more renowned IPs to create topics and arouse continuous interest of more consumers; persistently improving brand communication content and terminal presentation (lightbox, poster, POP, etc.) in areas of professionalism, quality, functionality and originality, while setting up a brand account on the Zhihu knowledge platform to enhance consumers' awareness on the brand expert through content management.

## Management Discussion and Analysis

Centering around brand building, during the past six months, the Group has brought some visual sensations to consumers under different scenarios and intervals, which drew great response from the market. The main work is summarized as follows:

### *Introducing the integrated media approach with growing brand recognition*

Through combining media usage including CCTV, CNR, Hunan Satellite TV, Focus Media, We Media on the Internet, the integrated media approach has started to take effect. Market feedbacks have indicated that Bosideng brands' recognition has rapidly enhanced. In particular, the interactive content of the Internet can effectively mobilize customers, enhance the awareness and preference of Bosideng brands in the consumer market, and better promote the brand's youthful, fashionable and functional positioning.

### *Bosideng being the only apparel brand selected for National Brand Program*

At the press conference on being the only candidate in the apparel industry selected for the national brand program strategy held in Beijing Water Cube, the brand's new strategy, positioning and image were unveiled, representing the first milestone event of the 2018 brand reshaping. In the meantime, CCTV, being the mainstream media platform in China, has strong credibility, which makes the national brand program consistent with the mainstream value of the current social development.



### *Launching the new brand strategy with a thousand of Bosideng stores changing to new logo*

On the day when Bosideng launched the new logo for the brand, more than a thousand stores nationwide simultaneously put on the new logo at the front door, arousing great interest from the industry peers and consumers. The brand new Bosideng logo is all in Chinese and sustains the design elements of the old logo with a current aesthetics touch. Bosideng's change of logo and upgrade of store image was one of the key moves of channel system upgrade. Looking ahead, Bosideng will also push ahead the expansion of mainstream channels that are in line with its brand positioning and gradually explore the transition of retail model that is more closely related to the market and consumers.



# Management Discussion and Analysis

## *Bosideng debuting at New York Fashion Week as the “Down Apparel Expert” in the international arena*

Being an independent brand officially invited to New York Fashion Week, Bosideng’s fashion show mainly featured brand image reshaping with the chief purpose to improve consumers’ inherent concept of the brand. Anne Hathaway, Jeremy Renner from Hawkeye and Wendi Deng Murdoch were invited to the show. Victoria’s Secret model Alessandra Ambrosio was the opening model. The show has drawn global attention. In addition to heated discussions among the industry, media and consumers, positive feedbacks from consumers were received on the brand changes. The live-stream of the show on that day attracted over 1.2 million views globally.



## *Inventory Management*

Thanks to the efforts over the past several years, the Group’s inventory remained at a healthy level. The Group will continue to implement stringent production and product planning, while maintaining the demand-pull mechanism in certain sales regions to avoid unnecessary inventory accumulation. Through continuous enhancement of the assistance and linkage of various business segments, the Group has strengthened the real-time capture and analysis of terminal retail data, which enabled timely follow-up actions on the sales of different categories of goods; and has continuously adjusted and optimized the interactions between channels and terminals based on the data collected, with a view to constantly promoting retail management refinement and fundamentally improving the overall operational efficiency.

## *Order Management*

During the past six months, the Group continued to completely separate order placements from direct sales and wholesale. Single-store orders are applied to self-operated stores, which means products for sales in single stores will match the demand for single-store orders and the stock will be replenished by the demand-pull mechanism in the sales and production of products with reference to the actual demand. Meanwhile, distributors will adopt different modes of order placement according to their sizes of operation. The system has maintained the optimal proportions of orders placed at self-operated stores and those placed with distributors, thus managing the orders properly.

## *Quality Quick Response System*

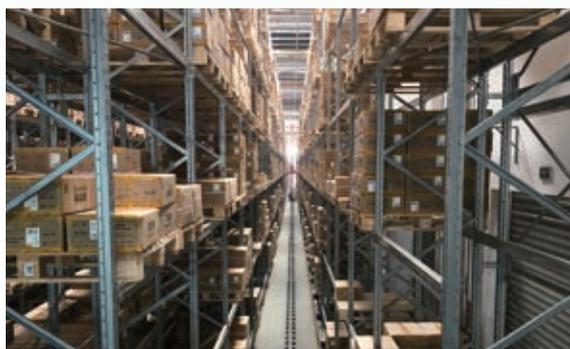
The Group’s supply chain, which is a quality quick-responsive system, is the core of sustaining its efficient, healthy and long-term development. Based on the strategy for the trade fair this year, the Group continued to conduct restocking during the peak season according to the data about the responses from the end consumers, and achieved a quality quick-responsive system by supplying goods in 15 days, thereby greatly strengthening the inventory optimization management of channels.

# Management Discussion and Analysis

## *Logistics and Delivery*

The Group's smart logistics and delivery center directly covers the whole country. It is not only responsible for warehousing, transportation and distribution, but also shoulders the smart management of some data centers where it accurately matches the demands of consumers and provides basis for decision-making on the goods operation, thus achieving the goal of "where the consumers are, where we are".

Riding on the concepts of nationwide inventory management and the integration and sharing of data across online and offline operations, a logistics management system is adopted to manage all the inventories. At the same time, a central distribution center and a regional logistics network structure have been established, including five regional warehouses in Eastern China, Northern China, Central China, Northwest China and Southwest China to satisfy demands of all the stores and O2O business throughout the country (except for Northeast China). Compared with the two-tier distribution channel adopted in the previous financial year where goods were delivered to the retail store warehouses from the warehouse head office according to orders and then delivered to the stores, a one-tier distribution channel has been adopted in the current financial year where goods are delivered directly from the Group's distribution center to the stores. Moreover, capitalizing on its own smart replenishment system to achieve demand-pull restocking in the stores, bestsellers will not go out of stock. Sales were improved as a result. Next year, the Group plans to add a warehouse in Northeast China so that all the retail store warehouses can be eliminated, achieving direct distribution of goods through all the stores nationwide. It is hoped that this would reduce inventory warehousing costs and enable more centralized management of buffer stock.



## *R&D of Products*

Bosideng carries out its product R&D for the brands based on market trends and consumer needs. It never stops its product innovation and continuously launches new products as an expert of down apparel. During the period, the new products mainly included the following collections:

**Puff collection:** Being a new product launched during the period, the collection is made of fabrics 60% lighter than general fabrics and high fill power large-size goose down clusters with 90% down content to make it even lighter and warmer. The Puff collection has also incorporated internationally trendy elements. As a result, it was proven to be very popular among snappy dressers since its launch.

**Designers' collection:** During the period, Bosideng cooperated with many internationally renowned designers in launching crossover down apparel collections that feature trendsetting designs and functionality. At New York Fashion Week in September, Bosideng's show collections were sought after among many international superstars.

**High-end outdoor collection:** In 2017, Bosideng's Anti-Cold collection was well received upon its initial launch. It continued to launch the high-end outdoor collection during the period. The collection uses the world's topnotch fabrics, GORE-TEX®, also known as "fabrics of the century" and the choice of fabrics for outdoor gear, which is more waterproof, windproof and breathable, filled with 800 plus high fill power European high quality goose down clusters with 90% down content, thus achieving a super warm experience.



# Management Discussion and Analysis

Renowned IP collection: During the period, Bosideng began to work with Marvel and launched the Marvel down apparel collection in an attempt to attract the Marvel fans and seek new consumers. This year, Bosideng also worked with Zhejiang Satellite TV on the highly-rated variety TV program, Running Man China, and launched a collection associated with the TV program, which was sought after among young consumers.



## Multi-brand Strategies

The Group has focused on the development of key Bosideng brands by reshaping them as mid-to-high-end functional brands, while maintaining the strategy of “Down apparel plus” by leveraging its strengths in production, technology and distribution to continuously develop and position its down apparel business under its mid-end brand Snow Flying and high price-performance ratio brand Bengen, as part of its efforts in gaining market shares.

## Snow Flying

During the period, the SPA (Specialty Store Retailer of Private Label Apparel) model was adopted to achieve a business scale of uniform height in the value chain where underperforming stores were shut down, quality stores were opened and quality customers were secured as part of the structural adjustment of channels. In the future, the brand will continue its amoeba operation by launching new retail projects in some terminal stores, with a view to accumulating customers’ data and improving customers’ experience, loyalty and values.

## Bengen

During the period, through targeted positioning, the brand targeted at the customer group aged between 25 and 35 in the second-tier and third-tier cities, highlighting elements of “trendiness, quality and elegance” in its products. As to channel optimization, it has eliminated small sales points with low efficiency and poor image at remote locations and added more large-scale specialty stores with good image. Bengen, after this upgrade, will break the traditional pattern of single product category and develop towards a diversified and refined product mix through market segmentation and product breakthrough.



# Management Discussion and Analysis

## Revenue from branded down apparel business by brand

Brands	For the six months ended September 30,				
	2018		2017		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
<i>Bosideng</i>	1,557.1	87.9%	1,254.3	84.6%	24.1%
<i>Snow Flying</i>	81.7	4.6%	69.5	4.7%	17.5%
<i>Bengen</i>	90.5	5.1%	93.2	6.2%	-2.9%
Other brands	2.6	0.1%	20.9	1.4%	-87.7%
Others	40.6	2.3%	45.6	3.1%	-10.8%
Total revenue from branded down apparel business	1,772.5	100.0%	1,483.5	100.0%	19.5%

## Revenue from branded down apparel business by sale category

	For the six months ended September 30,				
	2018		2017		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	327.6	18.5%	336.3	22.7%	-2.6%
Wholesale	1,404.2	79.2%	1,101.6	74.2%	27.5%
Others*	40.7	2.3%	45.6	3.1%	-10.8%
Total revenue from branded down apparel business	1,772.5	100.0%	1,483.5	100.0%	19.5%

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

During the period, the strategic deployment of the Group's brand reshaping has enabled the upgrade of the brand system as well as the optimization of the sales channel structure. The Group's involvement in channels such as shopping malls and department stores has increased significantly, while the terminal efficiency has been greatly enhanced through a number of flexible measures including renovation of point of sales terminals, improvement in display of goods, optimization of quality of sales staff and shutting down underperforming stores. As at September 30, 2018, the total number of retail outlets of the Group's down apparel business (net) increased by 93 to 4,559 compared to March 31, 2018. During the period, self-operated retail outlets (net) increased by 146 to 1,569; and retail outlets operated by third party distributors (net) decreased by 53 to 2,990. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 34.4% and 65.6%, respectively.

# Management Discussion and Analysis

## Retail network by down apparel brand

As at September 30, 2018	Bosideng		Snow Flying		Bengen		Total	
	Number of stores	Change						
<b>Specialty stores</b>								
Operated by the Group	722	+170	25	+18	25	+19	772	+207
Operated by third party distributors	1,816	+73	177	+7	255	-148	2,248	-68
Subtotal	2,538	+243	202	+25	280	-129	3,020	+139
<b>Concessionary retail outlets</b>								
Operated by the Group	578	-68	196	+9	23	-2	797	-61
Operated by third party distributors	315	-81	64	-16	363	+112	742	+15
Subtotal	893	-149	260	-7	386	+110	1,539	-46
<b>Total</b>	<b>3,431</b>	<b>+94</b>	<b>462</b>	<b>+18</b>	<b>666</b>	<b>-19</b>	<b>4,559</b>	<b>+93</b>

Change: Compared with that as at March 31, 2018

## Retail network of down apparel business by region

	As at September 30, 2018	As at March 31, 2018	Change
Eastern China	1,687	1,599	+88
Central China	1,040	1,007	+33
Northern China	383	368	+15
Northeast China	466	479	-13
Northwest China	526	542	-16
Southwest China	457	471	-14
<b>Total</b>	<b>4,559</b>	<b>4,466</b>	<b>+93</b>

### 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

## *OEM Management Business:*

During the period under review, revenue from the Group's OEM management business amounted to approximately RMB1,106.9 million, representing 32.1% of the Group's revenue and increased by 63.5% as compared to that for the corresponding period of last year. The increase in the percentage of revenue from OEM management business during the first half of the year was due to the strategic adjustment made by the Group to the overall production plan, thus partially offsetting the impact of OEM orders for the second half of the year on the domestic orders during peak season. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 89.1% of its total revenue.

The substantial increase in the revenue from OEM management business over that in the same period of last year was mainly due to the fact that the Group focused on core customers' needs and worked together with customers to develop some new product categories by capitalizing on the Group's technology strengths, which gradually increased the proportion of ODM business during the upgrade process from purely OEM to ODM business. This enhanced customers' loyalty and resulted in a significant increase in the actual total number of orders secured from existing customers as compared to that in the corresponding period in the last financial year. At the same time, the Group explored production resources selectively such as the plant in Vietnam. Coupled with the production management experience of being the expert of down apparel, it has strengthened the quality control and management of orders and production process, thus enhancing the competitiveness of the Group's OEM management business.

## *Ladieswear Business:*

The Group's ladieswear business was further consolidated and developed. The synergies between various brands under the ladieswear business gradually yielded. During the period, revenue from the Group's ladieswear business was approximately RMB538.8 million, which represents a slight increase of 6.6% as compared to that for the corresponding period of last year. The contribution from the ladieswear business to the Group's revenue was 15.6%. The three major ladieswear brands of the Group, namely *JESSIE*, *KOREANO* and *KLOVA*, have maintained momentum of steady growth in sales. Revenue from the ladieswear brands during the period were as follows:

### Revenue from ladieswear business by brand

Brands	2018		For the six months ended September 30, 2017		Change
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	
<i>JESSIE</i>	192.1	35.7%	175.4	34.7%	9.6%
<i>BUOU BUOU</i>	160.7	29.8%	179.7	35.6%	-10.6%
<i>KOREANO</i>	82.0	15.2%	65.8	13.0%	24.5%
<i>KLOVA</i>	101.4	18.8%	84.6	16.7%	19.8%
Other brands	2.6	0.5%	–	–	N/A
Total revenue from ladieswear business	538.8	100.0%	505.5	100.0%	6.6%



# Management Discussion and Analysis

## Revenue from ladieswear business by sale category

	2018		For the six months ended September 30, 2017		Change
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	
Self-operated	482.4	89.5%	431.9	85.4%	11.7%
Wholesale	56.4	10.5%	73.6	14.6%	-23.4%
Total revenue from ladieswear business	538.8	100.0%	505.5	100.0%	6.6%

### FASHIONABLE LADIESWEAR – JESSIE

“Forever 20 with the heart from the very beginning”. The year 2018 marks the 20th anniversary of the ladieswear brand *JESSIE*. Riding on the opportunities arising from the 20th anniversary of the brand, *JESSIE* further stepped up the brand promotion efforts and enhanced the retail refined operation and management level. During the first half of the year, revenue from *JESSIE* ladieswear grew by 9.6% to RMB192.1 million. Among which, revenue from self-operated business increased by 25.0% to approximately RMB146.9 million and revenue from wholesale business decreased by 21.8% to approximately RMB45.2 million.

During the period, *JESSIE* ladieswear worked together with celebrities such as Frankie Han and Wang Yuanke at Milan Fashion Week to launch the 2019 Spring/Summer collection. With the publicity from mainstream fashion media, the brand’s reputation and recognition were further enhanced. Focusing on product innovation and striving to enhance customer experience, *JESSIE* ladieswear launched the 20th anniversary thanksgiving themed marketing activities and rolled out an innovative series of VIP customer DIY marketing campaign to strengthen interaction between VIP customers and the brand as well as to boost customer loyalty. During the period, *JESSIE* ladieswear endeavored to develop key stores such as “high sales stores” (千萬店) and “high volume stores” (高產店) and relocated to department stores such as Changsha International Finance Square, promoting sales on the same level as many renowned affordable luxury brands, which effectively enhanced *JESSIE*’s brand influence and core competitiveness.



# Management Discussion and Analysis

## *FASHIONABLE LADIESWEAR – BUOU BUOU*

During the period, revenue from *BUOU BUOU* was approximately RMB160.7 million, representing a decrease of 10.6% as compared to that of last year. Effective measures of optimizing inventory mix and sales channels were the keywords of these six months. Revenue from self-operated business and wholesale business were approximately RMB149.5 million and RMB11.2 million, respectively. During the period, *BUOU BUOU* adopted the “addition” business model which has been gradually scaling up for online sales. The brand adopted online channel full coverage and expanded the online secondary agent business while increasing the efforts to develop online funding to expand product reach. At the same time, as to offline business, it was determined to close all stores with low efficiency and no strategic meaning. While shutting down underperforming stores, the brand also downsized its team. As a result, staff efficiency and single-store profits improved.



## *FASHIONABLE LADIESWEAR – KOREANO and KLOVA*

*KOREANO* is positioned as a mid-to-high-end ladieswear brand in China. The products under the brand feature a chic, elegant and tasteful style, and target office ladies aged between 25 and 35. Meanwhile, *KLOVA* features products of simple, stylish yet gracious designs and targets discerning female customers aged between 30 and 40. Both brands focus on self-operated business, without any wholesale business. During the period, both brands underwent upgrades of their store image and product quality, achieving small order quick response model for production and sales, thereby improving the internal management efficiency. During the six months ended September 30, 2018, self-operated revenues from *KOREANO* and *KLOVA* were RMB82.0 million and RMB101.4 million, respectively. As at September 30, 2018, *KOREANO* and *KLOVA* had 74 and 61 self-operated stores, respectively.



# Management Discussion and Analysis

## Retail network by ladieswear brand

As at September 30, 2018	JESSIE		BUOU BUOU		KOREANO		KLOVA		Others		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
<b>Specialty stores</b>												
Operated by the Group	4	-	18	-1	-	-	-	-	-	-	22	-1
Operated by third party distributors	23	-	12	-1	-	-	-	-	-	-	35	-1
Subtotal	27	-	30	-2	-	-	-	-	-	-	57	-2
<b>Concessionary retail outlets</b>												
Operated by the Group	112	3	119	-1	74	17	61	-5	4	-2	370	12
Operated by third party distributors	70	3	34	-	-	-	-	-	-	-4	104	-1
Subtotal	182	6	153	-1	74	17	61	-5	4	-6	474	11
<b>Total</b>	<b>209</b>	<b>6</b>	<b>183</b>	<b>-3</b>	<b>74</b>	<b>17</b>	<b>61</b>	<b>-5</b>	<b>4</b>	<b>-6</b>	<b>531</b>	<b>9</b>

Change: Compared with that as at March 31, 2018

## Retail network of ladieswear business by region

	As at September 30, 2018	As at March 31, 2018	Change
Eastern China	74	75	-1
Central China	157	153	+4
Northern China	53	56	-3
Northeast China	67	65	+2
Northwest China	112	109	+3
Southwest China	68	64	+4
<b>Total</b>	<b>531</b>	<b>522</b>	<b>+9</b>

### 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

## Diversified apparels business

During the period, revenue from the Group's diversified apparels business was approximately RMB26.0 million, representing a significant decrease of 91.1% as compared to that for the corresponding period of last year, leading to a decrease in the revenue from diversified apparels business as a percentage of the Group's total revenue to 0.8%. The slowdown and decline in the diversified business were consistent with the Group's overall strategy of focusing on its principal business and key brands while implementing de-diversification. By scaling down the diversified business segment, the Group wants to focus on the future consumer market on down apparel and functional apparel products and make them more prominent, so as to increase the awareness of these types of products in the market and attain premium for its brand. During the period, the revenue distribution of each diversified apparels brand was as follows:

### Revenue from diversified apparels business by brand

Brands	2018		For the six months ended September 30, 2017		Change
	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	
MAN	12.7	48.8%	75.9	25.9%	-83.3%
Bosideng HOME	2.0	7.8%	203.9	69.6%	-99.0%
Other brands and others	11.3	43.4%	13.1	4.5%	-13.7%
Total revenue from diversified apparels business	26.0	100.0%	292.9	100.0%	-91.1%

### Revenue from diversified apparels business by sale category

	2018		For the six months ended September 30, 2017		Change
	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	
Self-operated	12.6	48.4%	22.3	7.6%	-43.7%
Wholesale	10.1	38.9%	269.0	91.9%	-96.2%
Others*	3.3	12.7%	1.6	0.5%	112.1%
Total revenue from diversified apparels business	26.0	100.0%	292.9	100.0%	-91.1%

\* Represents rental income



# Management Discussion and Analysis

## *Bosideng HOME*

During the period, *Bosideng HOME* downsized its business comprehensively. Under the Group's new positioning strategy for *Bosideng* brands, the non-down apparel products under *Bosideng* brands will undergo comprehensive restructuring, which resulted in the significant reduction of this business division during the past six months.

## *Bosideng MAN*

During the period, revenue from *Bosideng MAN* business decreased by 83.3% to approximately RMB12.7 million. The non-down apparel products under *Bosideng* brands will undergo comprehensive restructuring under the Group's new positioning strategy for *Bosideng* brands, by which the Group has also terminated the cooperation with existing distributors for *Bosideng MAN* brand.

## *School uniform business – Sameite (颯美特)*

During the period, the Group's school uniform business remained in operation under *Sameite* brand. During the past six months, the school uniform business mainly covered the surrounding areas of Jiangsu, Zhejiang and Shanghai. As to channel building, both direct business mode (via bidding and tendering as well as direct participation of schools) and agent and intermediary mode of business (via formulating preferential agency policies in a targeted manner) were adopted. Customers of school uniform business were loyal, and the Group also attached great importance to exploring and maintaining relationship with these loyal customers by tracking their return orders and repeated orders. The Group's unremitting efforts provided loyal customers as well as new customers with safe, healthy, comfortable and stylish up-to-standard school uniforms.



# Management Discussion and Analysis

## *Children's wear business*

During the period under review, the Group established a joint venture with its children's wear team and began to select the best global brands of children's wear for cooperation in online business. The children's business segment has basically established a multi-brand, diversified business operation model with the children's wear business as the core and the children's product business as the auxiliary, with a view to becoming a leading operator in China as well as a specialist in children's wear in the global market. As of September 30, 2018, brands which the Group has entered into contracts with include Petit main from Japan, HAPPYLAND from Korea and Kappa Kids (as agent). Its business models mainly include:

**Self-operated business:** From trial operations of products and models through online channels, it gradually develops into offline stores to continue improving consumer experience, thereby achieving comprehensive and integrated channel development to create a strategic alliance with international children's wear brands and build multi-brand offline stores for children in the future.

**Agent business:** Based on the existing business, it gradually opens up the overseas agent market for stylish children brands and expands the variety of goods through the use of new media sales channels such as e-commerce platforms, public accounts and the music social media platform Douyin to trial the products in multi-dimensional manner before undergoing in-depth cooperation in China.



# Management Discussion and Analysis

## Retail network by diversified apparels brand

As at September 30, 2018	Bosideng HOME		Menswear		Children's wear (Petit main)		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
<b>Specialty stores</b>								
Operated by the Group	-	-21	32	-52	-	-	32	-73
Operated by third party distributors	-	-51	-	-88	-	-	-	-139
Subtotal	-	-72	32	-140	-	-	32	-212
<b>Concessionary retail outlets</b>								
Operated by the Group	-	-4	4	-43	-	-	4	-47
Operated by third party distributors	6	-13	-	-63	1	+1	7	-75
Subtotal	6	-17	4	-106	1	+1	11	-122
<b>Total</b>	<b>6</b>	<b>-89</b>	<b>36</b>	<b>-246</b>	<b>1</b>	<b>+1</b>	<b>43</b>	<b>-334</b>

Change: Compared with that as at March 31, 2018

## Retail network of diversified apparels business by region

	As at September 30, 2018	As at March 31, 2018	Change
Eastern China	14	153	-139
Central China	-	85	-85
Northern China	1	21	-20
Northeast China	-	15	-15
Northwest China	-	46	-46
Southwest China	28	57	-29
<b>Total</b>	<b>43</b>	<b>377</b>	<b>-334</b>

### 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

## ONLINE SALES

During the period, the Group continued to push ahead the expansion of the online sales of the down apparel and ladieswear business, while significantly downsizing the online diversified businesses under existing *Bosideng* brands including *MAN* and *Bosideng HOME*. As of September 30, 2018, revenue from online sales of the Group's brands amounted to RMB178.3 million, representing a decrease of 12.6% as compared to that for the corresponding period of last year. The change in revenue from online sales is in line with the Group's overall strategy of focusing on principal business while implementing de-diversification. Among which, revenue from the online sales of branded down apparel business and ladieswear business were RMB137.6 million and RMB33.4 million respectively, representing an increase of 73.4% and 21.8% as compared to those for the corresponding period of last year and accounting for 7.8% and 6.2% of the revenue from the branded down apparel business and ladieswear business, respectively.

During the period, *Bosideng* brands participated in a series of online and offline promotional activities including the Chinese brand of Tmall's overseas program and travel to Australia with Alibaba and live broadcast of Bosideng's down apparel catwalk at New York Fashion Week, which enhanced the brand's recognition worldwide. Looking forward, the Group will continue to step up its online marketing and sales. It will also start projects through cooperation with business partners with the aim of introducing more products which are exclusively offered online. The Company also endeavors to expand the sales proportion of the age group of 25-35, integrate brand resources centering around the branding events while creating a new business scenario to enhance the brand influence.

## GROSS PROFIT

During the period, gross profit increased by 22.5% as compared with that of the corresponding period last year, from RMB1,187.9 million to RMB1,455.4 million. Following the successful brand reshaping and product expansion, gross profit margin increased by 2.2 percentage points as compared with that of the corresponding period last year, from 40.1% to 42.3%.

Gross profit margin of the branded down apparel business increased by 7.9 percentage points to 50.6%, mainly due to the Group's successful brand reshaping efforts during the past six months, and in particular an increase in average price of new products under Bosideng brands. At the same time, as the Group maintained a stable and good relationship with suppliers in the markets where raw materials are located, the pressure of the industry's overall raw material costs had relatively low impact on the Group in the first half of this year. Thanks to the successful brand reshaping and revitalization during the past period, the proportion of new products in the product mix of branded down apparel during the period significantly increased. The optimized product mix also contributed to the improvement of the gross profit margin of branded down apparel. The gross profit margin of OEM management business slightly declined to 17.7%, which was due to the pressure of workers' wages and other costs in China. The gross profit margin of ladieswear business increased by 3.3 percentage points to 76.1% as compared to that of the corresponding period of last year, which was mainly due to the increase in gross profit margin of Tianjin Ladieswear during the period, which was acquired last year with a higher gross profit margin. The gross profit margin of diversified apparels business decreased significantly to -185.0%, mainly because of the Group's adjustment of overall strategy in the first half of this year, which substantially reduced the diversified business. As the reduction of the diversified business continues, it will have less impact on the Group's overall gross profit in the future.

## OPERATING PROFIT

During the period, the Group's operating profit significantly increased by 62.1% to approximately RMB354.9 million. Operating profit margin was 10.3%, representing an increase of 2.9 percentage points as compared to 7.4% of the corresponding period of last year, which was mainly attributable to the contribution from the branded down apparel business, OEM management business and ladieswear business.

## DISTRIBUTION EXPENSES

During the period, the Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores, fixed operating lease charges and personnel expenses, amounted to approximately RMB790.2 million, representing an increase of 18.4% as compared to approximately RMB667.6 million of the corresponding period of last year. The Group's distribution expenses accounted for 22.9% of its total revenue, representing an increase of 0.3 percentage point as compared to 22.6% of the corresponding period of last year. The increase in distribution expenses was mainly due to the Group's efforts in brand building and channel optimization for the branded down apparel business.

# Management Discussion and Analysis

## ADMINISTRATIVE EXPENSES

The Group's administrative expenses during the period, mainly comprising salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB333.7 million, representing an increase of 10.8% as compared to approximately RMB301.1 million of last year. The proportion of administrative expenses in the Group's total revenue decreased slightly by 0.5 percentage point from 10.2% last year to 9.7%. The increase in administrative expenses was mainly due to a moderate increase in consultancy expenses with the progress of the Group's strategic transformation during the period.

## FINANCE INCOME

During the period under review, the Group's finance income increased to approximately RMB121.6 million, mainly due to the increase in the financing income and interest income held by the Group with the banks, the increase in net foreign exchange gain and the significant increase in the interest income generated from the listed debt investment portfolio with respect to the other financial assets held by the industry funds of the Group.

## FINANCE COST

During the period under review, the Group's finance cost increased to approximately RMB115.9 million, mainly due to the increase in financing rates as a result of the Fed interest rate hike and the investment loss on listed equity and debt investments with respect to the available-for-sale financial assets held by the industry funds of the Group during the period. During the year, due to the Fed interest rate hike, Sino-US trade disputes and heightened risks in emerging markets, the available-for-sale financial assets held by the industry funds also incurred certain losses. The Group has, according to the actual situation, redeemed these investments in stages.

## TAXATION

For the six months ended September 30, 2018, income tax expenses increased from approximately RMB55.9 million to approximately RMB102.2 million. The effective tax rate was approximately 28.3%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses and tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiaries and withholding tax of dividends appropriated from China subsidiaries to overseas companies.

## INTERIM DIVIDEND

The Board recommended the payment of an interim dividend of HKD2.0 cents (equivalent to approximately RMB1.8 cents) per ordinary share for the six months ended September 30, 2018. The proposed interim dividend will be paid on or around January 15, 2019 to shareholders whose names appear on the register of members of the Company on January 2, 2019.

## LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended September 30, 2018, the Group's net cash used in operating activities amounted to approximately RMB1,890.3 million. For the year ended March 31, 2018, net cash generated was approximately RMB1,032.6 million. Cash and cash equivalents as at September 30, 2018 amounted to approximately RMB1,284.9 million, as compared to approximately RMB1,794.1 million as at March 31, 2018.

# Management Discussion and Analysis

As at September 30, 2018, the distribution of cash and cash equivalents by currency unit is as follows:

	RMB'000
Renminbi	822.3
US dollar	200.6
Pound sterling	7.9
HK dollar	102.8
Japanese yen	134.8
European dollar	16.5
<b>Total</b>	<b>1,284.9</b>

In order to maximize returns on the Group's available cash reserves, the Group has invested in other financial assets, including capital protected short-term investments with banks in China and available-for-sale securities. The expected but unguaranteed returns of the short-term investments with banks ranged from 3.30% to 5.10% per annum. The available-for-sale securities referred to trading stocks and bonds held by Bosideng Industry Investment Fund S.P. and Shuo Ming De Investment Co., Ltd.

As at September 30, 2018, the bank borrowings of the Group amounted to approximately RMB2,388.8 million (March 31, 2018: RMB2,388.4 million). The gearing ratio (total debt/total equity) of the Group was 25.3% (March 31, 2018: 23.9%)

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.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the six months ended September 30, 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

## CONTINGENT LIABILITIES

As at September 30, 2018, the Group had no material contingent liabilities.

## CAPITAL COMMITMENTS

As at September 30, 2018, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB105.2 million (March 31, 2018: RMB11.8 million).

## OPERATING LEASE COMMITMENT

As at September 30, 2018, the Group had irrevocable operating lease commitments amounting to approximately RMB172.4 million (March 31, 2018: approximately RMB147.1 million).

## PLEDGE OF ASSETS

As at September 30, 2018, bank deposits amounting to approximately RMB849.1 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2018: approximately RMB904.6 million).



# Management Discussion and Analysis

## FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury function at its head office. The Group adopted prudent funding and treasury management policies while maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings. The Group's treasury policies mainly include managing its exposure to fluctuations in interest rates and foreign currency exchange rates.

## FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in China with revenues and expenses of the Group's subsidiaries denominated in Renminbi. Some of the Group's cash and bank deposits were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries selected US Dollars as their functional currency. Any significant exchange rate fluctuation of Hong Kong Dollars, US Dollars, Japanese yen and Pound sterling or against each entity's respective functional currency may have a material impact on the Group.

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

## HUMAN RESOURCES

As of September 30, 2018, the Group had 6,017 full-time employees (March 31, 2018: 5,340 full-time employees). The increase in number of employees of the Group of 677 as compared to March 31, 2018 was mainly due to the organic growth in headcounts as a result of the growth of core down apparel business and new store opening and the new employees from campus recruitment during the current year. Staff costs for the six months ended September 30, 2018 (including Directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB374.0 million (the corresponding period of the previous financial year: approximately RMB363.5 million).

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

# Management Discussion and Analysis

Details of the movement in the share options granted under the share option schemes of the Company during the six months ended September 30, 2018 are set out below:

Category of participants	Options held at March 31, 2018	Options granted during the reporting period	Options exercised during the reporting period	Options cancelled during the reporting period	Options lapsed during the reporting period	Options held at September 30, 2018
<b>Directors</b>						
Mak Yun Kuen	11,200,000	-	-	-	-	11,200,000
Rui Jinsong	11,200,000	-	-	-	-	11,200,000
Huang Qiaolian	9,000,000	-	-	-	-	9,000,000
<b>Others</b>	221,800,000	-	-	2,400,000	5,100,000	214,300,000
<b>Total</b>	253,200,000	-	-	2,400,000	5,100,000	245,700,000 <sup>(note)</sup>

Note: During the six months ended September 30, 2018, an aggregate of 115,570,000 share options were vested. As at September 30, 2018, there was a total of 245,700,000 share options, of which an aggregate of 115,570,000 share options were vested.

During the six months ended September 30, 2018, an additional of 48,090,000 award shares were vested. As at September 30, 2018, there were a total of 246,300,000 award shares, of which an aggregate of 116,170,000 award shares were vested.

## FUTURE OUTLOOK

According to the report published by Kantar Consumer Index, "Consumption Upgrading of Shoppers and Turnaround of Market Growth", the consumer market in China has grown rapidly in recent years with growing consumer spending on mid- to high-end products. This is mainly due to the fact that these products can help consumers further improve their health or lifestyle. At the same time, consumers have higher demands on the quality of premium products and have higher disposable income, which increases their purchasing power. Over the past six years, the compound annual growth rate of disposable household income per capita has reached 8.2%. As the consumption upgrade continues to progress, consumers will have a higher brand awareness and the value of product mix will be more prominent. The Group considers that the strategy of brand reshaping, focusing on principal business and focusing on key brands that is currently being executed can closely relate to the future consumers' consumption preference and market growth trends, thus generating synergistic effects.

**Down Apparel Business:** Looking ahead, while upholding the principle of "focusing on its principal business while implementing de-diversification" and positioning the brand as the "expert and best-seller of down apparel in the world", the Group will endeavor to become a "mid- to high-end functional apparel group".

## Management Discussion and Analysis

As to brand building, the Group will continue to focus on brand positioning, strengthen brand public relations and marketing efforts to consolidate its expert position. As to product development, the Group will focus on enhancing originality in design and product quality. As to sales channel optimization, the Group will gradually increase the percentage of mainstream and high-end channels. As to terminal boosting, the Group will pay closer attention to the young members, enhance consumer experience and innovate retail operation model.

**OEM Management Business:** Rational planning and utilization of production capacity in off-peak seasons is the strategy the Group has consistently implemented for the OEM management business. Moving forward, the Group will continue to strengthen the communication with core customers while maintaining its long-term and stable strategic working relationship with them. The Group will also keep on optimizing the existing factory equipment, accelerating automation and intelligence reform, and increasing cooperation with overseas factories, including those in Southeast Asia so as to secure steady and fast growth for the OEM management business.

**Fashionable Ladieswear Business:** Currently, its ladieswear brands mainly include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*. After the strategic positioning over the past few years, the ladieswear business platform has taken shape. Looking ahead, the Group will continue to integrate the resources among four of its ladieswear brands to further improve synergy. The Group will continue to focus on improving efficiencies of its internal operation and management of its ladieswear business while boosting the organic growth of the ladieswear business through a series of measures to strengthen brand operation, enhance sales channels and increase sales efficiency.

# 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 30 to 71 which comprises the condensed consolidated statement of financial position of Bosideng International Holdings Limited as of September 30, 2018, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-months 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, 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

#### KPMG

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

November 29, 2018

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2018 – unaudited

	Note	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000 (Note 32)
Revenue	6	3,444,181	2,959,143
Cost of sales		(1,988,776)	(1,771,222)
<b>Gross profit</b>		<b>1,455,405</b>	1,187,921
Other income	7	23,429	21,735
Selling and distribution expenses		(790,174)	(667,631)
Administrative expenses		(333,697)	(301,065)
Impairment losses on intangible assets and goodwill		–	(20,000)
Other expenses	7	(31)	(2,001)
<b>Profit from operations</b>		<b>354,932</b>	218,959
Finance income		121,589	52,433
Finance costs		(115,850)	(32,557)
<b>Net finance income</b>	10	<b>5,739</b>	19,876
<b>Profit before taxation</b>		<b>360,671</b>	238,835
Income tax expense	11(a)	(102,237)	(55,915)
<b>Profit for the period</b>		<b>258,434</b>	182,920
<b>Other comprehensive income for the period:</b>			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		(49,874)	–
		(49,874)	–
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(60,496)	42,880
Other financial assets: net movement in fair value reserve (recycling)		(15,938)	–
Available-for-sale securities: net movement in fair value reserve (recycling)		–	2,200
		(76,434)	45,080
<b>Other comprehensive income for the period (net of tax)</b>		<b>(126,308)</b>	45,080
<b>Total comprehensive income for the period</b>		<b>132,126</b>	228,000

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2018 – unaudited

	Note	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000 (Note 32)
<b>Profit attributable to:</b>			
Equity shareholders of the Company		251,164	174,506
Non-controlling interests		7,270	8,414
<b>Profit for the period</b>		<b>258,434</b>	182,920
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		125,123	219,610
Non-controlling interests		7,003	8,390
<b>Total comprehensive income for the period</b>		<b>132,126</b>	228,000
<b>Earnings per share</b>	12		
– basic (RMB cents)		2.38	1.65
– diluted (RMB cents)		2.36	1.65

The notes on pages 37 to 71 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 26(a).

# Condensed Consolidated Statement of Financial Position

At September 30, 2018 – unaudited

	Note	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000 (Note 32)
<b>Non-current assets</b>			
Property, plant and equipment	13	783,867	885,308
Lease prepayments		52,690	54,096
Intangible assets and goodwill	14	1,869,986	1,896,716
Investment properties	15	293,491	179,167
Other financial assets	18	198,395	–
Deferred tax assets	11(b)	510,117	469,320
		<b>3,708,546</b>	3,484,607
<b>Current assets</b>			
Inventories	16	1,848,208	1,454,840
Trade, bills and other receivables	17	3,324,064	1,474,427
Receivables due from related parties	30(b)	271,964	200,734
Prepayment for materials and service suppliers		651,965	344,430
Available-for-sale financial assets	18	–	4,513,854
Other financial assets	18	2,394,395	–
Pledged bank deposits	19	849,114	904,608
Time deposits with maturity over 3 months	20	239,000	271,611
Cash and cash equivalents	21	1,284,941	1,794,051
		<b>10,863,651</b>	10,958,555
<b>Current liabilities</b>			
Current income tax liabilities		307,732	226,029
Derivative financial liabilities	24(b)	6,980	–
Interest-bearing borrowings	22	2,388,785	2,338,429
Trade and other payables	23	2,249,986	1,769,135
Payables due to related parties	30(b)	6,107	3,769
		<b>4,959,590</b>	4,337,362
<b>Net current assets</b>		<b>5,904,061</b>	6,621,193
<b>Total assets less current liabilities</b>		<b>9,612,607</b>	10,105,800

# Condensed Consolidated Statement of Financial Position

At September 30, 2018 – unaudited

	Note	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000 (Note 32)
<b>Non-current liabilities</b>			
Deferred tax liabilities	11(b)	161,637	217,638
Non-current other payables	25	10,363	105,394
		<b>172,000</b>	323,032
<b>Net assets</b>			
		<b>9,440,607</b>	9,782,768
<b>Capital and reserves</b>			
Share capital		803	803
Reserves		9,247,093	9,594,990
<b>Equity attributable to equity shareholders of the Company</b>			
		<b>9,247,896</b>	9,595,793
<b>Non-controlling interests</b>		<b>192,711</b>	186,975
<b>Total equity</b>			
		<b>9,440,607</b>	9,782,768

Approved and authorized for issue by the board of directors on November 29, 2018.

**Gao Dekang**

*Chairman of the Board of Directors*

**Mak Yun Kuen**

*Director*

The notes on pages 37 to 71 form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2018 – unaudited

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares held for the	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
			Share Award Scheme RMB'000								
<b>Balance at March 31, 2018</b>	803	1,956,903	(110,893)	97,467	841,591	(520,354)	(139,504)	7,469,780	9,595,793	186,975	9,782,768
Change in accounting policy (note 3)	-	-	-	-	-	-	3,886	(3,886)	-	-	-
<b>Balance at April 1, 2018</b>	803	1,956,903	(110,893)	97,467	841,591	(520,354)	(135,618)	7,465,894	9,595,793	186,975	9,782,768
<b>Total comprehensive income for the period:</b>											
Profit for the period	-	-	-	-	-	-	-	251,164	251,164	7,270	258,434
Foreign currency translation differences – foreign operations	-	-	-	-	-	(60,446)	-	-	(60,446)	(50)	(60,496)
Net change in fair value of other financial assets, net of tax (recycling)	-	-	-	-	-	-	(15,721)	-	(15,721)	(217)	(15,938)
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	-	-	-	-	-	-	(49,874)	-	(49,874)	-	(49,874)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(60,446)	(65,595)	251,164	125,123	7,003	132,126
<b>Transactions with owners, recorded directly in equity</b>											
New establishment of subsidiaries	-	-	-	-	-	-	-	-	-	20,945	20,945
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(12)	(12)
Treasury shares held for Share Award Scheme	-	-	8,149	(20,238)	-	-	-	-	(12,089)	-	(12,089)
Appropriation to statutory reserves	-	-	-	-	3,997	-	-	(3,997)	-	-	-
Written put option to non-controlling interests (note 24(a))	-	-	-	-	-	-	69,308	-	69,308	-	69,308
Dividends (note 26(a))	-	-	-	-	-	-	-	(553,754)	(553,754)	(22,200)	(575,954)
Equity settled transactions (note 27)	-	-	-	23,515	-	-	-	-	23,515	-	23,515
	-	-	8,149	3,277	3,997	-	69,308	(557,751)	(473,020)	(1,267)	(474,287)
<b>Balance at September 30, 2018</b>	803	1,956,903	(102,744)	100,744	845,588	(580,800)	(131,905)	7,159,307	9,247,896	192,711	9,440,607

# Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2018 – unaudited

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares held for the	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
			Share Award								
			Scheme RMB'000								
<b>Balance at April 1, 2017</b>	803	1,956,903	(99,160)	107,044	837,739	(623,925)	(36,991)	7,033,329	9,175,742	179,485	9,355,227
<b>Total comprehensive income for the period:</b>											
Profit for the period	-	-	-	-	-	-	-	174,506	174,506	8,414	182,920
Foreign currency translation differences											
- foreign operations	-	-	-	-	-	42,904	-	-	42,904	(24)	42,880
Net change in fair value reserve											
- available-for-sale financial assets, net of tax	-	-	-	-	-	-	2,200	-	2,200	-	2,200
	-	-	-	-	-	42,904	2,200	174,506	219,610	8,390	228,000
<b>Transactions with owners, recorded directly in equity</b>											
Acquisition through a business combination	-	-	-	-	-	-	-	-	-	6,019	6,019
Equity settled share-based transactions (note 27)	-	-	-	16,668	-	-	-	-	16,668	-	16,668
Written put option to non-controlling interests (note 24(a))	-	-	-	-	-	-	(30,067)	-	(30,067)	-	(30,067)
Dividends (note 26(a))	-	-	-	-	-	-	-	(44,728)	(44,728)	-	(44,728)
Treasury shares held for Share Award Scheme	-	-	(6,926)	-	-	-	15,085	-	8,159	-	8,159
	-	-	(6,926)	16,668	-	-	(14,982)	(44,728)	(49,968)	6,019	(43,949)
<b>Balance at September 30, 2017</b>	803	1,956,903	(106,086)	123,712	837,739	(581,021)	(49,773)	7,163,107	9,345,384	193,894	9,539,278

The notes on pages 37 to 71 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended September 30, 2018 – unaudited

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000 (Note 32)
<b>Operating activities</b>		
<b>Cash used in operations</b>	<b>(1,752,528)</b>	(1,568,874)
Interest paid	(37,112)	(25,678)
Income tax paid	(100,707)	(118,355)
<b>Net cash used in operating activities</b>	<b>(1,890,347)</b>	(1,712,907)
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(71,170)	(59,624)
Payments in relation to completion of acquisition of a subsidiary	(40,000)	–
Acquisition of a subsidiary, net of cash acquired	–	4,032
Acquisition of available-for-sale financial assets	–	(1,823,915)
Proceeds from disposal of available-for-sale financial assets	–	2,636,723
Acquisition of other financial assets	(6,284,590)	–
Proceeds from disposal of other financial assets	8,205,064	–
Decrease in time deposits with maturity over 3 months	32,611	109,300
Interest received	104,463	47,991
Others	–	16,481
<b>Net cash generated from investing activities</b>	<b>1,946,378</b>	930,988
<b>Financing activities</b>		
Proceeds from interest-bearing borrowings	934,224	803,863
Repayment of interest-bearing borrowings	(869,555)	(1,732,379)
(Increase)/decrease in bank deposits pledged for bank loans	(355,681)	473,907
Decrease in bank deposits pledged for standby letter of credit	359,810	419,928
Dividends paid	(553,754)	(44,728)
Payment for purchase of shares in connection with the Share Award Scheme	–	(25,988)
<b>Net cash used in financing activities</b>	<b>(484,956)</b>	(105,397)
<b>Net decrease in cash and cash equivalents</b>	<b>(428,925)</b>	(887,316)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,794,051</b>	2,834,989
<b>Effect of foreign currency exchange rate changes</b>	<b>(80,185)</b>	33,149
<b>Cash and cash equivalents at the end of the period</b>	<b>1,284,941</b>	1,980,822

The notes on pages 37 to 71 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, 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended March 31, 2018, except for the accounting policy changes that are expected to be reflected in the 2018/19 annual financial statements for the year ended March 31, 2019. Details of the 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 annual financial statements for the year ended March 31, 2018. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors is included on page 29.

The financial information relating to the financial year ended March 31, 2018 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 annual financial statements for the year ended March 31, 2018 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 28, 2018.

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES

### (a) Overview

The IASB has issued a number of amendments to IFRS that are first effective for the current accounting period for the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

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

The Group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS 15 in relation to timing of revenue recognition and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 3(b) for IFRS 9 and note 3(c) for IFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at April 1, 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognized for each line item in the condensed consolidated statement of financial position that has been impacted by IFRS 9 and IFRS 15:

	At March 31, 2018	Impact on initial application of IFRS 9 (Note 3(b))	Impact on initial application of IFRS 15 (Note 3(c))	At April 1, 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
– Other financial assets	–	244,171	–	244,171
<b>Total non-current assets</b>	–	244,171	–	244,171
Current assets				
– Other financial assets	–	4,269,683	–	4,269,683
– Available-for-sale financial assets	4,513,854	(4,513,854)	–	–
<b>Total current assets</b>	4,513,854	(244,171)	–	4,269,683
Trade and other payables				
– Contract liabilities	–	–	(176,736)	(176,736)
– Receipts in advance	(176,736)	–	176,736	–
<b>Total current liabilities</b>	(176,736)	–	–	(176,736)
<b>Net current assets</b>	4,337,118	(244,171)	–	4,092,947
<b>Net assets</b>	4,337,118	–	–	4,337,118

Further details of these changes are set out in sub-sections (b) and (c) of this note.

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments

IFRS 9 replaces International Accounting Standard (“IAS”) 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at April 1, 2018 in accordance with the transition requirements. The Group has recognized the cumulative effect of initial application as an adjustment to the opening equity at April 1, 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarizes the impact of transition to IFRS 9 on retained earnings and reserves and the related tax impact at April 1, 2018.

	RMB'000
<b>Retained earnings</b>	
Transferred from fair value reserve relating to financial assets now measured at FVPL and decrease in retained earnings at April 1, 2018	(4,128)
Related tax	242
<b>Net decrease in retained earnings at April 1, 2018</b>	<b>(3,886)</b>
<b>Fair value reserve</b>	
Transferred to retained earnings relating to financial assets now measured at FVPL and increase in fair value reserve at April 1, 2018	4,128
Related tax	(242)
<b>Net increase in fair value reserve at April 1, 2018</b>	<b>3,886</b>

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (i) *Classification of financial assets and financial liabilities*

IFRS 9 categories financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- Amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognized in profit or loss as other income.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (i) Classification of financial assets and financial liabilities (continued)

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	Note	Original recognition under IAS 39	New classification under IFRS 9	Carrying amount at March 31, 2018 under IAS 39 RMB'000	Carrying amount at April 1, 2018 under IFRS 9 RMB'000
<b>Financial assets</b>					
– Short-term investments with banks	(i)	Available-for-sale financial assets	Amortized cost	2,860,022	2,860,022
– Short-term investments with banks	(ii)	Available-for-sale financial assets	FVPL	61,029	61,029
– Listed equity investments	(iii)	Available-for-sale financial assets	FVOCI (non-recycling)	244,171	244,171
– Listed equity investments	(iv)	Available-for-sale financial assets	FVPL	102,336	102,336
– Listed debt investments	(v)	Available-for-sale financial assets	FVOCI (recycling)	1,212,650	1,212,650
– Listed debt investments	(vi)	Available-for-sale financial assets	FVPL	33,646	33,646
Pledged bank deposits	(vii)	Held-to-maturity investments	Amortized cost	904,608	904,608
Time deposits with maturity over 3 months	(vii)	Held-to-maturity investments	Amortized cost	271,611	271,611
Cash and cash equivalents	(viii)	Loans and receivables	Amortized cost	1,794,051	1,794,051
Trade and other receivables	(viii)	Loans and receivables	Amortized cost	1,474,427	1,474,427
<b>Total financial assets</b>				<b>8,958,551</b>	<b>8,958,551</b>

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (i) *Classification of financial assets and financial liabilities (continued)*

Notes:

- (i) Short-term investments with banks with guarantee of principal and interest were previously classified as available-for-sale financial assets and are now classified as financial assets measured at amortized cost. The Group intends to hold the assets to maturity to collect contractual cash flows by payments of principal and interest on the principal amount outstanding.
- (ii) Short-term investments with banks with no guarantee of principal and interest were previously classified as available-for-sale financial assets and are now classified as financial assets measured at FVPL.
- (iii) Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS 9, unless they are eligible for and designated as FVOCI by the Group. On April 1, 2018, the Group designated its 6.75% investment in V-GRASS Fashion Co., Limited (Shanghai Stock Exchange stock code: 603518) ("V-GRASS") listed on the Shanghai Stock Exchange of RMB244,171,000 as FVOCI (non-recycling), as the investment is held as a long-term investment instead of being traded for short-term gains.
- (iv) Under IAS 39, certain equity securities were designated as available-for-sale financial assets. The Group has the option to irrevocably designate as FVOCI (without recycling) on transition to IFRS 9. The Group does not plan to adopt this designation option for these equity securities investments held on April 1, 2018 and these assets have been classified as FVPL under IFRS 9.
- (v) The listed debt investments categorized as available-for-sale financial assets under IAS 39 are held by the Group in a separate portfolio to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. The Group considers that these investments are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling investments. The contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets measured at FVOCI (recycling) under IFRS 9.
- (vi) Perpetual bonds, categorized as available-for-sale financial assets under IAS 39 are held by the Group to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. As these listed debt investments failed to meet the criteria of solely payments of principal and interest, these assets have been classified as financial assets measured at FVPL under IFRS 9.
- (vii) Pledged bank deposits and time deposits with maturity over 3 months were previously classified as held-to-maturity investments and are now classified as financial assets measured at amortized cost. The Group intends to hold the assets to maturity to collect contractual cash flows by payments of principal and interest on the principal amount outstanding.
- (viii) Cash and cash equivalents and trade and other receivables that were previously classified as loans and receivables are now classified as financial assets measured at amortized cost. The Group intends to hold the financial assets to maturity to collect contractual cash flows.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at April 1, 2018 have not been impacted by the initial application of IFRS 9.

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (ii) Credit losses

IFRS 9 replaces the “incurred loss” model in IAS 39 with the “expected credit loss” (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under the “incurred loss” accounting model in IAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortized cost (including cash and cash equivalents, pledged bank deposits and trade and other receivables);
- debt securities measured at FVOCI (recycling).

Financial assets measure at fair value, including equity investments designated as FVOCI (non-recycling) and derivate financial assets, are not subject to the ECL assessment.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof for fixed-rate financial assets and trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For trade and other receivables, the Group has measured the loss allowance as an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (ii) Credit losses (continued)

##### *Measurement of ECLs (continued)*

For cash and cash equivalents and pledged deposits, the Group recognized a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The Group has concluded that there is no material impact for the initial application of the new impairment requirements.

##### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 180 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (ii) Credit losses (continued)

##### *Basis of calculation of interest income on credit-impaired financial assets*

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### *Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

##### *Opening balance adjustment*

As a result of this change in accounting policy, the Group has not recognized any additional ECLs at April 1, 2018.

# Notes to the Unaudited Interim Financial Report

## 3 CHANGES IN ACCOUNTING POLICIES (continued)

### (b) IFRS 9, Financial instruments (continued)

#### (iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at April 1, 2018. Accordingly, the information presented for the year ended March 31, 2018 continues to be reported under IAS 39 and thus may not be comparable with the current period.
- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at April 1, 2018 (the date of initial application of IFRS 9 by the Group).

### (c) IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognizing revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group's business model is not complex and its contracts with customers for the sale of branded apparels include only single performance obligations. The Group has concluded that revenue from sales of branded apparels should be recognized at the point of time when a customer obtains control of goods. The Group has concluded that the initial application of IFRS 15 does not have a significant impact on the Group's revenue recognition.

Under IFRS 15, a contract liability, is recognized, when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognizes the related revenue. To reflect this change in presentation, contract liabilities, including receipts in advance from customers, with amount of RMB176,736,000 are now separately presented under trade and other payables and adjustments have been made to the opening balance at April 1, 2018, as a result of the adoption of IFRS 15. Comparative information is not restated.

### (d) IFRIC 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognizing the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the condensed consolidated financial position and the consolidated financial result of the Group.

# Notes to the Unaudited Interim Financial Report

## 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 2017/18 annual financial statements.

## 6 REVENUE AND SEGMENT INFORMATION

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

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

### (a) Segment results

	For the six months ended September 30, 2018				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	1,772,467	1,106,945	538,794	25,975	3,444,181
Inter-segment revenue	255	133	–	8,409	8,797
<b>Reportable segment revenues</b>	<b>1,772,722</b>	<b>1,107,078</b>	<b>538,794</b>	<b>34,384</b>	<b>3,452,978</b>
<b>Reportable segment profit/(loss)</b>	<b>321,448</b>	<b>151,394</b>	<b>73,098</b>	<b>(101,400)</b>	<b>444,540</b>
Amortization of intangible assets and lease prepayments	(35)	–	(27,766)	(335)	(28,136)
Impairment losses on intangible assets and goodwill	–	–	–	–	–

# Notes to the Unaudited Interim Financial Report

## 6 REVENUE AND SEGMENT INFORMATION (continued)

### (a) Segment results (continued)

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

Note: The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11 (see note 3(c)).

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

	For the six months ended September 30,	
	2018 RMB'000	2017 RMB'000
<b>Revenue</b>		
Reportable segment revenue	<b>3,452,978</b>	2,967,510
Elimination of inter-segment revenue	<b>(8,797)</b>	(8,367)
<b>Consolidated revenue</b>	<b>3,444,181</b>	2,959,143
<b>Profit before income tax</b>		
Reportable segment profit	<b>444,540</b>	293,919
Amortization expenses of intangible assets and lease prepayments	<b>(28,136)</b>	(30,662)
Government grants	<b>23,429</b>	17,324
Impairment losses of goodwill	–	(20,000)
Unallocated expenses	<b>(84,901)</b>	(41,622)
Finance income	<b>121,589</b>	52,433
Finance costs	<b>(115,850)</b>	(32,557)
<b>Consolidated profit before taxation</b>	<b>360,671</b>	238,835

# Notes to the Unaudited Interim Financial Report

## 7 OTHER INCOME/(EXPENSES)

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
Royalty income (i)	–	4,411
Government grants (ii)	23,429	17,324
Other income	23,429	21,735
Other expense – Donations	(31)	(2,001)

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

(ii) The Group received unconditional discretionary grants amounting to RMB23,429,000 during the six months period ended September 30, 2018 (six months ended September 30, 2017: RMB17,324,000) 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, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
Salaries, wages and other benefits	322,276	319,831
Contributions to defined contribution plans	28,225	26,959
Equity settled share-based payments (note 27)	23,515	16,668
	374,016	363,458

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.

# Notes to the Unaudited Interim Financial Report

## 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, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
Cost of inventories recognized as expenses included in cost of sales	1,988,776	1,771,222
Depreciation		
– Assets leased out under operating leases	3,200	3,000
– Other assets	56,390	53,589
Amortization of intangible assets and lease prepayment	28,136	30,662
Impairment loss of goodwill	–	20,000
Operating lease charges		
– Fixed rental charges	70,885	61,778
– Contingent rental charges	187,979	163,794
Provision for impairment of bad and doubtful debts	5,326	10,305

## 10 NET FINANCE INCOME

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
<b>Recognized in profit or loss:</b>		
Interest income on bank deposits	10,168	9,411
Interest income on financial assets measured at amortized cost	64,717	–
Interest income on available-for-sale financial assets	–	37,980
Interest income on debt instruments classified as FVOCI (recycling)	23,364	–
Changes in fair value of other financial assets	3,523	600
Total interest income on financial assets not at fair value through profit or loss	101,772	47,991
Change in fair value of forward exchange contracts	–	1,572
Net foreign exchange gain	19,817	2,870
Finance income	121,589	52,433
Interest on interest-bearing borrowings	(37,112)	(25,678)
Investment loss of debt instruments classified as FVOCI (recycling)	(66,449)	–
Bank charges	(5,309)	(6,879)
Net loss on forward exchange contracts	(6,980)	–
Finance costs	(115,850)	(32,557)
Net finance income recognized in profit or loss	5,739	19,876

# Notes to the Unaudited Interim Financial Report

## 11 INCOME TAX EXPENSE

### (a) Income tax in profit or loss represents:

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
<b>Current tax expenses</b>		
Provision for income tax	182,410	135,174
<b>Deferred tax benefit</b>		
Origination of temporary differences	(80,173)	(79,259)
	<b>102,237</b>	<b>55,915</b>

- (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 UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United Kingdom during the period.
- (iii) The provision includes provision for PRC income tax and provision for HK income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate 16.5% on the estimated assessable Hong Kong profits for the year.

For the six months ended September 30, 2018, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, and Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides services of purchase, production planning, order management, storage and logistics management, and client service to group companies, which was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016.

# Notes to the Unaudited Interim Financial Report

## 11 INCOME TAX EXPENSE (continued)

### (b) Deferred tax assets and liabilities:

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

	Write-down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and trademark RMB'000	Property, plant and equipment RMB'000	Withholding tax on dividends RMB'000	Profits arising from intra-group transactions RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At April 1, 2018	124,747	25,773	(150,572)	(7,641)	(45,000)	47,570	251,439	5,366	251,682
(Charged)/credited to profit or loss	(6,777)	588	6,682	421	45,000	1,530	37,453	(4,724)	80,173
Credited to other comprehensive income	-	-	-	-	-	-	-	16,625	16,625
Balance at September 30, 2018	117,970	26,361	(143,890)	(7,220)	-	49,100	288,892	17,267	348,480

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

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Net deferred tax assets	510,117	469,320
Net deferred tax liabilities	(161,637)	(217,638)
	348,480	251,682

## 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 RMB251,164,000 (six months ended September 30, 2017: RMB174,506,000) and the weighted average number of ordinary shares of 10,560,092,000 (six months ended September 30, 2017: 10,565,742,000 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 equity shareholders of the Company of RMB251,164,000 (six months ended September 30, 2017: RMB174,506,000) and the weighted average number of ordinary shares of 10,654,129,000 (six months ended September 30, 2017: 10,597,766,000), after adjusting for the effect of the Company's share-based payment arrangements (note 27). 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 24) was anti-dilutive.

# Notes to the Unaudited Interim Financial Report

## 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
<b>Cost</b>						
At April 1, 2018	753,131	49,762	328,199	325,570	6,004	1,462,666
Additions during the period	9,007	6,090	20,905	27,374	7,822	71,198
Transfer from construction in progress during the period	79	700	2,630	1,024	(4,433)	–
Transfer to investment property during the period	(115,706)	–	–	–	–	(115,706)
Disposals during the period	(2,258)	(5)	(3,755)	(4,475)	–	(10,493)
Movement of exchange rate	3,642	82	157	–	–	3,881
At September 30, 2018	647,895	56,629	348,136	349,493	9,393	1,411,546
<b>Depreciation</b>						
At April 1, 2018	(150,057)	(22,009)	(224,943)	(180,349)	–	(577,358)
Depreciation charge for the period	(16,515)	(2,013)	(8,861)	(29,001)	–	(56,390)
Transfer to investment property during the period	235	–	–	–	–	235
Disposals during the period	971	3	1,413	4,005	–	6,392
Movement of exchange rate	(384)	(54)	(120)	–	–	(558)
At September 30, 2018	(165,750)	(24,073)	(232,511)	(205,345)	–	(627,679)
<b>Carrying amount</b>						
At September 30, 2018	482,145	32,556	115,625	144,148	9,393	783,867
At March 31, 2018	603,074	27,753	103,256	145,221	6,004	885,308

Except for freehold land and buildings with the carrying amount of RMB51,214,000, which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2018. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at September 30, 2018, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

During the six months period ended September 30, 2018, the properties located in the United Kingdom of GBP12,855,000 were reclassified from property, plant and equipment to investment property because of the use of the properties has changed.

# Notes to the Unaudited Interim Financial Report

## 14 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
<b>Cost:</b>				
At April 1, 2018	1,708,151	648,822	633,795	2,990,768
Additions	–	–	–	–
At September 30, 2018	1,708,151	648,822	633,795	2,990,768
<b>Amortization and impairment loss:</b>				
At April 1, 2018	(413,741)	(588,053)	(92,258)	(1,094,052)
Amortization charge for the period	–	(10,885)	(15,845)	(26,730)
At September 30, 2018	(413,741)	(598,938)	(108,103)	(1,120,782)
<b>Net book value:</b>				
At September 30, 2018	1,294,410	49,884	525,692	1,869,986
At March 31, 2018	1,294,410	60,769	541,537	1,896,716

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

During the six months ended September 30, 2018, based on the impairment assessment, no impairment loss of goodwill (six months ended September 30, 2017: RMB20,000,000) was recognized in the condensed consolidated statement of profit or loss and other comprehensive income.

# Notes to the Unaudited Interim Financial Report

## 14 INTANGIBLE ASSETS AND GOODWILL (continued)

### Impairment testing for cash-generating unit containing goodwill

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

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
<b>Gross value</b>		
Menswear	292,741	292,741
Ladieswear – Jessie brand	484,312	484,312
Ladieswear – Buoubuou brand	525,137	525,137
Ladieswear – Tianjin Ladieswear	405,961	405,961
	<b>1,708,151</b>	1,708,151
<b>Accumulated impairment losses</b>		
Menswear	(292,741)	(292,741)
Ladieswear – Jessie brand	(121,000)	(121,000)
Ladieswear – Buoubuou brand	–	–
Ladieswear – Tianjin Ladieswear	–	–
	<b>(413,741)</b>	(413,741)
<b>Net value</b>		
Menswear	–	–
Ladieswear – Jessie brand	363,312	363,312
Ladieswear – Buoubuou brand	525,137	525,137
Ladieswear – Tianjin Ladieswear	405,961	405,961
	<b>1,294,410</b>	1,294,410

# Notes to the Unaudited Interim Financial Report

## 15 INVESTMENT PROPERTIES

	2018 RMB'000
<b>Cost:</b>	
At April 1, 2018	213,317
Transfer from property, plant and equipment	115,706
Effect of movements in exchange rates	2,219
At September 30, 2018	331,242
<b>Accumulated depreciation:</b>	
At April 1, 2018	(34,150)
Transfer from property, plant and equipment	(235)
Charge for the period	(3,200)
Effect of movement in exchange rates	(166)
At September 30, 2018	(37,751)
<b>Net book value:</b>	
At September 30, 2018	293,491
At March 31, 2018	179,167

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2018, freehold investment properties with the carrying amount of RMB216,716,000 (March 31, 2018: RMB99,986,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB76,775,000 (March 31, 2018: RMB79,181,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at September 30, 2018, the estimated fair value of the investment properties had not significantly changed as compared to their respective fair value as at March 31, 2018, because having considered the latest property market condition and the market data on comparable properties, the directors were of the view that there were no indications of significant changes in the fair value since previous annual reporting date.

## 16 INVENTORIES

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Raw materials	599,346	332,835
Work in progress	23,642	17,621
Finished goods	1,225,220	1,104,384
	<b>1,848,208</b>	<b>1,454,840</b>

# Notes to the Unaudited Interim Financial Report

## 17 TRADE, BILLS AND OTHER RECEIVABLES

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Trade receivables	2,468,841	981,722
Bills receivable	29,776	121,968
Less: Allowance for doubtful debts	(125,148)	(123,325)
	<b>2,373,469</b>	980,365
Third party other receivables:		
– VAT recoverable	180,479	68,357
– Deposits	429,268	205,677
– Advances to employees	59,410	43,812
– Receivables from companies controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.	60,829	60,829
– Advances to a company controlled by the non-controlling shareholder of a subsidiary, Jessie International Holdings Ltd.	16,078	22,200
– Amounts due from brokers (i)	40,419	56,009
– Interest receivable in relation to securities investment	11,862	14,553
– Short-term deferred expenses	136,324	13,249
– Others	15,926	9,376
	<b>3,324,064</b>	1,474,427

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

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

As at September 30, 2018, the Group endorsed certain bank acceptance bills totaling RMB51,564,000 (March 31, 2018: RMB153,254,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB33,274,000 (March 31, 2018: RMB90,201,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

# Notes to the Unaudited Interim Financial Report

## 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, 2018 RMB'000	At March 31, 2018 RMB'000
Within credit terms	2,181,284	822,378
1 to 3 months past due	114,839	136,616
Over 3 months but less than 6 months past due	49,309	20,949
Over 6 months but less than 12 months past due	25,753	388
Over 1 year past due	2,284	34
	<b>2,373,469</b>	<b>980,365</b>

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

## 18 OTHER FINANCIAL ASSETS/AVAILABLE-FOR-SALES FINANCIAL ASSETS

	Note	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000 (Note 32)
<b>Non-current</b>			
Equity securities designated as FVOCI (non-recycling)	(b)	177,672	–
Financial assets measured at amortized cost	(d)	20,723	–
		<b>198,395</b>	–
<b>Current</b>			
Financial assets measured at amortized cost	(a)	1,586,125	–
Debt instruments classified as FVOCI (recycling)	(c)	586,749	–
Financial assets classified as FVPL	(d)	221,521	–
		<b>2,394,395</b>	–
Available-for-sale financial assets			
– short-term investment with banks	(a)	–	2,921,051
– available-for-sale financial assets	(b)/(c)/(d)	–	1,592,803
		<b>2,592,790</b>	<b>4,513,854</b>

# Notes to the Unaudited Interim Financial Report

## 18 OTHER FINANCIAL ASSETS/AVAILABLE-FOR-SALES FINANCIAL ASSETS (continued)

- (a) Financial assets measured at amortized cost are principal guaranteed short-term investments with banks in the PRC, which were previously classified as available-for-sale financial assets. These investments have expected but not guaranteed returns, ranging from 3.30% to 5.10% (March 31, 2018: 2.65% to 6.70%) per annum.

During the period, the interest income of investments with banks of RMB64,717,000 (six months period ended September 30, 2017: RMB4,813,000) was recognized in finance income.

- (b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. ("Shuo Ming De"), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of V-GRASS for an amount of RMB224,921,000. The shares cannot be transferred within 12 months from the date of the stock listing. The Group designated its investment in V-GRASS as FVOCI (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains, which were previously classified as available-for-sale financial assets. No dividends were received on this investment during the six months period ended September 30, 2018.

During the period, the changes in fair value of these investments, after tax effect of RMB49,874,000 was recognized as a loss in other comprehensive income.

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

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

The Group classified debt instruments held by Bosideng Fund as FVOCI (recycling), which were previously classified as available-for-sale financial assets, as the investments are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling investments (note 3).

During the period, the interest income of these investments of RMB23,364,000 was recognized in finance income.

During the period, the changes in fair value of these investments of RMB15,938,000 was recognized as a loss in other comprehensive income.

The realized losses of these investments incurred during the period of RMB66,449,000 was recognized as a loss in finance expense.

# Notes to the Unaudited Interim Financial Report

## 18 OTHER FINANCIAL ASSETS/AVAILABLE-FOR-SALES FINANCIAL ASSETS (continued)

(d) Financial assets classified as FVPL represent listed equity investments held by Bosideng Fund and short-term investments with banks.

### (i) Listed equity investments

The listed equity investments held by Bosideng Fund were classified as FVPL, as the Group plans not to elect option to irrevocably designate as FVOCI (without recycling) under IFRS 9 and these investments have been classified as FVPL.

During the period, the changes in fair value of these investments of RMB1,077,000 was recognized as a loss in finance income.

### (ii) Short-term investments with banks

Short-term investments with banks with no guarantee of principal and interest were classified as FVPL. During the period, the changes in fair value of these investments of RMB2,446,000 was recognized in finance income.

## 19 PLEDGED BANK DEPOSITS

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

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Standby letters of credit	184,995	544,805
Bank borrowings (note 22)	633,936	278,255
Bills payable and letter of credit facilities	30,183	81,548
	<b>849,114</b>	<b>904,608</b>

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

## 20 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB239,000,000 as at September 30, 2018 (March 31, 2018: RMB271,611,000) were deposited in banks for a period of over three months but within one year.

# Notes to the Unaudited Interim Financial Report

## 21 CASH AND CASH EQUIVALENTS

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Cash at bank and on hand	2,373,055	2,970,270
Less: pledged bank deposits	(849,114)	(904,608)
time deposits with maturity over 3 months	(239,000)	(271,611)
Cash and cash equivalents	<b>1,284,941</b>	1,794,051

## 22 INTEREST-BEARING BORROWINGS

At September 30, 2018, the interest-bearing borrowings were repayable as follows:

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Within 1 year or on demand	<b>2,388,785</b>	2,338,429

At September 30, 2018, the interest-bearing borrowings comprised:

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Bank loans		
– Secured	2,088,785	2,338,429
– Unsecured	300,000	–
	<b>2,388,785</b>	2,338,429

Bank borrowings of RMB524,230,000 as at September 30, 2018 (March 31, 2018: RMB989,434,000) were secured by standby letters of credit, which is in turn secured by pledged deposit of RMB184,995,000 (March 31, 2018: RMB544,805,000) (note 19).

Bank borrowings of RMB1,280,486,000 as at September 30, 2018 (March 31, 2018: RMB571,176,000) were secured by pledged bank deposits of RMB633,936,000 (March 31, 2018: RMB278,255,000) (note 19).

Bank borrowings of RMB284,069,000 as at September 30, 2018 (March 31, 2018: RMB777,819,000) were secured by Bosideng Fund's cash and cash equivalents and financial assets held with a broker (note 18(c)).

# Notes to the Unaudited Interim Financial Report

## 23 TRADE AND OTHER PAYABLES

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Trade payables	956,695	522,540
Other payables and accrued expenses		
– Deposits from customers	168,252	176,584
– Receipts in advance	–	176,736
– Contract liabilities	286,638	–
– Construction payables	21,781	21,753
– Accrued advertising expenses	22,749	18,848
– Accrued payroll, welfare and bonus (ii)	176,847	268,815
– Cash-settled written put option (note 24(a))	51,547	120,855
– VAT payable	195,459	125,245
– Dividends payable	5,000	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	130,137	52,055
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	4,402	36,371
– Advances from a company controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.	27,128	27,131
– Payables in relation to unvested restricted shares (note 27(a))	22,167	13,994
– Payables in relation to completion of acquisition of Joy Smile	–	40,252
– Amounts due to brokers (i)	28,854	34,445
– Others	152,330	128,511
	<b>2,249,986</b>	<b>1,769,135</b>

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

(ii) As at March 31, 2018, the accrued balance of sales performance bonus was RMB90,596,000, including RMB15,857,000 in non-current other payables (note 25), out of which RMB40,345,000 was paid during the six months period ended September 30, 2018 and RMB650,000 was paid in October 2018. In order to better inspire and reward the staff in the future, the Group plans to launch a new round of share option scheme (linked to future services and performance, see note 31). After communication with relevant staff, the remaining accrued balance of sales performance bonus of RMB49,600,000 for those relevant staff will not be paid and was therefore reversed during the six months period ended September 30, 2018.

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

# Notes to the Unaudited Interim Financial Report

## 23 TRADE AND OTHER PAYABLES (continued)

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

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Within 1 month	825,672	391,704
1 to 3 months	131,023	130,836
	<b>956,695</b>	<b>522,540</b>

## 24 DERIVATIVE FINANCIAL LIABILITIES

### (a) Written put option

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

As at September 30, 2018, the present value of the redemption price of the cash settled portion of the written put option of RMB51,547,000 was recorded as a current payable (March 31, 2018: RMB120,855,000). The decrease of RMB69,308,000 during the year was recorded as an increase of other reserves.

As at September 30, 2018, the fair value of the share settled portion of the written put option was zero (March 31, 2018: nil), and no derivative financial liabilities with the fair value change was recognized in profit or loss (March 31, 2018: nil).

### (b) Forward contracts

Derivative financial liabilities 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, 2018, the fair value of outstanding forward contracts amounted to a loss of RMB6,980,000 (March 31, 2018: nil) was recorded as derivative financial liabilities.

## 25 NON-CURRENT OTHER PAYABLES

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	–	75,929
Payables in relation to equity share-based transactions (note 27)	10,363	13,608
Sales performance bonus accrual (note 23(ii))	–	15,857
	<b>10,363</b>	<b>105,394</b>

# Notes to the Unaudited Interim Financial Report

## 26 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

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

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
Interim dividend declared and paid after the interim period of HKD2.0 cents per ordinary share (2017: interim dividend of HKD1.5 cents per ordinary share)	189,150	135,025

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, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HKD3.5 cents per ordinary share (2017: final dividend of HKD0.5 cent per ordinary share)	326,667	44,728
Special dividend proposed after the end of the reporting period, approved and paid during the period, of HKD2.5 cents per ordinary share (2017: nil)	233,334	–
	<b>560,001</b>	<b>44,728</b>

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

### (b) Purchase of own shares

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

## 27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

# Notes to the Unaudited Interim Financial Report

## 27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

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

As at September 30, 2018, the Company had the following share-based payment arrangements.

### (a) Restricted shares

- (i) On August 5, 2016, the Group granted an aggregate number of 180,900,000 restricted shares to 66 eligible 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, 2018, payment for all restricted shares were received by the Group and such payments were recorded as current other payables amounting to RMB13,868,000.

Up to September 30, 2018, 116,170,000 restricted shares were vested to 61 persons, and 15,200,000 restricted shares for 5 persons were not vested due to unqualified performance or resignation. As at September 30, 2018, the remaining number of restricted shares outstanding was 49,530,000 shares.

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

57,800,000 of these restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. The remaining 22,800,000 restricted shares vest for a period up to two years, with 50% and 50% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2019, 2020 and 2021 as well as the cumulative performance for the two years and three years ending March 31, 2020 and 2021, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.34 per share, which shall be refunded if the restricted shares are not vested. As of September 30, 2018, a payment of RMB19,083,000 for these restricted shares was received by the Group.

No restricted shares were forfeited during the six months period ended September 30, 2018. As at September 30, 2018, no shares were vested, as the restricted shares were still within the vesting period.

# Notes to the Unaudited Interim Financial Report

## 27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

### (b) Share options

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

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

As at September 30, 2018, the number of share options outstanding was adjusted from 180,900,000 shares to 165,100,000 shares due to unqualified performance of 3 people and resignation of 2 people and the exercise price stayed the same.

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

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

No share options were forfeited during the six months period ended September 30, 2018. As at September 30, 2018, no share options were vested as the share options were still within vesting period.

## 28 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.

# Notes to the Unaudited Interim Financial Report

## 28 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

#### (i) Fair value hierarchy (continued)

	Fair value at September 30, 2018 RMB'000	Fair value measurements as at September 30, 2018 categorized into		
		Unadjusted quoted prices (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
<b>Recurring fair value measurements</b>				
Financial assets:				
Financial assets measured at amortized cost	1,606,848	–	1,606,848	–
Equity securities designated as FVOCI	177,672	177,672	–	–
Debt instruments classified as FVOCI	586,749	586,749	–	–
Financial assets classified as FVPL	221,521	25,266	196,255	–
Financial liabilities:				
Derivative financial instruments:				
– Forward exchange contracts	6,980	–	6,980	–

	Fair value at March 31, 2018 RMB'000	Fair value measurements as at March 31, 2018 categorized into		
		Unadjusted quoted prices (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
<b>Recurring fair value measurements</b>				
Financial assets:				
Available-for-sale financial assets (note 18)	4,513,854	1,592,803	2,921,051	–

During the six months ended September 30, 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended September 30, 2017: 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 financial assets measured at amortized cost, financial assets classified as FVPL, forward exchange contracts and available-for-sale financial assets in Level 2 is determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

### (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 amortized cost are not materially different from their fair values as at March 31, 2018 and September 30, 2018.

# Notes to the Unaudited Interim Financial Report

## 29 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at September 30, 2018 not provided for in the interim financial report are as follows:

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Contracted for	105,210	11,769

### (b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At September 30, 2018 RMB'000	At March 31, 2018 RMB'000
Within 1 year	78,000	64,935
After 1 year but within 5 years	94,343	82,145
Over 5 years	73	–
	<b>172,416</b>	<b>147,080</b>

The Group leases a number of warehouses, factory facilities office premises and specialty shops under operating leases. The leases typically run for an initial period of 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 RMB187,979,000 for the six months period ended September 30, 2018 (six months ended September 30, 2017: RMB163,794,000).

### (c) Contingent liabilities

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

## 30 RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2018 and 2017, transactions with the following parties are considered as related party transactions.

Name of parties	Relationship
Bosideng Corporation 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family ("the Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") 山東康博置業有限公司("山東康博置業")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. ("Shandong Kangbo Industrial") 山東康博實業有限公司("山東康博實業")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group

# Notes to the Unaudited Interim Financial Report

## 30 RELATED PARTY TRANSACTIONS (continued)

Name of parties	Relationship
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

### (a) Transactions with related parties

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
<b>Purchase of raw materials:</b>		
Bosideng Corporation	814	–
<b>Rental expenses for lease of properties:</b>		
Bosideng Corporation	5,976	541
Jiangsu Suyong	–	2,681
<b>Total</b>	<b>5,976</b>	<b>3,222</b>
<b>Processing fee costs:</b>		
Bosideng Corporation	675,007	652,347
Jiangsu Kangxin	21,822	20,028
Shandong Kangbo	4,550	2,531
<b>Total</b>	<b>701,379</b>	<b>674,906</b>
<b>Integrated service fees:</b>		
Bosideng Corporation (i)	4,047	3,585
Jiangsu Kangxin	56	2
Jiangsu Suyong	–	56
	<b>4,103</b>	<b>3,643</b>

- (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

## 30 RELATED PARTY TRANSACTIONS (continued)

### (b) Balances with related parties

	Six months ended September 30, 2018 RMB'000	Six months ended September 30, 2017 RMB'000
<b>Other receivables due from:</b>		
Bosideng Corporation	270,084	196,532
Jiangsu Kangxin	1,597	4,079
Jiangsu Suyong	131	123
Shandong Kangbo	152	–
	<b>271,964</b>	200,734
<b>Total receivables due from related parties</b>	<b>271,964</b>	200,734
<b>Other payables due to:</b>		
Bosideng Corporation	6,107	3,236
Shandong Kangbo	–	512
Jiangsu Suyong	–	21
	<b>6,107</b>	3,769
<b>Total payables due to related parties</b>	<b>6,107</b>	3,769

## 31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to September 30, 2018, the Company proposed an interim dividend of approximately RMB189,150,000 representing HKD2.0 cents (approximately RMB1.8 cents) per ordinary share to the equity shareholders of the Company.
- (b) On October 26, 2018, the board of directors of the Group has resolved to grant 260,000,000 share options to eligible persons who are directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD1.07 per share. These share options are valid for ten years, commencing from October 26, 2018.

## 32 COMPARATIVE FIGURES

The Group has initially applied IFRS 15 and IFRS 9 at April 1, 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

# Notes to the Unaudited Interim Financial Report

## 33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED SEPTEMBER 30, 2018

A number of new standards and amendments to standards are not yet effective for the year ending March 31, 2019 and have not been adopted by the Group in preparing the interim financial report.

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

### IFRS 16, Leases

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

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

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

The Group currently plans to adopt IFRS 16 initially on April 1, 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

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

# General Information

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

As at September 30, 2018, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares") or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

### Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Controlled corporation (Note 1)	3,198,791,201	29.94%
	Deemed interest (Note 3)	2,763,697	0.03%
	Controlled corporation (Note 4)	3,844,862,385	35.99%
	Founder of discretionary trust (Note 5)	611,656,857	5.73%
Ms. Mei Dong	Deemed interest (Note 1)	3,198,791,201	29.94%
	Beneficial owner (Note 2)	2,763,697	0.03%
	Deemed interest (Note 4)	3,844,862,385	35.99%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.73%
Ms. Huang Qiaolian	Beneficial owner (Notes 2, 6, 7, 8)	6,683,697	0.06%
Mr. Mak Yun Kuen	Beneficial owner (Notes 6, 7)	7,840,000	0.07%
Mr. Rui Jinsong	Beneficial owner (Notes 2, 6, 7)	9,718,242	0.09%
Mr. Gao Xiaodong	Beneficiary of discretionary trust (Note 5)	611,656,857	5.73%

Notes:

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

## General Information

2. Each of Ms. Mei Dong and Ms. Huang Qiaolian was granted 2,763,697 Shares, respectively. Mr. Rui Jinsong was granted 1,878,242 Shares, under the share scheme over a vesting period.
3. Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
4. These Shares were directly held by New Surplus International Investment Limited ("New Surplus"), the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by IC International Limited ("ITC SPC"). Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited. Accordingly, each of Mr. Gao Dekang, Topping Wealth Limited and Bo Flying Limited is deemed to be interested in such Shares under the SFO. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn is controlled by Bosideng Holdings Group Co., Ltd. Bosideng Holdings Group Co., Ltd is controlled by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 3,844,862,385 Shares held by the controlled corporation of Mr. Gao Dekang under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth Limited.
5. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.
6. Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong and Ms. Huang Qiaolian was granted 11,200,000 Shares, 11,200,000 Shares and 5,600,000 Shares in August 2016, of which 7,840,000 Shares, 7,840,000 Shares and 3,920,000 Shares had been vested, and those which were not yet vested are held by the Share Award Scheme Trustee.
7. Each of Mr. Mak Yun Kuen, Mr. Rui Jinsong and Ms. Huang Qiaolian was granted 11,200,000 options, 11,200,000 options and 5,600,000 options in August 2016, of which 7,840,000 options, 7,840,000 options and 3,920,000 options had been vested.
8. Ms. Huang Qiaolian was granted 3,400,000 options in March 2018 which were not yet vested and 3,400,000 Shares in March 2018 which were not yet vested and are held by the Share Award Scheme Trustee.

Save as disclosed above, as at September 30, 2018, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

# General Information

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

As at September 30, 2018, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of any class of share carrying rights to vote in all circumstances at general meeting of the Company:

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

## General Information

Name of shareholder	Nature of interest	Number of shares in long position	Approximate percentage of interest in the Company
CITIC Group Corporation	Interest of controlled corporation (Notes 5 & 6)	7,046,417,283	65.96%
Honway Enterprises Limited	Beneficial interest (Note 7)	611,656,857	5.73%
Cititrust (Cayman) Limited	Trustee (Note 7)	611,656,857	5.73%
First-Win Enterprises Limited	Interest of controlled corporation (Note 7)	611,656,857	5.73%

### Notes:

- These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn owned as to 67.54% by Bosideng Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd (a company wholly owned by Mr. Gao Dekang. Bosideng Holdings Group Co., Ltd is owned as to 30.45% by Jiangsu Kangbo Investment Co., Ltd and 69.55% by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.
- These Shares were directly held by New Surplus, the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by ITC SPC. Topping Wealth Limited is wholly owned by Mr. Gao Dekang. Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited. Accordingly, each of Mr. Gao Dekang, Topping Wealth Limited and Bo Flying Limited is deemed to be interested in such Shares under the SFO. As explained in Note 1 above, Bo Flying Limited is indirectly controlled by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. Mr. Gao Dekang is a director of New Surplus and Topping Wealth Limited.
- 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.
- 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.
- 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.
- Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited and CIAM was deemed to be interested in a total of 7,046,417,283 Shares by virtue of its control over several corporations, according to the disclosure forms filed by them on October 28, 2016, as the case maybe, the details of which are as follows:

# General Information

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

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

Save as disclosed above, as at September 30, 2018, none of the substantial shareholders of the Company had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of any class of share carrying rights to vote in all circumstances at general meeting of the Company.

## INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HKD2.0 cents (equivalent to approximately RMB1.8 cents) per Share for the six months ended September 30, 2018. The proposed interim dividend is payable on or around January 15, 2019 to shareholders whose names appear on the register of members of the Company on January 2, 2019.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 28, 2018 to January 2, 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 15, 2019, all duly completed transfer forms must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on December 27, 2018.

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

During the six months ended September 30, 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company.

## CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company has complied with the code provisions of the Corporate Governance Code (the “Code”), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2018, 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 three 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, 2018.

## AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process, risk management and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The unaudited condensed consolidated interim financial statements for the six months ended September 30, 2018 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 29 of this report. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Wang Yao.

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Gao Dekang (Chairman of the Board and Chief Executive Officer) <sup>(Notes 1 & 2)</sup>

Ms. Mei Dong

Ms. Huang Qiaolian

Mr. Mak Yun Kuen

Mr. Rui Jinsong

Mr. Gao Xiaodong

### Independent Non-executive Directors

Mr. Dong Binggen <sup>(Notes 1, 2 & 3)</sup>

Mr. Wang Yao <sup>(Notes 1, 2 & 3)</sup>

Dr. Ngai Wai Fung <sup>(Note 3)</sup>

## COMPANY SECRETARY

Mr. Mak Yun Kuen

## AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang

Mr. Mak Yun Kuen

## SHARE LISTING

Place of Listing

The Stock Exchange of Hong Kong Limited

## STOCK CODE

3998

## INVESTOR RELATIONS

Email: [bosideng\\_ir@bosideng.com](mailto:bosideng_ir@bosideng.com)

Tel: (852) 2866 6918

Fax: (852) 2866 6930

## WEBSITES

<http://company.bosideng.com>

<http://www.bosideng.com>

## INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5709, 57/F., The Center

99 Queen's Road Central

Central, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited

Royal Bank House – 3rd Floor

24 Shedden Road

P.O. Box 1586

Grand Cayman KY1-1110

Cayman Islands

## HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shop 1712-1716, 17 Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

## PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright

## AUDITORS

KPMG  
Certified Public Accountants

## PRINCIPAL BANKERS

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

Notes:

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

# Shareholder Information

## IMPORTANT DATES

### Closure of Register of Members

December 28, 2018 to January 2, 2019

### Dividends

Interim Dividend : HKD2.0 cents per ordinary share

Payable on : On or around January 15, 2019

### Interim Period End

September 30

### Board Lot

2,000 Shares