波司登
BOSIDENG

波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2019

HIGHLIGHTS

- Revenue increased by 16.9% to approximately RMB10,383.5 million as compared to that of last year
- Gross profit margin increased by 6.7 percentage points to approximately 53.1% as compared to that of last year
- Profit attributable to equity shareholders of the Company increased by 59.4% to approximately RMB981.3 million as compared to that of last year
- The Board proposed a final dividend of HKD6.0 cents per ordinary share

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Bosideng International Holdings Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended March 31, 2019, together with the comparative figures for the year ended March 31, 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2019

(Expressed in Renminbi)

	Note	For the year ended March 31, **2019** *RMB'000*	2018 *RMB'000* *(Note)*
Revenue	*3*	**10,383,453**	8,880,792
Cost of sales		**(4,869,939)**	(4,761,690)
Gross profit		**5,513,514**	4,119,102
Other income	*4*	**90,806**	65,622
Selling and distribution expenses		**(3,439,852)**	(2,451,503)
Administrative expenses		**(729,068)**	(630,180)
Impairment losses on goodwill and intangible assets	*9*	**(43,000)**	(165,361)
Other expenses		**(21,635)**	(14,270)
Profit from operations		**1,370,765**	923,410
Finance income		**186,537**	120,157
Finance costs		**(162,824)**	(155,300)
Net finance income/(costs)	*6*	**23,713**	(35,143)
Profit before income tax		**1,394,478**	888,267
Income tax expense	*7*	**(388,918)**	(248,746)
Profit for the year		**1,005,560**	639,521
Other comprehensive income for the year:			
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)		**(27,506)**	–
		(27,506)	–
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(30,482)**	103,587
Other financial assets: net movement in fair value reserve (recycling)		**7,470**	–
Available-for-sale securities: net movement in fair value reserve (recycling)		**–**	(4,364)
		(23,012)	99,223
Other comprehensive income for the year, net of tax		**(50,518)**	99,223
Total comprehensive income for the year		**955,042**	738,744

		For the year ended March 31,	
		2019	2018
	Note	***RMB'000***	*RMB'000*
			(Note)
Profit attributable to:			
Equity shareholders of the Company		**981,316**	615,478
Non-controlling interests		**24,244**	24,043
Profit for the year		**1,005,560**	639,521
Total comprehensive income attributable to:			
Equity shareholders of the Company		**931,065**	714,468
Non-controlling interests		**23,977**	24,276
Total comprehensive income for the year		**955,042**	738,744
Earnings per share	*8*		
– basic (RMB cents)		**9.32**	5.82
– diluted (RMB cents)		**9.17**	5.80

Note: The Group has initially applied IFRS 15 and IFRS 9 at April 1, 2018. Under the transition methods chosen, comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2019
(Expressed in Renminbi)

	Note	At March 31, 2019 RMB'000	2018 RMB'000 (Note)
Non-current assets			
Property, plant and equipment		**1,023,660**	885,308
Lease prepayments		**51,284**	54,096
Intangible assets and goodwill	*9*	**1,800,259**	1,896,716
Investment properties		**285,380**	179,167
Other financial assets		**207,497**	–
Deferred tax assets		**576,467**	469,320
		3,944,547	3,484,607
Current assets			
Inventories	*10*	**1,931,130**	1,454,840
Trade and bills receivables	*11*	**1,035,042**	980,365
Deposits, prepayments and other receivables	*12*	**919,887**	838,492
Receivables due from related parties		**178,843**	200,734
Available-for-sale financial assets		**–**	4,513,854
Other financial assets		**4,416,750**	–
Pledged bank deposits		**679,336**	904,608
Time deposits with maturity over 3 months		**222,902**	271,611
Cash and cash equivalents		**1,754,267**	1,794,051
		11,138,157	10,958,555
Current liabilities			
Current income tax liabilities		**462,551**	226,029
Interest-bearing borrowings		**1,627,720**	2,338,429
Trade and other payables	*13*	**2,699,661**	1,769,135
Payables due to related parties		**3,638**	3,769
Derivative financial liabilities		**2,289**	–
		4,795,859	4,337,362
Net current assets		**6,342,298**	6,621,193

	Note	At March 31, 2019 RMB'000	2018 RMB'000 (Note)
Total assets less current liabilities		**10,286,845**	10,105,800
Non-current liabilities			
Deferred tax liabilities		**173,353**	217,638
Non-current other payables		**4,606**	105,394
		177,959	323,032
Net assets		**10,108,886**	9,782,768
Capital and reserves			
Share capital		**803**	803
Reserves		**9,898,398**	9,594,990
Equity attributable to equity shareholders of the Company		**9,899,201**	9,595,793
Non-controlling interests		**209,685**	186,975
Total equity		**10,108,886**	9,782,768

Note: The Group has initially applied IFRS 15 and IFRS 9 at April 1, 2018. Under the transaction methods chosen, comparative information is not restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE REPORTING ENTITY

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

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Changes in accounting policies

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

(i) IFRS 9, *Financial instruments*

(ii) IFRS 15, *Revenue from contracts with customers*

(iii) 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, except for the amendments to IFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as IFRS 9.

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. The adoption of IFRIC 22 does not have any material impact on the consolidated financial position and the consolidated financial result of the Group.

Under the transition methods chosen, the Group recognizes 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 consolidated statement of financial position that has been impacted by IFRS 9 and IFRS 15:

	At March 31, 2018 *RMB'000*	Impact on initial application of IFRS 9 *RMB'000*	Impact on initial application of IFRS 15 *RMB'000*	At April 1, 2018 *RMB'000*
Non-current assets				
– Other financial assets	–	244,171	–	244,171
Total non-current assets	–	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)	–	–
Total current assets	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	–
Total current liabilities	(176,736)	–	–	(176,736)
Net current assets	4,337,118	(244,171)	–	4,092,947
Net assets	4,337,118	–	–	4,337,118

3 REVENUE AND SEGMENT REPORTING

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

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

(a) Disaggregation of revenue

Disaggregation of revenue from contract with customers by major products or service lines is as follows:

	For the year ended March 31, 2019 *RMB'000*
Revenue from contracts with customers within the scope of IFRS 15	
Disaggregated by major products service lines	
– Sales of apparels	**10,368,538**
Revenue from other sources	
Gross rentals from investment properties	**14,915**
Consolidated revenue	**10,383,453**

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	For the year ended March 31, 2019 *RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:	
– Sales of apparels	**176,736**

(b) Segment results

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

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

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended March 31, 2019 and 2018 is set out below.

	For the year ended March 31, 2019				
	Down apparels *RMB'000*	**OEM management** *RMB'000*	**Ladieswear apparels** *RMB'000*	**Diversified apparels** *RMB'000*	**Group** *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	**7,657,505**	**1,368,226**	**1,201,831**	**155,891**	**10,383,453**
Revenue from external customers	**7,657,505**	**1,368,226**	**1,201,831**	**155,891**	**10,383,453**
Inter-segment revenue	**1,494**	**133**	**–**	**67,310**	**68,937**
Reportable segment revenues	**7,658,999**	**1,368,359**	**1,201,831**	**223,201**	**10,452,390**
Reportable segment profit/(loss)	**1,390,148**	**146,632**	**149,588**	**(108,617)**	**1,577,751**
Amortization	**(69)**	**–**	**(55,528)**	**(672)**	**(56,269)**
Impairment losses on intangible assets and goodwill	**–**	**–**	**(43,000)**	**–**	**(43,000)**

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

Note: The Group has initially applied IFRS 15 at April 1, 2018. Under the transition methods chosen, comparative information is not restated.

As at March 31, 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB239,344,000.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as above that had an original expected duration of one year or less.

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

	For the year ended March 31,	
	2019	2018
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenues	**10,452,390**	9,026,847
Elimination of inter-segment revenue	**(68,937)**	(146,055)
Consolidated revenue	**10,383,453**	8,880,792

	For the year ended March 31,	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax		
Reportable segment profit	**1,577,751**	1,224,943
Amortization expenses	**(56,269)**	(66,491)
Government grants	**84,177**	56,801
Impairment losses	**(43,000)**	(165,361)
Unallocated expenses	**(191,894)**	(126,482)
Finance income	**186,537**	120,157
Finance costs	**(162,824)**	(155,300)
Consolidated profit before income tax	**1,394,478**	888,267

4 OTHER INCOME

		For the year ended March 31,	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Royalty income	*(i)*	**3,585**	8,821
Government grants	*(ii)*	**84,177**	56,801
Dividend income	*(iii)*	**3,044**	–
Other income		**90,806**	65,622

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

(ii) The Group received unconditional discretionary grants amounting to RMB84,177,000 for the year ended March 31, 2019 (2018: RMB56,801,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

(iii) Dividend income arises from the Group's equity investment in V-GRASS Fashion Co., Limited and Bosideng Industry Investment Fund S.P..

5 EXPENSE BY NATURE

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

	For the year ended March 31, 2019 *RMB'000*	2018 *RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**4,869,939**	4,761,690
Depreciation		
– Assets leased out under operating leases	**6,236**	5,808
– Other assets	**163,856**	123,191
Amortization of intangible assets and lease prepayments	**56,269**	66,491
Impairment loss of goodwill	**43,000**	165,361
Operating lease charges		
– Fixed rental charges	**189,535**	140,568
– Contingent rental charges	**1,043,600**	859,046
Provision for impairment of bad and doubtful debts	**9,993**	22,386
Auditors' remuneration	**5,300**	5,300

6 NET FINANCE INCOME/(COSTS)

	For the year ended March 31, 2019 *RMB'000*	2018 *RMB'000* *(Note)*
Recognized in profit or loss:		
Interest income on bank deposits	**20,340**	15,021
Interest income on financial assets measured at amortised cost	**118,577**	–
Interest income on available-for-sale financial assets	**–**	105,136
Interest income on debt instruments classified at FVOCI (recycling)	**40,584**	–
Total interest income on financial assets not at fair value through profit or loss	**179,501**	120,157
Net foreign exchange gain	**7,036**	–
Finance income	**186,537**	120,157
Interest on interest-bearing borrowings	**(64,596)**	(94,932)
Investment loss of debt instruments classified at FVOCI (recycling)	**(69,134)**	–
Bank charges	**(16,711)**	(17,633)
Net loss on forward exchange contract	**(8,167)**	–
Changes in fair value of forward exchange contract	**–**	(3,388)
Changes in fair value of derivative financial liabilities	**(2,289)**	–
Changes in fair value of other financial assets	**(1,927)**	–
Net foreign exchange loss	**–**	(38,154)
Others	**–**	(1,193)
Finance costs	**(162,824)**	(155,300)
Net finance income/(costs) recognized in profit or loss	**23,713**	(35,143)

Note: The Group has initially applied IFRS 9 at April 1, 2018. Under the transition methods, comparative information is not restated.

7 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2019	2018
	RMB'000	*RMB'000*
Current tax expenses		
Provision for PRC income tax	**531,181**	293,366
Deferred tax benefit		
Origination and reversal of temporary differences	**(142,263)**	(44,620)
	388,918	248,746

(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 year.

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

For the year ended March 31, 2019, 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 for procurement, production planning, order management, storage and logistics management, and services to group companies, and which were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016.

(iv) The Enterprise Income Tax Law ("EIT Law") and its relevant regulations impose a withholding tax at 10%. Deferred tax liabilities have been recognized for the retained earnings recorded in the books and accounts of the Group's PRC subsidiaries which management estimates will be distributed outside of the PRC within the foreseeable future.

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

	For the year ended March 31,	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax	**1,394,478**	888,267
Income tax at the applicable PRC income tax rate of 25%	**348,620**	222,067
Tax effect of unused tax losses not recognized, net of utilization	**(2,701)**	3,164
Non-deductible expenses	**22,011**	6,736
Effect of tax concessions of PRC operations	**(22,640)**	(18,179)
Effect of tax rate difference	**19,245**	(12,557)
Withholding tax on dividends to be appropriated from PRC subsidiaries to overseas companies	**20,855**	53,287
Others	**3,528**	(5,772)
Income tax expense	**388,918**	248,746

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2019 is based on the profit attributable to equity shareholders of the Company of RMB981,316,000 for the year ended March 31, 2019 (2018: RMB615,478,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2019, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2019	2018
	'000	*'000*
Issued ordinary shares at April 1	**10,540,010**	10,584,160
Effect of treasury shares held for Share Award Scheme	**(41,475)**	(42,057)
Effect of restricted shares exercised	**34,563**	35,625
Effect of share options exercised	**651**	–
Weighted average number of ordinary shares at March 31	**10,533,749**	10,577,728
Basic earnings per share (RMB cents)	**9.32**	5.82

(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 RMB981,316,000 (2018: RMB615,478,000) and the weighted average number of ordinary shares of 10,699,242,000 (2018: 10,619,692,000 shares), after adjusting for the effect of the Company's share-based payment arrangements, as follows:

Weighted average number of ordinary shares (diluted):

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares (basic) at March 31	**10,533,749**	10,577,728
Effect of share-based payment arrangements	**165,493**	41,964
Weighted average number of ordinary shares (diluted) at March 31	**10,699,242**	10,619,692
Diluted earnings per share (RMB cents)	**9.17**	5.80

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

9 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	**Customer relationships**	**Trademarks**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At March 31, 2017	1,302,190	635,602	407,745	2,345,537
Acquisition through a business combination	405,961	13,220	226,050	645,231
At March 31, 2018 and 2019	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2017	(321,274)	(481,936)	(61,510)	(864,720)
Amortization charge for the year	–	(33,223)	(30,748)	(63,971)
Impairment losses	(92,467)	(72,894)	–	(165,361)
At March 31, 2018	(413,741)	(588,053)	(92,258)	(1,094,052)
Amortization charge for the year	–	(21,768)	(31,689)	(53,457)
Impairment losses	(43,000)	–	–	(43,000)
At March 31, 2019	(456,741)	(609,821)	(123,947)	(1,190,509)
Net book value:				
At March 31, 2019	1,251,410	39,001	509,848	1,800,259
At March 31, 2018	1,294,410	60,769	541,537	1,896,716

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

Impairment testing for cash-generating unit containing goodwill

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

	At March 31,	
	2019	2018
	RMB'000	*RMB'000*
Gross value		
Menswear	**292,741**	292,741
Ladieswear – Jessie brand	**484,312**	484,312
Ladieswear – Buou Buou brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	**(292,741)**	(292,741)
Ladieswear – Jessie brand	**(121,000)**	(121,000)
Ladieswear – Buou Buou brand	**(43,000)**	–
Ladieswear – Tianjin Ladieswear	**–**	–
	(456,741)	(413,741)
Net value		
Menswear	**–**	–
Ladieswear – Jessie brand	**363,312**	363,312
Ladieswear – Buou Buou brand	**482,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,251,410	1,294,410

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

For the year ended March 31, 2019, the business of Buoubuou brand Ladieswear CGU was underperformed. Based on the assessment using discounted cashflow forecast method, the recoverable amount was RMB727,895,000, which was RMB43,000,000 lower than the carrying amount. Therefore, an impairment loss of RMB43,000,000 were recognized in profit or loss. The impairment losses were fully allocated to goodwill.

10 INVENTORIES

	At March 31, 2019 RMB'000	2018 RMB'000
Raw materials	**510,380**	332,835
Work in progress	**17,838**	17,621
Finished goods	**1,402,912**	1,104,384
	1,931,130	1,454,840

As at March 31, 2019, inventories carried at net realizable value amounted to approximately RMB336,457,000 (2018: RMB263,657,000).

11 TRADE AND BILLS RECEIVABLES

	At March 31, 2019 RMB'000	2018 RMB'000
Trade receivables	**1,017,232**	981,722
Bills receivable	**151,128**	121,968
Less: loss allowance for doubtful debts	**(133,318)**	(123,325)
	1,035,042	980,365

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

As at March 31, 2019, the Group endorsed certain bank acceptance bills totaling RMB193,504,000 (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 RMB124,895,000 (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.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance on bad and doubtful debts, is as follows:

	At March 31,	
	2019	2018
	RMB'000	*RMB'000*
Within credit terms	**864,794**	822,378
1 to 3 months past due	**114,604**	136,616
Over 3 months but less than 6 months past due	**15,791**	20,949
Over 6 months but less than 12 months past due	**21,536**	388
Over 1 year past due	**18,317**	34
	1,035,042	980,365

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

12 DEPOSITS, PREPAYMENT OTHER RECEIVABLES

	At March 31,	
	2019	2018
	RMB'000	*RMB'000*
Deposits	**390,381**	205,677
Prepayments for materials and processing fee	**312,713**	344,430
Prepayments for rental and other service	**38,557**	13,249
	351,270	357,679
Third party other receivables:		
– VAT recoverable	**63,684**	68,357
– Advances to employees	**36,437**	43,812
– Receivables from a company controlled by the former controlling shareholder of Joy Smile Development Limited ("Joy Smile") and You Nuo (Tianjin) Clothing Limited ("You Nuo")	**13,398**	–
– Receivables from companies controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.	**–**	60,829
– Advances to a company controlled by the non-controlling shareholder of a subsidiary, Jessie International Holdings Ltd.	**–**	22,200
– Amounts due from brokers (i)	**47,917**	56,009
– Interest receivable in relation to securities investment	**7,780**	14,553
– Others	**9,020**	9,376
	178,236	275,136
Total	**919,887**	838,492

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

13 TRADE AND OTHER PAYABLES

	At March 31,	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
Trade payables	**549,237**	425,925
Bills payables	**666,486**	96,615
	1,215,723	522,540
Other payables and accrued expenses		
– Deposits from customers	**244,264**	176,584
– Receipts in advance (i)	**–**	176,736
– Contract liabilities (i)	**239,344**	–
– Construction payables	**138,234**	21,753
– Accrued advertising expenses	**34,983**	18,848
– Accrued payroll, welfare and bonus (iii)	**278,284**	268,815
– Cash-settled written put option	**52,674**	120,855
– VAT payable	**140,061**	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.	**57,281**	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.	**–**	27,131
– Payables in relation to unvested restricted shares	**21,916**	13,994
– Amount due to Brokers (ii)	**131,191**	34,445
– Payables in relation to completion of acquisition of Tianjin Ladieswear	**–**	40,252
– Others	**136,304**	128,511
	2,699,661	1,769,135

Note: The Group has initially applied IFRS 15 at April 1, 2018. Under the methods chosen, comparative information is not restated.

(i) As a result of the adoption of IFRS 15, receipts in advance is reclassified as contract liabilities.

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

(iii) 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, out of which RMB40,996,000 was paid during the year ended March 31, 2019. In order to better inspire and reward the staff in the future, the Group launched a new round of grant of share options (linked to future services and performance). After communication with the 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 year ended March 31, 2019.

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

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

	At March 31,	
	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**1,076,675**	391,704
1 to 3 months	**139,048**	130,836
	1,215,723	522,540

14 DIVIDENDS

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

	For the year ended March 31,	
	2019	2018
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD2.0 cents per ordinary share (2018: interim dividend declared and paid of HKD1.5 cents per ordinary share)	**189,150**	132,266
Final dividend proposed after the end of the reporting period of HKD6.0 cents per ordinary share (2018: HKD3.5 cents per ordinary share)	**562,764**	310,541
No special dividend proposed after the end of the reporting period (2018: HKD2.5 cents per ordinary share)	**–**	221,815
	751,914	664,622

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

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

	For the year ended March 31,	
	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB3.5 cents per ordinary share (2018: final dividend of RMB0.5 cent per ordinary share)	**326,667**	44,728
Special dividend in respect of the previous financial year, approved and paid during the year, of RMB2.5 cents per ordinary share (2018: nil)	**233,334**	–
	560,001	44,728

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

MANAGEMENT DISCUSSION AND ANALYSIS

Since 2018, the economy of China experienced change and faced a rough patch in its course of stable growth while being exposed to downward pressure due to the complicated and harsh external environment. According to data from the National Bureau of Statistics, China's GDP growth was 6.6% in 2018, the lowest since 1990. Under such a challenging economic environment, enterprises can establish a presence only through continuous innovation and development. At the macro level, China's retail market is expected to grow at a CAGR of 9% from 2017 to 2022. It maintains an upturn, but has slowed down compared to the 12% of growth rate from 2012 to 2016. However, despite facing such environment, with the upgrading and transformation of the mass consumption structure, consumers are more diversified and dominant in brand selection, high-quality and high-profile domestic brands have become the best choice for mass consumption. According to statistics in 2018, the amount of orders for Chinese branded goods was 14% higher than that of international brands on a year-on-year basis. In 2018, the volume of orders for Chinese branded goods was 8% higher than that of international brands on a year-on-year basis.

FY2018/19 marked the Group's great year of historical significance in our course of development. The Group reconsidered its original target of starting its business and clarified its strategic principle of focusing on its principal business and key brands while implementing de-diversification to focus on its principal business. Under the direction of this strategy, the management and all employees were determined to develop our entrepreneurial spirit of working arduously and innovatively to pursue excellence and attain the best result under concerted efforts. They persisted in rebranding, optimizing channel, innovating products and revitalizing terminals, and achieved excellent results under the unfavorable market.

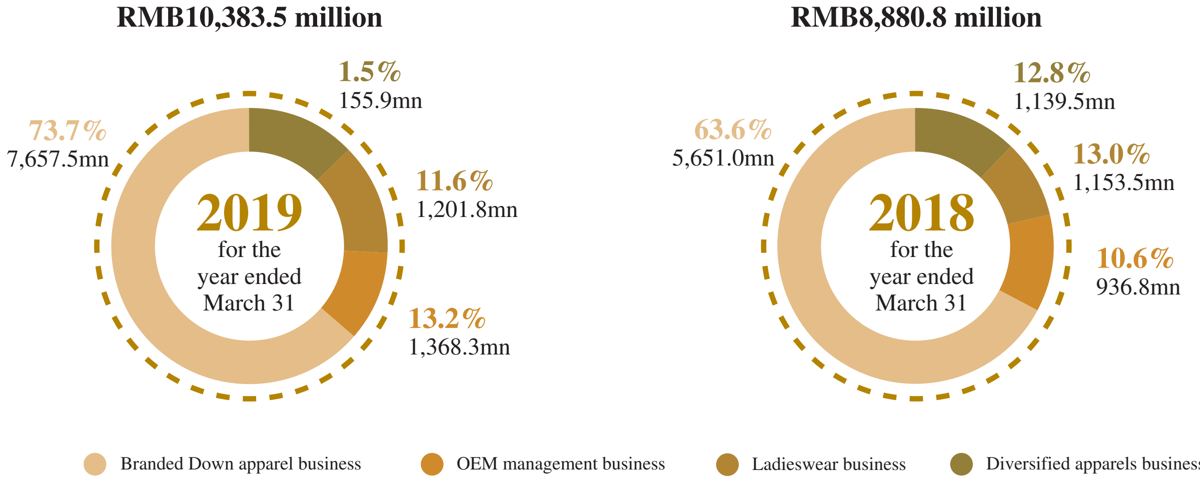
REVENUE ANALYSIS

FY2018/19 marked the first year of the Group's strategic transformation. In addition to vigorously promoting brand building, the Group attached great importance to adjusting product structure, optimizing sales channel and enhancing the construction of retail sales terminal. Leveraging on our efforts made to upgrade our brand, product, channel and terminal, the Group enhanced the awareness of the *Bosideng* brand and the brand influence among consumers. This has driven a steady increase in the sales of branded down apparel and the Group's total revenue.

During the year ended March 31, 2019, revenue of the Group amounted to approximately RMB10,383.5 million, representing an increase of approximately 16.9% as compared to that for the corresponding period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group's four main businesses.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB7,657.5 million, accounting for 73.7% of the total revenue, representing a year-on-year increase of 35.5%. OEM management business recorded revenue of approximately RMB1,368.3 million, accounting for 13.2% of the total revenue, representing a year-on-year increase of 46.1%. Ladieswear business recorded revenue of approximately RMB1,201.8 million, accounting for 11.6% of the total revenue, representing a year-on-year increase of 4.2%. According to the Group's strategic policy, the diversified apparels business contracted in the past year, accounting for 1.5% of the total revenue.

Revenue by Business



Branded Down Apparel Business:

In FY2018/19, the Group adapted to the changing environment and moved in line with trends. The Group focused on our principal objective of "giving priority to functionality" to strengthen our core down apparel business. Focusing on brand position of "top-selling down apparel expert in the world", the Group further rebuilt and optimized brand image and put forward strategies and marketing measures for brand building. With enhanced brand strength and power, the Group returned to mainstream business segment, optimized the channel structure, improved images of certain stores and adjusted the shelf display, thus improving the ability of terminal sales. For the year ended March 31, 2019, the Group's branded down apparel *Bosideng* brand recorded an increase of 38.3% in revenue to approximately RMB6,849.2 million as compared to that for the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 35.5% to approximately RMB7,657.5 million as compared to that for the corresponding period of last year.

Brand Building

In terms of brand image upgrading, *Bosideng* launched a new brand logo and initiated the project of "upgrading image of thousands of stores", so as to promote a new image. It integrated global quality resources for shooting innovative brand advertising video and brand image blockbuster, which effectively promoted the upgrading of brand visual image.

In terms of publicity and promotion, *Bosideng* conducted a series of brand activities throughout the year, including high profile brand public relations and integrated marketing events such as the new product release in Beijing Water Cube, being officially invited to participate in New York Fashion Week, the release of crossover product series with international designers, the release of high-end outdoor series and the strategic outcome conference. This attracted great attention from consumers and the whole textile and apparel industry and yielded fruitful achievements.

Meanwhile, the *Bosideng* brand cooperated with internationally renowned IP to further upgrade. Marvel's IP cooperation has been enhanced on top of the original Walt Disney Company's image collection. The launch of new products was well received and sought after among young consumers.

According to the follow-up report of tracking the health of the *Bosideng* brand by Ipsos Limited, the current scores for first mentioned awareness rate, Net Promoter Score (NPS), brand reputation and awareness among the Chinese consumers of *Bosideng* were 66%, 49%, 8.69 and 97%, respectively, all of which have greatly increased compared with the previous year, and also took the lead in the industry.

Centering around brand building, during the past year, the Group has brought some visual sensations to consumers under different scenarios and intervals, which drew great attention 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, Chinese local satellite television stations, Focus Media and the Internet, the integrated media approach has started to take effect. Market feedbacks have indicated that *Bosideng's* brand recognition has rapidly enhanced. In particular, the interactive content of the Internet can effectively mobilize customers, enhance the awareness and preference of *Bosideng's* 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 Beijing Water Cube Show, the brand's new strategy, positioning and image were unveiled, representing the first milestone event of the 2018 brand reshaping.

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

In FY2018/19, 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. The brand new *Bosideng* logo has strong brand identity and a sense of national pride. This activity was one of the key moves of the channel system upgrade.

Bosideng debuting at New York Fashion Week as the "Down Apparel Expert" in the international arena

Being an independent and officially invited brand, the *Bosideng* brand participated in the Fashion Week event held in New York in September 2018 and performed in the show. The event mainly featured brand image reshaping. The event was supported and recognized by a number of celebrities from China and abroad, which drew global attention and heated discussions. In addition to the attention from the industry and media, positive feedbacks from consumers were received on the brand change. The livestream of the show on that day attracted over 1.2 million views.

Cooperating with three international designers to launch crossover collection, Bosideng has become a cross-border pioneer of local down apparel

In October 2018, the *Bosideng* brand teamed up with Tim Coppens (former design director of Ralph Lauren), Ennio Capasa (learnt from Yohji Yamamoto) and Antonin Tron (chief designer of former Louis Vuitton, Givenchy), three major international designers from the US, France and Italy, to unveil the "Bosideng and International Designer Joint Collection". This product collection attracted consumers' attention and hot discussions online and offline, and caused a purchasing boom. During the double 11 period, products under this product collection were sold out within 5 minutes.

Strengthening interaction and cooperation with new media, Bosideng actively explores new channels for brand development

The *Bosideng* brand continued to strengthen cooperation in the new media section. In addition to the original traditional placement of advertisements and promotion, it also actively explored new media resources and secured cooperation opportunities. Such scope of cooperation was not only limited to traditional advertising, but the scope was also expanded to further enhance consumer knowledge based on consumer's behavioural habits and social media trends.

Inventory Management

The Group is committed to optimizing inventory management and maintain inventory 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 realize the combination of production and marketing, and avoid unnecessary inventory accumulation. Through continuous enhancement of the assistance and interaction among various business segments, the Group has strengthened the real-time capture and analysis of terminal retail data, and has continuously adjusted and optimized the interactions between channels and terminals based on the data collected, with a view to constantly refining retail management and fundamentally improving the overall operational efficiency.

Order Management

During FY2018/19, the Group continued to completely separate order placements of direct sales and wholesale. Single-store orders are applied to self-operated stores, which mean products for sales in single stores will match the demand for orders and the stock will be replenished and products will be produced with reference to the actual demand. Meanwhile, distributors will adopt flexible modes for order placement and replenishment based on the scale of operation. The system has optimized the mix of orders placed at self-operated stores and those placed by distributors, and hence the Group managed to maintain the stability in order placement.

High Product Quality and Quick Response

High product quality and quick responses are the core competitive edges of the Group's supply chain, and also the key elements in sustaining the Group's efficient, healthy and long-term development. According to the current strategy on commodity management, the Group achieves the goal of high product quality and quick response with each order for down apparel products are placed for replenishing the stock while small quantities of new products will be launched to achieve a quick turnaround time. Meanwhile, the Group continued to replenish stock on a rolling basis during the peak season according to the sales data from the end consumers, and hence achieved the target of maintaining high product quality and quick response. This has greatly optimized the inventory management of channels.

Logistics and Delivery

The Group's central delivery centre ("CDC") serves all offline direct stores, franchised stores and e-commerce O2O businesses throughout the country (except for Xinjiang and Northeast China). It is not only responsible for warehousing, replenishment, returns and transfer, transportation and distribution, but also responsible for the data management. It is able to effectively allocate commodity resources ahead of time based on market changes, so as to respond to consumers' demand more quickly and accurately.

Riding on the concept of nationwide inventory management and the integration and sharing of data across online and offline operations, we set up a CDC and adopted a warehouse management system to manage all the inventories. At the same time, in order to respond more quickly to market demand, the CDC adopted distributed deployment, and set up five regional warehouses in Eastern China, Northern China, Central China, Northwest China and Southwest China. Compared with the two-tier distribution channel adopted in the previous financial year "where goods were delivered to the retail store regional distribution centre ("RDC") from the CDC 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 CDC to the stores". Not only does it respond to market demands more quickly, but also allows it to realize sharing of goods throughout the nation. Moreover, capitalizing on our own smart replenishment system to achieve demand-pull restocking in the stores, we were able to ensure that bestsellers would not go out of stock. Sales were improved as a result. Next year, the Group plans to set up additional warehouses in Northeast China, Harbin and Urumqi, so that all the retail store RDC can be closed down, achieving direct distribution of goods through all the stores nationwide. It is hoped that this would reduce inventory warehousing costs and enable more effective management and control over buffer stock.

R&D of Products

Product innovation and keeping abreast of the times are the cornerstone for the brand development of *Bosideng*. From product design, research and development ("R&D"), innovation to production, the Group has a comprehensive system and processes to ensure that new products meet market trends and consumers' demand.

In general, the R&D of a product is mainly divided into two phases. In the first phase, an in-depth consumer research will be conducted, and a series of core selling points will be proposed in the planning stage. The follow-up product centre will develop the products according to the requirements of the entities. In the second phase, after the completion of product development, the promotion and presentation plan will be formulated from the perspective of consumers, and systematic sets of documents will be issued. During this process, various trainings will be provided to ensure projects are implemented at every level. In the process of sales promotion, the designer will go to the stores and get in touch with consumers to collect first-hand consumer feedbacks for later improvement.

The FY2018/19 product collection is refreshing, which has attracted the attention of a broad market of consumers. The key new product collections of *Bosideng* brand down apparels include:

High-end outdoor collection:

The collection uses the world's top notch fabrics, GORE-TEX, the choice of fabrics for outdoor gear, and 800+ fill power goose down clusters with 90% down content, to launch a product which is better in terms of waterproof, windproof and breathability. This product collection is positioned as a high-end outdoor collection. Through its world-leading fabrics and accessories, high-quality goose down clusters and professional design details, the professional positioning of *Bosideng* is further enhanced and the scientific and technological connotation of the products is also enhanced.

Designers' collection:

Bosideng cooperated with many designers of different nationalities and different backgrounds in launching crossover down apparel collections that feature trendsetting designs and functionality. It is widely recognized and sought after by the market.

Marvel collection:

Bosideng cooperated with internationally renowned IP to further upgrade. Marvel's IP cooperation has been enhanced on top of the original Walt Disney Company's image collection. The launch of new products was well received and sought after among young consumers, which caused a market boom.

Puff collection:

The Puff 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 the products 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.

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 +" 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

The SPA (Specialty Store Retailer of Private Label Apparel) model was adopted to achieve a business scale of horizontal and vertical unification in the value chain. In terms of channel construction, the main strategy for FY2018/19 was channel penetration in lower-tier markets while focusing on the township market with better economy. In terms of terminal construction, the terminal image was upgraded in FY2018/19, and some decoration resources were invested, this has effectively improved the image of the brand terminal and promoted the improvement of terminal sales. At the same time, in the past year, the *Snow Flying* brand actively developed e-commerce operations and improved member management. The membership system based on WeChat Official Account has been established and operated smoothly, and all online and offline member management standards are established and operated in an unified manner.

Bengen

During FY2018/19, through targeted positioning its own brand and corresponding market, the *Bengen* brand down apparel business is dedicated to adjusting the market structure and enhancing product power and channel power, highlighting elements of "trendiness, quality and elegance" in its products. In the past year, the biggest highlights of the *Bengen* brand down apparel were products and channels. In terms of products, according to brand positioning, it enhanced product fashion and developed towards youthfulness. In terms of channels, through the improvement of channel image, it carried out the structure optimization and image upgrading for some original channels and new channels, and matched the appropriate products with the appropriate channels.

Brands	**Revenue from down apparel business by brand For the year ended March 31, 2019** *RMB million*	***% of branded down apparel revenue***	2018 *RMB million*	*% of branded down apparel revenue*	*Change*
Bosideng	**6,849.2**	**89.5%**	4,953.7	87.6%	38.3%
Snow Flying	**361.5**	**4.7%**	315.5	5.6%	14.6%
Bengen	**213.4**	**2.8%**	203.3	3.6%	5.0%
Other brands	**2.6**	**0.0%**	112.5	2.0%	-97.7%
Others	**230.8**	**3.0%**	66.0	1.2%	249.7%
Total revenue from branded down apparel business	**7,657.5**	**100.0%**	5,651.0	100.0%	35.5%

Sale categories	**Revenue from branded down apparel business by sale category For the year ended March 31, 2019** *RMB million*	***% of branded down apparel revenue***	2018 *RMB million*	*% of branded down apparel revenue*	*Change*
Self-operated	**4,959.1**	**64.8%**	3,519.8	62.3%	40.9%
Wholesale	**2,467.6**	**32.2%**	2,065.2	36.5%	19.5%
Others*	**230.8**	**3.0%**	66.0	1.2%	249.7%
Total revenue from branded down apparel business	**7,657.5**	**100.0%**	5,651.0	100.0%	35.5%

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

FY2018/19 was the year in which the Group's channel structure was adjusted and channel building was enhanced. With the optimization of the channel structure, the Group had significantly increased the number of terminal stores in core commercial districts, such as shopping malls and department stores. Meanwhile, in this financial year, the Group had greatly enhanced the efficiency of terminal sales points through a number of flexible measures, including strengthening and improving the renovation of point of sales terminals, improving the display of goods, optimizing the quality of sales staff and closing down underperforming stores. As at March 31, 2019, the total number of selling points of the Group's down apparel business (net) increased by 162 to 4,628 compared to that of last year. Self-operated selling points (net) increased by 205 to 1,628; and selling points operated by third party distributors (net) decreased by 43 to 3,000. The self-operated and third-party distributor-operated selling points as a percentage of the overall selling points were 35.2% and 64.8%, respectively. Among total selling points of the Group's branded down apparel business, approximately 24.3% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capitals in China), and approximately 75.7% were located in the third- and lower-tier cities.

Retail network breakdown by down apparel brand

	Bosideng		***Snow flying***		***Bengen***		**Total**	
As at March 31, 2019	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*
Specialty stores								
Operated by the Group	756	+204	24	+17	26	+20	806	+241
Operated by third party distributors	1,804	+61	183	+13	338	-65	2,325	+9
Subtotal	2,560	+265	207	+30	364	-45	3,131	+250
Concessionary retail outlets								
Operated by the Group	573	-73	211	+24	38	+13	822	-36
Operated by third party distributors	310	-86	61	-19	304	+53	675	-52
Subtotal	883	-159	272	+5	342	+66	1,497	-88
Total	**3,443**	**+106**	**479**	**+35**	**706**	**+21**	**4,628**	**+162**

Change: *Compared with that as at March 31, 2018*

Retail network of down apparel business by region

Regions	**As at March 31, 2019**	As at March 31, 2018	Change
Eastern China	**1,662**	1,599	+63
Central China	**1,073**	1,007	+66
Northern China	**402**	368	+34
Northeast China	**461**	479	-18
Northwest China	**543**	542	+1
Southwest China	**487**	471	+16
Total	**4,628**	4,466	+162

Areas

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

OEM Management Business:

During FY2018/19, revenue from the Group's OEM management business amounted to approximately RMB1,368.3 million, representing 13.2% of the Group's revenue and increased by 46.1% as compared to that for the corresponding period of last year. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 86.2% of its total revenue.

In the past year, OEM management business segment continuously 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 original design manufacturing ("ODM") management business during the upgrade process from purely OEM management business to ODM management 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 for the corresponding period of last year. 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:

During FY2018/19, revenue from the Group's ladieswear business was approximately RMB1,201.8 million, which represents an increase of 4.2 % as compared to that for the corresponding period of last year. The contribution from the ladieswear business to the Group's revenue was 11.6 %. The major ladieswear brands of the Group have maintained the momentum of steady growth in sales. Revenues from the ladieswear brands were as follows:

	Revenue from ladieswear business by brand For the year ended March 31,				
	2019		2018		
Brands	***RMB million***	***% of ladieswear revenue***	*RMB million*	*% of ladieswear revenue*	*Change*
JESSIE	**412.4**	**34.3%**	389.2	33.8%	6.0%
BUOU BUOU	**361.6**	**30.1%**	375.3	32.5%	-3.7%
KOREANO	**226.1**	**18.8%**	176.1	15.3%	28.4%
KLOVA	**193.5**	**16.1%**	205.6	17.8%	-5.9%
Other brands	**8.2**	**0.7%**	7.3	0.6%	12.3%
Total revenue from ladieswear business	**1,201.8**	**100.0%**	1,153.5	100.0%	4.2%

	Revenue from ladieswear business by sale category For the year ended March 31,				
	2019		2018		
Sale categories	***RMB million***	***% of ladieswear business revenue***	*RMB million*	*% of ladieswear business revenue*	*Change*
Self-operated	**1,086.9**	**90.4%**	1,059.1	91.8%	2.6%
Wholesale	**114.9**	**9.6%**	94.4	8.2%	21.7%
Total revenue from ladieswear business	**1,201.8**	**100.0%**	1,153.5	100.0%	4.2%

FASHION LADIESWEAR – JESSIE

The year 2018 marks the 20th anniversary of *JESSIE*. This year, *JESSIE* strived to build franchised and self-operated benchmark stores. In key areas, more attention was paid to the bi-directional combination of products and marketing methods, so as to improve the overall performance through one point to the entire district. Riding on the topic of 20th anniversary of the brand, *JESSIE* attended the Milan Fashion Week in September 2018 with much attention received. Meanwhile, it also took this as an opportunity to conduct a series of thematic marketing activities, such as the 20th anniversary exhibition circuit of the brand, VIP Gratitude and feedback activities, Milan fashion show and autumn/winter new products show, etc.

JESSIE also attached great importance to comprehensive promotion of the latest generation of store image through upgrading of old stores and renovation of new store images, to enhance the brand image. Meanwhile, in the past year, *JESSIE* focused on the core categories such as trench coats, dresses, shirts, planned thematic marketing campaigns like Dress Festival and Coat Festival, and promoted terminal sales from the aspects of planning and promotion, ambience setting and sales incentive. A series of campaigns has promoted the transformation of terminal stores, stimulated the consumer market's cognition of brands and categories, and improved sales performance.

During FY2018/19, revenue from *JESSIE* increased by 6.0% to approximately RMB412.4 million, among which, revenue from self-operated business increased by 6.3% to approximately RMB333.2 million and revenue from wholesale business increased by 4.5% to RMB79.2 million, respectively.

FASHION LADIESWEAR – BUOU BUOU

In the past year, in terms of product innovation, *BUOU BUOU* had adjusted its new product sales model, transforming from destocking in the last financial year to launching new products. In terms of channel building, *BUOU BUOU* adopted the "addition and subtraction" business operation strategy, namely "addition" operation strategy applicable to online sales and "subtraction" operation strategy applicable to offline sales. In particular, in terms of offline operation, the existing channel optimization was initially completed by closing stores with skyhigh rent, serious decline in customer flow, poor overall operation and difficulty in turning around after assessment.

During FY2018/19, revenue from *BUOU BUOU* was approximately RMB361.6 million, representing a decrease of 3.7% as compared to that for the corresponding period of last year.

FASHION LADIESWEAR – KOREANO and KLOVA

The overall upgrading of brand was the main development strategy of *KOREANO* and *KLOVA* over the past year. Specifically, these two brands have carried out certain improvement and optimization in the aspects of brand image, product quality, product structure and supply chain system. In terms of product construction, the quality of A+ products accounted for 83% of the total finished products, representing an increase of 13% as compared to that for the corresponding period of last year, and the time slot for product launch has changed from four seasons of the year to ten bands of the year, to make up for the lack of product categories in the period of slack sales. In terms of supply chain system construction, these two brands completed the comprehensive upgrade of enterprise resource planning (ERP) system, realizing the data docking of design technology and planning, completing the split mode for the production of first order and products replenishments, and speeding up the reorder cycle (the average spring and summer cycle sped up from 20 days to 12 days, while the average autumn and winter cycle sped up from 30 days to 18 days).

During FY2018/19, revenues from *KOREANO* and *KLOVA* were approximately RMB226.1 million and RMB193.5 million, respectively, representing an increase of 28.4% and a decrease of 5.9% as compared to those for the corresponding period of last year, respectively.

As at March 31, 2019, the total number of selling points of the Group's ladieswear business (net) increased by 6 to 528 compared to that of last year. Self-operated selling points (net) increased by 17 to 398; and selling points operated by third party distributors (net) decreased by 11 to 130. The self-operated and third-party distributor-operated selling points as a percentage of the overall selling points were 75.4% and 24.6%, respectively. Among total retail outlets of the Group's ladieswear business, approximately 57.8% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capitals in China), and approximately 42.2% were located in the third- and lower-tier cities.

Retail network by ladieswear brand

	JESSIE		***BUOU BUOU***		***KOREANO***		***KLOVA***		**Others**		**Total**	
As at March 31, 2019	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*
Specialty stores												
Operated by the Group	4	–	18	-1	–	–	–	–	–	–	22	-1
Operated by third party distributors	23	–	9	-4	–	–	–	–	–	–	32	-4
Subtotal	27	–	27	-5	–	–	–	–	–	–	54	-5
Concessionary retail outlets												
Operated by the Group	117	+8	117	-3	79	+22	62	-4	1	-5	376	+18
Operated by third party distributors	70	+3	28	-6	–	–	–	–	–	-4	98	-7
Subtotal	187	+11	145	-9	79	+22	62	-4	1	-9	474	+11
Total	**214**	**+11**	**172**	**-14**	**79**	**+22**	**62**	**-4**	**1**	**-9**	**528**	**+6**

Change: *Compared with that as at March 31, 2018*

Retail network of ladieswear business by region

Regions	**As at March 31, 2019**	As at March 31, 2018	Change
Eastern China	**72**	75	-3
Central China	**163**	153	+10
Northern China	**55**	56	-1
Northeast China	**62**	65	-3
Northwest China	**106**	109	-3
Southwest China	**70**	64	+6
Total	**528**	522	+6

Areas

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

Diversified apparels business

During FY2018/19, revenue from our diversified apparels business was approximately RMB155.9 million, representing a significant decrease of 86.3% 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 our total revenue to 1.5%. The slowdown and decline in the diversified apparels business were highly 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 apparels business segment, the Group hopes that in the future, consumers can focus more on strengthening their loyalty of key brands and down apparel as well as 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. Revenue from the diversified apparels brands during the period was as follows:

Revenue from diversified apparels business by brand
For the year ended March 31,

	2019		2018		
Brands	***RMB million***	***% of diversified apparels business revenue***	*RMB million*	*% of diversified apparels business revenue*	*Change*
Menswear	**55.4**	**35.5%**	503.0	44.1%	-89.0%
Bosideng HOME	**50.0**	**32.1%**	561.4	49.3%	-91.1%
Other brands and others	**50.5**	**32.4%**	75.1	6.6%	-32.8%
Total revenue from diversified apparels business	**155.9**	**100.0%**	1,139.5	100.0%	-86.3%

Revenue from diversified apparels business by sale category
For the year ended March 31,

	2019		2018		
Sale categories	***RMB million***	***% of diversified apparels business revenue***	*RMB million*	*% of diversified apparels business revenue*	*Change*
Self-operated	**29.7**	**19.1%**	59.5	5.2%	-50.1%
Wholesale	**109.2**	**70.0%**	1,076.5	94.5%	-89.9%
Others*	**17.0**	**10.9%**	3.5	0.3%	385.7%
Total revenue from diversified apparels business	**155.9**	**100.0%**	1,139.5	100.0%	-86.3%

* *Represents rental income*

Bosideng HOME and Bosideng MAN

During FY2018/19, *Bosideng HOME* and *Bosideng MAN* under the diversified apparels business segment downsized their business comprehensively. Under the Group's new positioning strategy for *Bosideng* brands, the non-down apparel products under *Bosideng* brands will undergo comprehensive restructuring, and the Group has also terminated the cooperation with existing distributors for *Bosideng MAN*. As such, this resulted in the significant reduction of these two business divisions during the past year.

School uniform business – Sameite

During FY2018/19, the school uniform business under the diversified apparels business segment remained in operation under *Sameite*. As to business development, both direct business mode (via direct participation of international schools and education groups) and agent and intermediary mode of business (via formulating preferential agency policies in a targeted manner) were adopted and received close attention. Through quality products and high quality after-sales services, it was recognized by the market and improved its brand reputation.

Customers of the school uniform business were loyal, and the Group also attached great importance to exploring and maintaining relationship with these loyal and key 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.

Children's wear business

During FY2018/19, 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, with a view of becoming a China's leading operator of internationally renowned brands of children's wear in the global market. Major brands which the Group currently has entered into contracts with include *Petit main* from Japan and *Happyland* from Korea. As to its business expansion, from trial operations of products and models through online channels, it will gradually develop 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.

Retail network by diversified apparels by brand

As at March 31, 2019	*Bosideng HOME* Number of stores	*Bosideng HOME* Change	*Menswear* Number of stores	*Menswear* Change	*Children's wear* Number of stores	*Children's wear* Change	**Total** Number of stores	**Total** Change
Specialty stores								
Operated by the Group	–	-21	32	-52	–	–	32	-73
Operated by third party distributors	–	-51	–	-88	–	–	–	-139
Subtotal	–	-72	32	-140	–	–	32	-212
Concessionary retail outlets								
Operated by the Group	–	-4	4	-43	6	+6	10	-41
Operated by third party distributors	–	-19	–	-63	–	–	–	-82
Subtotal	–	-23	4	-106	6	+6	10	-123
Total	**–**	**-95**	**36**	**-246**	**6**	**+6**	**42**	**-335**

Change: Compared with that as at March 31, 2018

Retail network of diversified apparels business by region

Regions	**As at March 31, 2019**	As at March 31, 2018	Change
Eastern China	**9**	153	-144
Central China	**–**	85	-85
Northern China	**1**	21	-20
Northeast China	**2**	15	-13
Northwest China	**2**	46	-44
Southwest China	**28**	57	-29
Total	**42**	377	-335

Areas

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

ONLINE SALES

During the last year, the Group pushed ahead the expansion of the online business and achieved outstanding results. Overall, the online e-commerce business on one hand plays a role in carrying out the brand strategy and promoting the upgrade of the store image, on the other hand, it optimizes its channel mix layout and strengthens the strategic cooperation among important platforms. In terms of the image building, e-commerce platforms highlight quality through visual images and demonstrate professionalism through detailed pages to improve customers' experience of online shopping. As to channel building, the Group achieved a breakthrough cooperation with Tmall and a strategic cooperation with Vipshops, which to a great extent stimulated the online sales traffic. For goods promotion, the Group adopted innovative methods such as channel distribution mechanism to enhance the online sell-out rate. As to marketing, the overall performance has been significantly increased through vigorously high-quality promotion on important festivals.

In FY2018/19, *Bosideng* brands participated in a series of activities including the Chinese brand of Tmall's overseas program, travel to Australia with Alibaba and live broadcast of *Bosideng's* down apparel catwalk at New York Fashion Week. Revenue from the online sales of branded down apparel business and ladieswear business of the Group were approximately RMB1,766.2 million and RMB67.5 million in FY2018/19, respectively, representing an increase of 55.6% and 11.8% as compared to that of the corresponding period of last year, accounting for 23.1% and 5.6% of the revenue from the branded down apparel business and ladieswear business, respectively. By sales categories, revenue from self-operation and wholesale through the Group's online sales amounted to approximately RMB1,442.6 million and RMB408.2 million, respectively.

Looking forward, the Group will explore the potential of online marketing, integrate related brand resources and platform resources and pay attention to the interaction and coordination between e-commerce marketing events and brand events. The Group will introduce more products which are exclusively offered online, gradually diversify the features of online goods and expand the product portfolio, while increase the sales proportion of the age group of 25-35. Meanwhile, the Group will set up an e-commerce visual image optimization team to optimize the e-commerce image and promulgate unified standards on e-commerce visual image and brand images to optimize the shopping path and shopping experience.

GROSS PROFIT

In FY2018/19, gross profit of the Group increased by 33.9% as compared to that of the corresponding period of last year, from approximately RMB4,119.1 million to approximately RMB5,513.5 million. Following the successful brand reshaping and product expansion, gross profit margin increased by 6.7 percentage points as compared to that of the corresponding period of last year, from 46.4% to 53.1%.

Gross profit margin of the branded down apparel business increased by 5.9 percentage points to 57.4%, mainly due to the Group's successful brand reshaping efforts, especially for *Bosideng* brands, during FY2018/19, and an increase in average price of high-quality products introduced to the market through brand promotion and products innovation during the process of positioning itself as "the expert and the best sellers of down apparel around the world". Meanwhile, as the Group has been the market player for years and maintained steady and good relationships with upstream raw material suppliers in the markets, the pressure of the industry's overall raw material costs had relatively low impact on the Group during the year. The gross profit margin of the OEM management business slightly declined to 16.3%, as a result of the pressure of workers' wages and other costs in China and a small portion of orders with lower gross profit that have shifted to Vietnam factories which the Group has cooperated with. The gross profit margin of ladieswear business slightly declined by 0.9 percentage points to 75.5% as compared to that of the corresponding period of last year, which was mainly due to the large-scale activities such as the 20th anniversary of *JESSIE* in which some products were sold at a discount. The gross profit margin of diversified apparels business decreased significantly to 6.9%, mainly because of the Group's adjustment of overall strategy in FY2018/19, which substantially reduced the diversified apparels business and have especially significantly reduced the gross profit of the menswear business. With the contraction of diversified apparels business, such business will have less impact on the Group's overall gross profit in the future.

OPERATING PROFIT

In FY2018/19, the Group's operating profit significantly increased by 48.4% to approximately RMB1,370.8 million. Operating profit margin was 13.2%, representing an increase of 2.8 percentage points as compared to 10.4% 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

In FY2018/19, 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 RMB3,439.9 million, representing an increase of 40.3% as compared to approximately RMB2,451.5 million of the corresponding period of last year. The Group's distribution expenses accounted for 33.1% of its total revenue, representing an increase of 5.5 percentage point as compared to 27.6% 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 during this financial year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses during FY2018/19, mainly comprising salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB729.1 million, representing an increase of 15.7% as compared to approximately RMB630.2 million of last year. The proportion of administrative expenses to the Group's total revenue was 7.0%, remained basically flat as compared with last year. The slight 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 FY2018/19, the Group's finance income increased by 55.2% to approximately RMB186.5 million from approximately RMB120.2 million. The increase was mainly due to the increase of its bank interest income and financial income, as well as the decreased exchange loss during FY2018/19, as compared to the corresponding period of last year given to the influence of foreign currency exchange rate fluctuation.

FINANCE COST

During FY2018/19, the Group's finance cost decreased to approximately RMB162.8 million, primarily due to the loss from the investment in the industrial funds of the Group during the period. The Group has, according to the actual situation, redeemed these other financial assets in stages.

In order to capture investment opportunities arising from the fashion and apparel industry, we applied our unutilised cash asset to investments with high liquidity and potential, so as to enhance our investment income for short or medium term. The Group's investment in industrial fund for last financial year amounted to USD98 million. During the year, due to the Fed interest rate hike, Sino-US trade disputes and heightened risks in emerging markets, the other financial assets held by the industrial funds also incurred certain losses. The Group has, according to the actual situation, redeemed such other financial assets in stages. As of March 31, 2019, parts of such investment amounted to USD35 million has been redeemed.

TAXATION

During FY2018/19, income tax expenses increased from approximately RMB248.7 million to approximately RMB388.9 million. The effective tax rate was approximately 27.9%, 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.

DIVIDENDS

The Board recommended the payment of an annual dividend of HKD6.0 cents (equivalent to approximately RMB5.3 cents) per ordinary share for the year ended March 31, 2019. The proposed dividend is subject to approval by the shareholders of the Company at the annual general meeting (the "AGM") to be held on or around August 26, 2019. Upon shareholders' approval, the proposed dividend will be paid on or around September 20, 2019 to shareholders whose names appear on the register of members of the Company on September 5, 2019.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended March 31, 2019, the Group's net cash generated from operating activities amounted to approximately RMB1,509.4 million (March 31, 2018: approximately RMB1,032.6 million). Cash and cash equivalents as of March 31, 2019 amounted to approximately RMB1,754.3 million, as compared to approximately RMB1,794.1 million as at March 31, 2018.

As at March 31, 2019, the cash and cash equivalents were denominated in:

	RMB'000
Renminbi	**1,279,825**
US dollar	**407,180**
Pound sterling	**6,614**
HK dollar	**54,056**
Japanese yen	**5,127**
European dollar	**1,465**
Total	**1,754,267**

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 2.25% to 4.6% 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 March 31, 2019, the Group had bank borrowings amounting to approximately RMB1,627.7 million (March 31, 2018: approximately RMB2,338.4 million) and the gearing ratio (i.e. total debt/total equity) of the Group was 16.1% (March 31, 2018: 23.9%).

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

CONTINGENT LIABILITIES

As at March 31, 2019, the Group had no material contingent liabilities (March 31, 2018: nil).

CAPITAL COMMITMENTS

As at March 31, 2019, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB20.0 million (March 31, 2018: approximately RMB11.8 million).

OPERATING LEASE COMMITMENT

As at March 31, 2019, the Group had irrevocable operating lease commitments amounting to approximately RMB203.7 million (March 31, 2018: approximately RMB147.1 million).

PLEDGE OF ASSETS

As at March 31, 2019, bank deposits amounting to approximately RMB679.3 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).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES

As of March 31, 2019, the Group had 6,409 full-time employees (March 31, 2018: 5,340 full-time employees), representing a year-on-year increase of 1,069 employees. Staff costs for the year ended March 31, 2019 (including Directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB1,193.4 million (March 31, 2018: approximately RMB866.2 million). During the FY2018/19, the Group had strengthened the marketing team and expanded staff of terminal stores of the branded down apparel to increase the number of its quality staff.

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.

FUTURE OUTLOOK

In 2019, total retail sales of consumer goods in China amounted to RMB38 trillion, representing an increase of 9.0% as compared to that in 2018 and a 6.9% of real growth (excluding inflation). Over the past six years, the compound annual growth rate of disposable household income per capita has reached 8.2%. The consumer market in China has grown rapidly in recent years with growing consumer spending on mid- to high-end products. As for the current and future consumption environment in China, on the one hand, due to the obvious consumption upgrade, consumers' demand for discretionary consumer products has increased as evident by the individualized demands. On the other hand, the branded goods have become easier to sell and people with wealth possessing a higher pursuit for consumption. Most consumers in China bid farewell to the era of bulk purchase of general commodities, but initiated a new round of consumption upgrade defined as "quality upgrade of goods and services". The main consumption demands have now focused on excellence, branding, cost-effectiveness and emotions.

In response to the changes of consumption logic and the market environment, the Group completed the transformation from "self-cognition" to "value cognition" of consumers by the strategy of brand reshaping, focusing on principal business and focusing on key brands. Through keeping abreast of the future consumers' consumption preference and market growth trends and responding to the concept of "pursuing for a better life" in the new era, the Group will adjust its strategy over time and forge ahead under favorable trend or adversity. By building its own core advantages and differentiated competitive edges, the Group will be capable of gaining market recognition and securing consumers.

Down Apparel Business: Looking ahead, while upholding the principle of "focusing on its principal business while implementing de-diversification" and centering on the "function", the Group will strengthen its core and principal businesses. While adhering to the original target of being "the expert and the best sellers of down apparel around the world", the Group will expand the principal businesses and endeavor to become a "mid- to high-end functional apparel group".

As to brand building, the Group will further increase its efforts on brand public relations, advertising and marketing based on the overall plan of its competing strategies of the *Bosideng* brands. As to product innovation, the Group will closely keep track of consumers' market demands and conduct in-depth consumer market research to optimize products series that are currently well-received in the market and to launch new and innovative products which are competitive in the market. As to channel building, the Group will continue to optimize the mix of our sales channels, pay attention to the quality mainstream business to speed up the channel upgrade. On one hand, the Group will accelerate the image upgrade of the existing stores while closing down underperforming selling points, while on the other hand, it will expand the scale of development of the new channels. As to terminal construction, the Group will pay closer attention to staff training and provide guidance on standard terms for sales staff for allowing them to have full understanding to the core functions of the products so as to increase the sales of outlets through enhancing consumer experience.

OEM Management Business: Looking forward, the Group will continue to strengthen the strategic cooperation with core customers and enhance the service capabilities, while keeping orders increasing. The Group will also keep on promoting its responsiveness to the orders of core consumers to maintain the long-term and stable strategic working relationship, and proactively respond to market uncertainties, as well as maintain and strengthen customer relationships and cooperation through accelerating the production layout in Southeast Asia markets, so as to secure steady and fast growth for the OEM management business.

Fashionable Ladieswear Business: After the strategic positioning over the past few years, the ladieswear business platform has taken shape. Looking ahead, the Group will remain concentrated on integrating the resources among its ladieswear brands to further improve synergy among brands. The Group will endeavor to further improve the operation and management efficiencies of its ladieswear business while boosting the organic growth of the ladieswear business through enhancing the productivity, sales channels and brand promotion of brands.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 21, 2019 to August 26, 2019 and (ii) September 3, 2019 to September 5, 2019, both days inclusive, during which periods no transfer of shares will be effected. In order to (i) determine the eligibility of the members who are entitled to attend and vote at the AGM and (ii) qualify for the proposed dividend payable on or around September 20, 2019, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on (i) August 20, 2019 and (ii) September 2, 2019, respectively.

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

During the year, pursuant to the terms of the rules and deed of settlement of the share award scheme adopted on September 23, 2011 (the "Share Award Scheme"), the trustee of the Share Award Scheme purchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 42,570,000 Shares at an aggregate consideration of approximately HKD34.7 million.

Save as disclosed above, the Company and its subsidiaries had not purchased, sold or redeemed any the Company's listed securities during the year ended March 31, 2019.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company had complied with the Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended March 31, 2019, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

Mr. Gao Dekang is the founder of the Group, the Chairman of the Board (the "Chairman") and CEO of the Company. The Board believes that it is necessary to vest the roles of the 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 for efficient business planning and decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management the accounting principles and practices adopted by the Group, and has discussed with our Group's auditors, KPMG, regarding the auditing, internal control and financial report matters including the review of the Group's consolidated annual results for the year ended March 31, 2019.

AUDITOR

The financial 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 March 31, 2019 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 auditor.

A resolution for the re-appointment of KPMG as auditors of the Group is to be proposed at the AGM.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://company.bosideng.com). The annual report for the year ended March 31, 2019 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Bosideng International Holdings Limited
Gao Dekang
Chairman

Hong Kong, June 26, 2019

As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Ms. Huang Qiaolian, Mr. Rui Jinsong and Mr. Gao Xiaodong, and the independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao and Dr. Ngai Wai Fung.