中國服飾控股有限公司
CHINA OUTFITTERS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "**Board**") of China Outfitters Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2017	2016	
	RMB million	*RMB million*	*Changes*
REVENUE	**918.3**	902.0	+1.8%
Gross profit	**626.4**	567.4	+10.4%
Gross profit margin	***68.2%***	*62.9%*	*+5.3 p.p.t.*
Operating profit	**67.9**	67.3	+0.9%
Operating profit margin	***7.4%***	*7.5%*	*(0.1 p.p.t.)*
Profit attributable to owners of the parent	**54.9**	45.4	+20.9%
Basic earnings per share — *RMB cent*	**1.60**	1.32	+21.2%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	5	**918,340**	902,005
Cost of sales		**(291,912)**	(334,588)
Gross profit		**626,428**	567,417
Other income and gains	5	**25,698**	36,127
Selling and distribution expenses		**(477,177)**	(456,764)
Administrative expenses		**(59,612)**	(60,344)
Other expenses		**(47,417)**	(19,162)
Operating profit		**67,920**	67,274
Finance income	6	**28,664**	34,629
Finance costs	7	**(4,398)**	(6,681)
Share of profits and losses of:			
Joint ventures		**1,454**	484
An associate		**(456)**	—
PROFIT BEFORE TAX	8	**93,184**	95,706
Income tax expense	9	**(37,405)**	(52,351)
PROFIT FOR THE YEAR		**55,779**	43,355
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**(2,787)**	—
Exchange differences on translation of foreign operations		**27,649**	(8,608)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**80,641**	34,747
Profit attributable to:			
Owners of the parent		**54,850**	45,403
Non-controlling interests		**929**	(2,048)
		55,779	43,355
Total comprehensive income attributable to:			
Owners of the parent		**79,810**	36,698
Non-controlling interests		**831**	(1,951)
		80,641	34,747
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	11	**RMB1.60 cents**	RMB1.32 cents

Details of the dividend proposed and paid for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**241,718**	275,123
Prepaid land lease payments		**41,417**	83,927
Investment properties		**28,865**	4,499
Investments in joint ventures		**141,923**	156,980
Investment in an associate		**14,606**	16,121
Available-for-sale investments		**60,961**	17,016
Goodwill		**70,697**	70,697
Other intangible assets		**81,300**	99,093
Deferred tax assets		**178,692**	149,780
Total non-current assets		**860,179**	873,236
CURRENT ASSETS			
Inventories	*12*	**170,828**	258,755
Property under development	*13*	**69,153**	—
Trade and bills receivables	*14*	**117,156**	105,565
Prepayments, deposits and other receivables		**154,935**	75,096
Dividend receivable		**10,095**	—
Derivative financial instruments		—	10,365
Structured bank deposits	*15*	**494,735**	474,200
Pledged bank deposits		—	429,324
Cash and cash equivalents		**199,695**	157,122
Total current assets		**1,216,597**	1,510,427
CURRENT LIABILITIES			
Interest-bearing bank borrowings		—	384,639
Trade payables	*16*	**25,045**	32,489
Other payables and accruals		**130,486**	140,454
Tax payable		**158,509**	141,861
Total current liabilities		**314,040**	699,443
NET CURRENT ASSETS		**902,557**	810,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,762,736**	1,684,220
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**26,929**	26,864
Net assets		**1,735,807**	1,657,356

	Notes	**2017** ***RMB'000***	2016 *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital	*17*	**280,661**	280,661
Shares held for share award scheme		**(9,781)**	(7,591)
Reserves		**1,464,222**	1,384,412
		1,735,102	1,657,482
Non-controlling interests		**705**	(126)
Total equity		**1,735,807**	1,657,356

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 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. The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 1303, 13/F, New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2011 (the "**Listing Date**").

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacturing, marketing and sale of apparel products and accessories in the People's Republic of China (the "**PRC**", or "**China**" which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors of the Company (the "**Directors**"), as of the date of this announcement, the immediate holding company and the ultimate holding company of the Company are CEC Outfitters Limited and China Enterprise Capital Limited, respectively, which were incorporated in the British Virgin Islands (the "**BVI**").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries and a trust (the "**Share Award Scheme Trust**"), a controlled special purpose entity, are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The Board has approved a share award schemes (the "**Share Award Scheme**") to provide incentives to employees of the Group and to retain and encourage employees for the continual operation and development of the Group. Pursuant to the rules of the Share Award Scheme, the Group has set up the Share Award Scheme Trust for the purpose of administering the Share Award Scheme and holding the award shares before they vest. As the Group has the power to govern the financial and operating policies of the Share Award Scheme Trust and derives benefits from the contributions of the employees, who have been awarded the awarded shares through their continued relationship with the Group, the Group is required to consolidate the Share Award Scheme Trust under IAS 27 (Revised) *Separate Financial Statements*.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual improvements to IFRSs 2014–2016 cycle*	*Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to IAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to IFRS 12 clarify that the disclosure requirements in IFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group did not have any interest that is classified as held for sale as at 31 December 2017.

The adoption of the above revised standards has had no significant financial effect on these consolidated financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of design, manufacturing, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one single reportable segment. Accordingly, no operating segment is presented.

All of the external revenues of the Group during the financial year presented are attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Since the principal non-current assets held by the Group are all located in the PRC, no geographical information required by IFRS 8 is presented.

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the financial year presented.

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold after trade discounts.

An analysis of revenue, other income and gains is as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**918,340**	902,005
Other income		
Government subsidies*	**21,887**	21,403
Arrangement fees#	**75**	76
Rental income, net	**514**	2,175
External order processing income	**1,992**	1,623
Sale of consumables, net	**150**	75
Exchange gain, net	**—**	5,048
	24,618	30,400
Other gains		
Fair value gains, net:		
Derivative financial instruments — transactions not qualifying as hedges	**—**	5,339
Others	**1,080**	388
	1,080	5,727
	25,698	36,127

* These represent incentive subsidies provided by local governments as a measure to attract investments in these localities. The amounts of these subsidies are generally determined by reference to value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by the Group's operating entities in these localities, but are subject to the government's further discretion.

These represent the one-off charges paid by third-party retailers when they entered into the initial retail agreements with the Group.

6. FINANCE INCOME

	2017	2016
	RMB'000	*RMB'000*
Interest income on bank deposits	**1,202**	1,537
Interest income on structured bank deposits	**26,516**	33,092
Others	**946**	—
	28,664	34,629

7. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans	**4,398**	6,681

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories sold	**227,909**	196,697
Depreciation:		
Property, plant and equipment	**14,885**	14,927
Investment properties	**1,978**	154
	16,863	15,081
Amortisation of prepaid land lease payments*	**924**	2,100
Amortisation of other intangible assets*	**1,572**	1,572
Minimum lease payments under operating leases in respect of buildings	**13,213**	18,285
Auditor's remuneration	**2,418**	2,326
Employee benefit expenses (including Directors' remuneration):		
Wages and salaries	**102,229**	97,115
Pension scheme contributions	**14,187**	14,249
	116,416	111,364
Impairment of other intangible assets^	**10,776**	18,000
Loss on disposal of:		
Derivative financial instruments — transactions not qualifying as hedges	**10,365**	—
Fair value gains, net:		
Derivative financial instruments — transactions not qualifying as hedges	**—**	(5,339)
Write-down of inventories to net realisable value#	**64,003**	137,891
Impairment of trade receivables^	**796**	1,162
Write-off of uncollectible trade receivables^	**1,699**	—
Foreign exchange differences, net	**23,781**	(5,048)

* The amortisation of prepaid land lease payments and the amortisation of other intangible assets for the year are included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

\# The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

^ The impairment of other intangible assets and trade receivables and the write-off of uncollectible trade receivables are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company incorporated in the Cayman Islands and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made, as the Group had no assessable profits derived from or earned in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries registered in the PRC are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2017.

	2017	2016
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**65,323**	73,921
Deferred	**(27,918)**	(21,570)
Total tax charge for the year	**37,405**	52,351

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., statutory tax rate) to the effective tax rate, are as follows:

	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**93,184**		95,706	
Tax charge at the statutory tax rate	**23,296**	**25**	23,926	25
Entities subject to lower statutory income tax rates	**(490)**	**(1)**	264	—
Effect of withholding tax on distributable profits of certain PRC subsidiaries	**2,842**	**3**	23,618	25
Effect of withholding tax on services fee	**2,575**	**3**	3,086	3
Profits and losses attributable to an associate	**114**	**—**	—	—
Profits and losses attributable to joint ventures	**(363)**	**—**	(121)	—
Adjustments in respect of current tax of previous periods	**(2,448)**	**(3)**	(2,091)	(2)
Tax losses not recognised	**11,615**	**13**	3,120	3
Others	**264**	**—**	549	1
Tax charge at the Group's effective tax rate	**37,405**	**40**	52,351	55

No share of tax attributable to joint ventures and an associate (2016: Nil) is included in "Share of profits and losses of joint ventures" and "Share of profits and losses of an associate" in the consolidated statement of profit or loss and other comprehensive income.

10. DIVIDENDS

The Board does not recommend to declare any final dividends for the year ended 31 December 2017 and 31 December 2016.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,431,537,000 (2016: 3,435,162,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2017 and 31 December 2016 in respect of a dilution as the impact of the share options under the Pre-IPO Share Option Scheme outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of basic earnings per share is based on:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**54,850**	45,403

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue	**3,445,450,000**	3,445,450,000
Weighted average number of shares purchased for the Share Award Scheme	**(13,913,000)**	(10,288,000)
Adjusted weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**3,431,537,000**	3,435,162,000

12. INVENTORIES

	2017	2016
	RMB'000	*RMB'000*
Raw materials	**13,358**	13,436
Work in progress	**8,526**	6,709
Finished goods	**148,944**	238,610
	170,828	258,755

13. PROPERTY UNDER DEVELOPMENT

	2017	2016
	RMB'000	*RMB'000*
Property under development expected to be recovered:		
Within one year	**69,153**	—
Carrying amount at end of year	**69,153**	—

The Group's property under development is located in the PRC and situated on leasehold land with long term leases.

14. TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**118,564**	104,767
Trade receivables, net	**116,606**	103,605
Bills receivable	**550**	1,960
	117,156	105,565

The Group's trading terms with its customers are mainly on credit, except for third party retailers, where payment in advance is normally required. The credit period normally ranges from 30 to 90 days. The Group grants a longer credit period to those long-standing customers with good payment history.

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An ageing analysis of the trade receivables as at 31 December 2017 and 31 December 2016, based on the invoice date and net of provision, and the balances of bills receivable are as follows:

	2017	2016
	RMB'000	*RMB'000*
Trade receivables		
Within 60 days	**115,390**	98,381
61 to 90 days	**500**	917
91 to 180 days	**207**	1,285
181 to 360 days	**100**	1,944
Over 360 days	**409**	1,078
	116,606	103,605
Bills receivable	**550**	1,960
	117,156	105,565

The bills receivable are due to mature within six months.

The movements in provision for impairment of trade receivables are as follows:

	2017	2016
	RMB'000	*RMB'000*
At beginning of year	**1,162**	—
Impairment losses recognised	**796**	1,162
	1,958	1,162

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB1,958,000 (2016: RMB1,162,000) with a carrying amount before provision of RMB5,454,000 (2016: RMB4,067,000).

The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**115,390**	98,381
1 to 180 days past due	**707**	2,202
181 to 360 days past due	**509**	3,022
	116,606	103,605

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

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

15. STRUCTURED BANK DEPOSITS

	2017	2016
	RMB'000	*RMB'000*
Structured bank deposits, in licensed banks in the PRC, at amortised cost	**494,735**	474,200

The structured bank deposits have terms of less than one year and are denominated in RMB.

16. TRADE PAYABLES

An ageing analysis of the trade payables as at 31 December 2017 and 31 December 2016, based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Trade payables		
Within 30 days	**20,305**	22,798
31 to 90 days	**2,350**	4,248
91 to 180 days	**1,043**	273
181 to 360 days	**1,347**	5,170
	25,045	32,489

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

17. SHARE CAPITAL

Shares

	2017	2016
	HK$'000	*HK$'000*
Issued and fully paid:		
3,445,450,000 (2016: 3,445,450,000) ordinary shares	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The Chinese economy recorded a steady growth in Gross Domestic Product ("GDP") and achieved a growth rate of 6.9% in 2017, exceeding the target of 6.5% and the previous year's growth rate of 6.7%.The sped-up economic growth was mainly driven by the increase in the total retail sales of consumer products by 10.2% in 2017. Retail sales achieved by the top 100 key and large-scale retailers also increased by 2.8% in 2017, representing an increase by 3.3 percentage points over 2016.

Benefiting from the improved market sentiment, the Group reported an increase in revenue by 1.8% from RMB902.0 million in 2016 to RMB918.3 million in 2017 and an increase in profit attributable to owners of the parent by 20.9% from RMB45.4 million in 2016 to RMB54.9 million in 2017.

FINANCIAL REVIEW

Revenue

We derive our revenue primarily from retail sales of our products to our end-consumers through self-operated retail points in department stores and shopping malls in major cities in the PRC, sales of products to third-party retailers who directly manage concession counters and retail stores in other cities in the PRC where we do not operate retail points and sales of products through online channels.

Our revenue is stated at the net invoiced value of goods sold after trade discounts.

The total revenue of the Group was RMB918.3 million in 2017, representing an increase by RMB16.3 million, or approximately 1.8% as compared to RMB902.0 million in 2016. The increase in revenue was mainly attributable to the increase in revenue from retail sales through self-operated retails points and revenue from online channels.

By sales channels

Revenue from sales of products through self-operated retail points increased by RMB28.5 million, or 4.3%, from RMB659.5 million in 2016 to RMB688.0 million in 2017 and accounted for approximately 74.9% (2016: 73.1%) of the total revenue. The increase in revenue was primarily due to the increase in same store sales by 0.8%. In terms of the retail channels, we continued to see an increase in revenue from outlet stores by RMB38.5 million, or 21.2%, from RMB181.2 million in 2016 to RMB219.7 million in 2017.

Revenue from sales of products to third-party retailers decreased by RMB24.6 million, or 12.3%, from RMB199.7 million in 2016 to RMB175.1 million in 2017 and accounted for approximately 19.1% (2016: 22.1%) of the total revenue. The decrease in revenue was primarily attributable to the decrease in number of retail points operated by third-party retailers.

Revenue from sales of products through online channels increased by RMB12.4 million, or 29.0%, from RMB42.8 million in 2016 to RMB55.2 million in 2017 and accounted for approximately 6.0% (2016: 4.8%) of the total revenue. The increase in revenue was primarily attributable to (i) an increase in sales from online discount platform such as VIP.com by RMB0.7 million or approximately 6.2% from RMB11.3 million in 2016 to RMB12.0 million in 2017; (ii) an increase in sales of products to online third-party retailers by RMB7.0 million or approximately 33.7%, from RMB20.8 million in 2016 to RMB27.8 million in 2017; and (iii) an increase in sales of product through our e-shops on Tmall.com and JD.com by RMB4.7 million or approximately 43.9%, from RMB10.7 million in 2016 to RMB15.4 million in 2017.

The table below sets forth the breakdown of our revenue contributed by sales made through our self-operated retail points, sales to third-party retailers and sales through online channels:

	Year ended 31 December			
	2017		2016	
	Revenue *RMB million*	**% of total revenue**	Revenue *RMB million*	% of total revenue
Retail sales from self-operated retailers	**688.0**	**74.9%**	659.5	73.1%
Sales to third-party retailers	**175.1**	**19.1%**	199.7	22.1%
Sales through online channels	**55.2**	**6.0%**	42.8	4.8%
Total	**918.3**	**100.0%**	902.0	100%

By Brand

Revenue contributed from self-owned brands increased by RMB8.5 million, or approximately 9.9%, from RMB85.8 million in 2016 to RMB94.3 million in 2017. Percentage of revenue from self-owned brands over total revenue increased from 9.5% in 2016 to 10.3% in 2017.

The table below sets forth our revenue contributed by licensed brands and self-owned brands:

	Year ended 31 December			
	2017		2016	
	Revenue *RMB million*	**% of total revenue**	Revenue *RMB million*	% of total revenue
Licensed brands	**824.0**	**89.7%**	816.2	90.5%
Self-owned brands	**94.3**	**10.3%**	85.8	9.5%
Total	**918.3**	**100.0%**	902.0	100%

Cost of sales

Our cost of sales decreased by RMB42.7 million, or approximately 12.8%, from RMB334.6 million in 2016 to RMB291.9 million in 2017. The decrease in cost of sales was primarily due to a mixed effect of a decrease in inventory provisions by RMB73.9 million from RMB137.9 million in 2016 to RMB64.0 million in 2017 as a result of our initiative to reduce the level of aged inventories and partially offset by an increase in cost of inventories sold by RMB31.2 million from RMB196.7 million in 2016 to RMB227.9 million in 2017 due to the increase in revenue during the year.

Gross profit and gross profit margin

Our gross profit increased by RMB59.0 million, or approximately 10.4%, from RMB567.4 million in 2016 to RMB626.4 million in 2017 as a result of the increase in revenue and decrease in cost of sales. Our overall gross profit margin also increased by 5.3 percentage points from 62.9% in 2016 to 68.2% in 2017, which was primarily due to the decrease in inventory provisions. Save for the inventory provisions, our overall gross profit margin would have been 75.2% in 2017, as compared with the gross profit margin at 78.2% in 2016. The decrease in gross profit margin excluding inventory provisions was mainly attributable to the increase in sales through outlet stores and online channels which have lower gross profit margins.

Other income and gains

Our other income and gains decreased by RMB10.4 million, or approximately 28.8%, from RMB36.1 million in 2016 to RMB25.7 million in 2017, which was primarily due to a decrease in other gains from changes in fair values of the foreign currency forward contracts by RMB5.3 million and a decrease in exchange gain by RMB5.0 million during the year.

Selling and distribution expenses

Our selling and distribution expenses increased by RMB20.4 million, or approximately 4.5%, from RMB456.8 million in 2016 to RMB477.2 million in 2017.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB12.8 million, or approximately 5.1%, from RMB251.7 million in 2016 to RMB238.9 million in 2017, which was largely due to the closure of certain stores in department stores and shopping malls with higher fixed concession fees or rental expenses during the year and an increase in sales from outlet stores which have lower concession fees.

The labour costs related to sales and marketing staff increased from RMB89.9 million in 2016 to RMB91.7 million in 2017. Such increase was primarily attributable to the increase in basic salary of the sales and marketing staff.

Consumables and decoration fees for self-operated retail points increased from RMB27.8 million in 2016 to RMB50.3 million in 2017 which was primarily attributable to the upgrading of store image for our Jeep and Santa Barbara Polo & Racquet Club ("**SBPRC**") stores as well as the opening of multi-brand lifestyle stores which required higher store renovation expenses.

We incurred advertising and promotion expenses of RMB22.3 million (2016: RMB15.6 million) during the year for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through WeChat, Weibo and mainstream websites such as Sina.com, Sohu.com etc.

The other selling and distribution expenses, including royalty fees, freight and vehicle expenses, sample expenses, travelling expenses, office expenses and other operating expenses remained consistent during the both years indicated.

Administrative expenses

We incurred administrative expenses of RMB59.6 million in 2017 which was largely consistent with the administrative expenses of RMB60.3 million incurred in 2016.

Other expenses

Other expenses mainly represented (i) an impairment on trademarks — London Fog, Zoo York and Artful Dodger of RMB10.8 million (2016: RMB18.0 million); (ii) an exchange loss of RMB23.8 million (2016: Nil); (iii) a loss on disposal of derivative financial instruments of RMB10.4 million (2016: Nil); and (iv) an impairment of trade receivables of RMB0.8 million (2016: RMB1.2 million) and write-off of uncollectible trade receivables of RMB1.7 million (2016: Nil).

Finance income

Our finance income decreased to RMB28.7 million in 2017 as compared to that of RMB34.6 million in 2016, representing a decrease by 17.1%, primarily due to the decrease in the balance of pledged bank deposits during the year.

Finance costs

The Group obtained overseas short-term bank loans from financial institutions in Hong Kong. Finance costs of RMB4.4 million (2016: RMB6.7 million) represented bank interest expenses incurred in relation to the above bank loans during the year. The bank loans were repaid in full in August 2017.

Share of profits and losses of joint ventures

Share of profits and losses of joint ventures represented share of profits of a joint venture — MCS of RMB2.8 million (2016: RMB3.8 million) which was partially offset by share of losses of joint ventures — Henry Cotton's and Marina Yachting of RMB0.8 million and RMB0.6 million, respectively (2016: Share of losses of Henry Cotton's and Marina Yachting was RMB2.4 and RMB0.9 million, respectively).

Profit before tax

As a result of the foregoing factors, our profit before tax decreased by RMB2.5 million, or approximately 2.6%, from RMB95.7 million in the 2016 to RMB93.2 million in 2017.

Income tax expense

Income tax expense decreased by RMB15.0 million, or approximately 28.6%, from RMB52.4 million in 2016 to RMB37.4 million in 2017, which was primarily due to (i) a decrease in current income tax by RMB8.6 million, or approximately 11.6%, from RMB73.9 million in 2016 to RMB65.3 million in 2017 due to the decrease in profit before tax; and (ii) an increase in deferred tax income by RMB6.3 million, or approximately 29.2%, from RMB21.6 million in 2016 to RMB27.9 million in 2017 due to the decrease in deferred tax charged in relation to the withholding tax on distributable profits of the PRC subsidiaries by RMB15.3 million from RMB18.1 million in 2016 to RMB2.8 million in 2017. The effective income tax rate in 2017 was 40.1% (2016: 54.7%).

Profit for the year

Profit for the year increased by RMB12.4 million, or approximately 28.6%, from RMB43.4 million in 2016 to RMB55.8 million in 2017. The net profit margin was 6.1% in 2017 which was largely consistent with that of 4.8% in 2016.

Profit attributable to owners of the parent

As a result of the foregoing, profit attributable to owners of the parent increased by RMB9.5 million, or approximately 20.9%, from RMB45.4 million in 2016 to RMB54.9 million in 2017.

Working Capital Management

	31 December 2017	31 December 2016
Inventory turnover days	**269**	359
Trade receivables turnover days	**44**	44
Trade payables turnover days	**36**	45

The decrease in inventory turnover by 90 days was mainly due to the decrease in inventory turnover days for inventories aged within one year by 55 days resulting from the decrease in procurement of products and a decrease in inventory turnover days for inventories aged over one year by 41 days resulting from our stock clearance strategy to sell past season inventories through outlet stores as well as online channels. In addition, the inventory balance also decreased by RMB88.0 million, or approximately 34.0%, from RMB258.8 million as at 31 December 2016 to RMB170.8 million as at 31 December 2017.

The turnover days of trade receivables and payables remained consistent for the both years indicated.

Liquidity, financial position and cash flows

As at 31 December 2017, we had net current assets of approximately RMB902.6 million, as compared to RMB811.0 million as at 31 December 2016. The current ratio of our Group was 3.9 as at 31 December 2017, as compared to that of 2.2 as at 31 December 2016.

There was no undrawn banking facility as at 31 December 2017.

As at 31 December 2017, we had an aggregate cash and cash equivalents and structured bank deposits of approximately RMB694.4 million. The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2017	2016
	RMB million	*RMB million*
Net cash flows from operating activities	**71.3**	116.9
Net cash flows from/(used in) investing activities	**242.9**	(138.7)
Net cash flows used in financing activities	**(386.8)**	(0.2)
Net decrease in cash and cash equivalents	**(72.6)**	(22.0)
Effect of foreign exchange rate changes, net	**42.2**	7.5
Cash and cash equivalents at the beginning of the year	**157.8**	172.3
Cash and cash equivalents at the end of the year	**127.4**	157.8

Operating activities

Net cash flows from operating activities decreased by RMB45.6 million, or approximately 39.0% from RMB116.9 million in 2016 to RMB71.3 million in 2017 which was primarily attributable to (i) the operating cash inflows before changes in working capital of RMB175.0 million (2016: RMB237.8 million); and (ii) changes in working capital representing a net cash outflow of RMB103.7 million (2016: a net cash outflow of RMB120.9 million).

Investing activities

Net cash flows from investing activities of RMB242.9 million mainly represented a decrease of investments in pledged bank deposits of RMB425.7 million which was partially offset by the investments in an available-for-sale investment of RMB48.8 million and an increase in investments in short-term bank deposits with original maturity of over three months of RMB69.3 million.

Financing activities

Net cash flows used in financing activities of RMB386.8 million mainly represented repayment of bank loans of RMB384.6 million during the year.

Pledge of group assets

As at 31 December 2017, no asset of our Group was pledged as a security for bank borrowings or any other financing facilities.

Capital commitments and contingent liabilities

As at 31 December 2017, the Group had capital commitments of approximately RMB69.9 million (31 December 2016: RMB5.2 million) and there were no significant contingent liabilities (31 December 2016: Nil).

Foreign exchange management

We conduct business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in Hong Kong dollars ("**HK$**") and RMB. To minimise foreign-exchange risks, the Group has a hedging policy in place.

Use of proceeds from the IPO

The shares of the Company were listed on 9 December 2011 on the Stock Exchange. The total net proceeds from the IPO amounted to approximately HK$803.9 million (equivalent to approximately RMB654.8 million), including the net proceeds from the partial exercise of the over-allotment option on 30 December 2011.

There was no material IPO proceeds used during the year.

The table below sets forth the utilisation of the net proceeds from the IPO and the unused amount as at 31 December 2017. All the unused proceeds were deposited into licensed banks in the PRC and Hong Kong:

Use of fund raised

	Percentage to total amount	Net proceeds *(HK$ million)*	Utilised amount as at 31 December 2017 *(HK$ million)*	Unutilised amount as at 31 December 2017 *(HK$ million)*
Licensing or acquisition of additional recognised international brands	**47%**	**380.7**	**234.5**	**146.2**
Expansion and enhancement of existing logistical system	**24%**	**193.1**	**193.1**	**—**
Settlement of shareholder's loan	**19%**	**152.8**	**147.1**	**5.7**
General working capital	**10%**	**77.3**	**—**	**77.3**
	100%	**803.9**	**574.7**	**229.2**

OPERATION REVIEW

Retail and distribution network

As at 31 December 2017, our sales network comprised a total of 569 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 348 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC by brand as at 31 December 2017 and 31 December 2016:

Brand	**As at 31 December 2017** Self-operated retail points	Retail points operated by third-party retailers	Total retail points	As at 31 December 2016 Self-operated retail points	Retail points operated by third-party retailers	Total retail points
Jeep						
— Menswear	**217**	**332**	**549**	210	409	619
— Spirit*	**43**	**—**	**43**	50	9	59
SBPRC	**153**	**15**	**168**	166	31	197
London Fog	**48**	**—**	**48**	57	1	58
MCS	**36**	**—**	**36**	46	—	46
Zoo York	**23**	**1**	**24**	25	3	28
Others	**49**	**—**	**49**	60	—	60
Total	**569**	**348**	**917**	614	453	1,067

* *including 20 and 26 retail points of Jeep lady as at 31 December 2017 and 31 December 2016, respectively*

Self-operated retail points

As at 31 December 2017, we had a network of 550 self-operated concession counters (31 December 2016: 592 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Parkson (百盛), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Wangfujing (王府井) etc., among which a total of 159 were outlet stores as at 31 December 2017 (31 December 2016: 153 outlet stores).

As at 31 December 2017, we had a network of 19 standalone stores (31 December 2016: 22 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Faced with the challenging market conditions and evolving consumer behavior, the following adjustments were made to our strategy for self-operated retail points:

- a net increase by 6 outlet stores in response to changes in consumer behavior and rapid sales growth in outlet store channel;

- a net increase by 9 multi-brand lifestyle stores (31 December 2016: Nil) during the year. The multi-brand lifestyle stores combine sophisticated store decorations and enriched product offerings that better demonstrate the culture and lifestyle of our brands; and
- a net decrease by 39 retail points for SBPRC, Jeep Spirit, London Fog and MCS due to the closure of loss-making stores and stores with higher fixed concession fees or rental expenses.

Retail points operated by third party retailers

Under the current uncertain and ever-changing market conditions, our third-party retailers have become more conservative in placing orders and opening new stores. As at 31 December 2017, we had a total of 348 retail points that were operated by third-party retailers, representing a decrease by 23.2% as compared to that of 453 as at 31 December 2016.

Online Channels

We primarily sell past season products through online channels which consisted of (i) online discount platforms such as VIP.com; (ii) online third-party retailers; and (iii) our self-operated e-shops on mainstream online platforms such as Tmall.com and JD.com.

In 2017, we participated in the just-in-time delivery program (the "**JIT Program**") of VIP.com, which allows us to receive orders placed by customers on VIP.com and make direct distribution of the products to customers from our warehouse. The JIT Program has significantly improved the efficiency of our order-fulfillment process and enhanced customer's shopping experience. We also actively developed new online third-party retailers for online retailing of our products and increased sales from our self-operated e-shops on online platforms such as Tmall.com and JD.com during the year.

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us capture more market segments, take advantage of a wider range of market opportunities and ultimately increase our overall market share in China's menswear market. Our initiatives in brand portfolio diversification and building brand equity during the year included the following:

MCS

MCS provided some of the apparel for Mr. Andy Lau (劉德華先生), the renowned actor, in the movie "Shock Wave" (拆彈專家) which was shown in cinemas in April 2017.

LINCS

During the year, LINCS continued to sponsor apparel for the China Entrepreneur Golf Team and the award for the "Longest Drive Prize" in the golf event "BMW Daonong Cup" Challenge, the leading amateur golf event in China.

Marina Yachting

Marina Yachting sponsored apparel for the Children's Choir of Shanghai Poly Grand Theater (上海保利大劇院童聲合唱團) for the 8th World Peace Choral Festival (第八屆世界和平合唱節) in Vienna, Austria, on 29 July 2017, and the Children's Choir won the Silver Prize in the Event.

Slava's Snowshow

We, in collaboration with the Beijing Loving Animals Foundation (北京愛它動物保護公益基金), sponsored the "Slava's Snowshow" (下雪啦) which was shown on the Shanghai Poly Grand Theater on 1 January 2017. The "Slava's Snowshow", created by the Russian performance artist Mr. Slava Polunin, is a world renowned show and over 1,000 celebrities attended the event.

Sponsorship of movies and TV shows

During the year, we also provided apparel of a number of our brands (including Barbour, Jeep, Henry Cotton's, LINCS, Marina Yachting, MCS and SBPRC) to the movies "Wing over Everest" (飛躍巔峰) and "Special Female Force 2 - The Fatal Raid" (辣警霸王花2不義之戰) and a number of TV shows including "Royal Highness" (回到明朝當王爺), "Fist Fight" (兄弟) and "Cold Cases" (冷案).

Business Digitalization

We developed an O2O system that is tailored to our retail network and allows our customers to make purchases on demand even if the desired item is out of stock at a particular location, which in turn both enhances customers' shopping experience and drives our sales. Sales contributed by the self-developed O2O system increased by RMB62.1 million, or approximately 89.0%, from RMB69.8 million in 2016 to RMB131.9 million in 2017.

With an aim to further promote customer loyalty, encourage repeat purchases and cross-selling, our Customer Relationship Management (CRM) system was online during the year. The CRM system takes into account customer's needs and enables us to satisfy the needs anytime and anywhere regardless of their means of purchase, whether through conventional retail stores or online stores.

Design and product development

The local design team continues to keep abreast of the latest trends and developments in new designs, through our collaborations with the international design teams from MCS, Henry Cotton's and Marina Yachting in Milan and Venice, Barbour in London, LINCS in New York, Greg Norman in Sydney and Zoo York in Hong Kong.

Production and supply chain

From 2017 fall/winter season and onwards, microchips with Radio Frequency Identification (RFID) technology have been implanted on product tags of our products. RFID reading devices will also be equipped in our new logistic center in Shanghai to read and identify product information. The use of this new technology will significantly improve our operational efficiency, from product receiving, positioning, stocktaking to order fulfillment process, and accelerate the transforming of our warehousing system into a B2C logistics center for direct distribution of product to customers.

Employee information

As at 31 December 2017, the Group had approximately 2,586 full-time employees. Staff costs, including Directors' remuneration, totalled RMB116.4 million in 2017 (2016: RMB111.4 million).

The Company also operated a share option scheme (the "**Share Option Scheme**") and a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of our Group. A total of 42,006,000 options under the Pre-IPO Share Option Scheme that was granted to 17 participants (including 7 directors) remain outstanding as at 31 December 2017.

Corporate Social Responsibility

Being a responsible corporate citizen is a core fundamental of our culture. During the year, we continued to participate in the sponsorship of an animal protection program organized by the Beijing Loving Animals Foundation (北京愛它動物保護公益基金) and the sponsorship of "I fly" (愛飛翔) training program for village school teachers organised by the Chinese Red Cross Foundation and Cui Yong Yuan Commonwealth Foundation (崔永元公益基金) for the purpose of supporting education in rural areas of China. A total donation of approximately RMB0.7 million was made by the Group to the above programs in 2017.

We are also looking for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact to the environment and set reduction targets as appropriate.

Prospects

Our key objectives for 2018 is "digitalization driven, retail terminal empowerment (數字驅動，賦能終端)" and the management will continue to focus on the following initiatives:

- To combine the online and offline business seamlessly through information technology and business digitalization will be our first priority for 2018. We will continue to encourage sales staff and third-party retailers to use our self-developed O2O system and CRM system. The product picture system and cross-brand product sales function will be online in 2018 which will enable our retail terminal to accelerate the response to ultimate consumers' demands for our products.

- Stock clearance of aged inventories will also be a priority for 2018. We seek to increase the number of outlet stores as well as factory outlets with higher discounts in cities or counties where neither our self-operated or third-party retailers operated retail networks have been established. Bargain sales within department stores or shopping malls will be organized and temporary pop-up stores will also be set up to sell past season inventories. In addition, we will also actively organize sales fairs on online discount platforms, develop more online third-party retailers and increase sales from our self-operated e-shops to reduce the level of inventories; and

- We will continue to explore the retail network of multi-brand lifestyle stores as it proved to contribute higher per store revenue than those single brand stores.

FINAL DIVIDENDS

The Board does not recommend to declare any final dividends in 2017 (2016: Nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding directors' dealings in the Company's securities and securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the year ended 31 December 2017, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

During the year ended 31 December 2017, none of the controlling shareholders of CEC Outfitters Limited, Vinglory Holdings Limited and Mr. Zhang Yongli, nor any of their respective associates is a director or a shareholder of any business apart from the business of the Group which competes or likely to compete, either directly or indirectly, with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF SHARES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except for the trustee of the Employees' Share Award Scheme adopted by the Board on 4 November 2014 (the "**Scheme**"). Pursuant to the terms of the rules and trust deed of the Scheme, a total of 9,360,000 shares of the Company at a total consideration of about HK$2,642,000 (equivalent to RMB2,190,000) were purchased on the Stock Exchange for the year ended 31 December 2017.

AUDIT COMMITTEE

The audit committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2017. It has also reviewed the said consolidated financial statements.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

RECORD DATE FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

All the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 8 May 2018 will be entitled to attend and vote at the Annual General Meeting of the Company to be held on Monday, 14 May 2018 at 2:00 p.m. (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 8 May 2018.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This result announcement is published on the website of the Company at *www.cohl.hk* and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2017 Annual Report and the Notice of AGM will be despatched to the shareholders of the Company and available on the same websites on or about 12 April 2018.

APPRECIATION

Dedicated and loyal employees are our most valuable asset. We would like to take this opportunity to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
China Outfitters Holdings Limited
Lo Peter
Chairman

Hong Kong, 19 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Lo Peter, Mr. Zhang Yongli, Mr. Sun David Lee and Ms. Huang Xiaoyun; the non-executive director is Mr. Wang Wei; and the independent non-executive directors are Mr. Kwong Wilson Wai Sun, Mr. Cui Yi and Mr. Yeung Chi Wai.