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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, 2020

HIGHLIGHTS

- Revenue increased by 17.4% to approximately RMB12,190.5 million as compared to that of last year
- Gross profit margin increased by 1.9 percentage points to approximately 55.0% as compared to that of last year
- Profit attributable to equity shareholders of the Company increased by 22.6% to approximately RMB1,203.2 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, 2020 (the "Year" or "FY2019/20"), together with the comparative figures for the year ended March 31, 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2020
(Expressed in Renminbi)

	Note	For the year ended March 31, 2020 *RMB'000*	2019 *RMB'000* (Note)
Revenue	*3*	**12,190,535**	10,383,453
Cost of sales		**(5,481,889)**	(4,869,939)
Gross profit		**6,708,646**	5,513,514
Other income	*4*	**186,651**	90,806
Selling and distribution expenses		**(4,276,444)**	(3,439,852)
Administrative expenses		**(852,960)**	(729,068)
Impairment losses on goodwill and intangible assets	*10*	**(98,000)**	(43,000)
Other expenses		**(69,215)**	(21,635)
Profit from operations		**1,598,678**	1,370,765
Finance income		**192,790**	186,537
Finance costs		**(191,555)**	(162,824)
Net finance income	*6*	**1,235**	23,713
Profit before income tax		**1,599,913**	1,394,478
Income tax	*7*	**(404,637)**	(388,918)
Profit for the year		**1,195,276**	1,005,560
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)		**(66,964)**	(27,506)
		(66,964)	(27,506)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(37,899)**	(30,482)
Other financial assets: net movement in fair value reserve (recycling)		**11,332**	7,470
		(26,567)	(23,012)
Other comprehensive income for the year, net of tax		**(93,531)**	(50,518)
Total comprehensive income for the year		**1,101,745**	955,042

	Note	For the year ended March 31, **2020** *RMB'000*	2019 *RMB'000* (Note)
Profit attributable to:			
Equity shareholders of the Company		**1,203,184**	981,316
Non-controlling interests		**(7,908)**	24,244
Profit for the year		**1,195,276**	1,005,560
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,109,653**	931,065
Non-controlling interests		**(7,908)**	23,977
Total comprehensive income for the year		**1,101,745**	955,042
Earnings per share	*8*		
– basic (RMB cents)		**11.27**	9.32
– diluted (RMB cents)		**11.06**	9.17

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At March 31, 2020
(Expressed in Renminbi)

		At March 31,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
			(Note)
Non-current assets			
Property, plant and equipment		**1,390,404**	1,023,660
Right-of-use assets	*9*	**782,686**	–
Lease prepayments		**–**	51,284
Intangible assets and goodwill	*10*	**1,654,290**	1,800,259
Investment properties		**271,203**	285,380
Prepayments		**99,152**	–
Other financial assets		**148,868**	207,497
Deferred tax assets		**562,512**	576,467
		4,909,115	3,944,547
Current assets			
Inventories	*11*	**2,725,914**	1,931,130
Trade and bills receivables	*12*	**1,196,743**	1,035,042
Deposits, prepayments and other receivables	*13*	**970,827**	919,887
Receivables due from related parties		**96,824**	178,843
Other financial assets		**3,272,759**	4,416,750
Pledged bank deposits		**414,391**	679,336
Time deposits with maturity over three months		**153,500**	222,902
Cash and cash equivalents		**3,638,680**	1,754,267
		12,469,638	11,138,157
Current liabilities			
Current income tax liabilities		**364,803**	462,551
Interest-bearing borrowings		**817,841**	1,627,720
Lease liabilities		**260,825**	–
Trade and other payables	*14*	**3,241,306**	2,699,661
Payables due to related parties		**4,831**	3,638
Derivative financial liabilities		**533**	2,289
		4,690,139	4,795,859
Net current assets		**7,779,499**	6,342,298
Total assets less current liabilities		**12,688,614**	10,286,845

	Note	At March 31, 2020 RMB'000	2019 RMB'000 (Note)
Non-current liabilities			
Deferred tax liabilities		**139,807**	173,353
Lease liabilities		**475,287**	–
Convertible bonds	*15*	**1,670,895**	–
Non-current other payables		**–**	4,606
		2,285,989	177,959
Net assets		**10,402,625**	10,108,886
Capital and reserves			
Share capital		**806**	803
Reserves		**10,212,707**	9,898,398
Equity attributable to equity shareholders of the Company		**10,213,513**	9,899,201
Non-controlling interests		**189,112**	209,685
Total equity		**10,402,625**	10,108,886

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, 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(c) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of measurement

The consolidated financial statements for the year ended March 31, 2020 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities; and

- derivative financial instruments.

(c) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognize a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as at April 1, 2019. The Group has elected to use the modified retrospective approach and has therefore recognized the cumulative effect of the initial application as an adjustment to the opening balance of equity at April 1, 2019. Comparative information has not been restated and continues to be reported under IAS 17.

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

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after April 1, 2019. For contracts entered into before April 1, 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalize all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalized leases are primarily in relation to property, plant and equipment.

At the date of transition to IFRS 16 (i.e. April 1, 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at April 1, 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.75%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

a the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before March 31, 2020;

b when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

c when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at March 31, 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at March 31, 2019 to the opening balance for lease liabilities recognized as at April 1, 2019:

	At April 1, 2019
	RMB'000
Operating lease commitments at March 31, 2019	203,663
Less: commitments relating to leases exempt from capitalization:	
– short-term leases and other leases with remaining lease term ended on or before March 31, 2020	(191)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	34,358
Less: total future interest expenses	(15,228)
Present value of remaining lease payments, discounted using the incremental borrowing rate at April 1, 2019	222,602
Add: finance lease liabilities recognized as at March 31, 2019	–
Total lease liabilities recognized at April 1, 2019	222,602

The right-of-use assets in relation to leases previously classified as operating leases have been recognized as if IFRS 16 had always been applied since the commencement date of the lease (other than discounting using the relevant incremental borrowing rate at April 1, 2019, the date of initial application of IFRS 16).

The following table summarizes the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at March 31, 2019	Capitalization of operating lease contracts	Carrying amount at April 1, 2019
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Lease prepayments	51,284	(51,284)	–
Right-of-use assets	–	287,079	287,079
Deferred tax assets	576,467	2,218	578,685
Total non-current assets	**3,944,547**	**238,013**	**4,182,560**
Deposits, prepayments and other receivables	919,887	(22,067)	897,820
Total current assets	**11,138,157**	**(22,067)**	**11,116,090**
Lease liabilities (current)	–	87,914	87,914
Current liabilities	**4,795,859**	**87,914**	**4,883,773**
Net current assets	**6,342,298**	**(109,981)**	**6,232,317**
Total assets less current liabilities	**10,286,845**	**128,032**	**10,414,877**
Lease liabilities (non-current)	–	134,688	134,688
Total non-current liabilities	**177,959**	**134,688**	**312,647**
Net assets	**10,108,886**	**(6,656)**	**10,102,230**
Reserves	9,898,398	(6,632)	9,891,766
Equity attributable to equity shareholders of the Company	9,899,201	(6,632)	9,892,569
Non-controlling interests	209,685	(24)	209,661
Total Equity	**10,108,886**	**(6,656)**	**10,102,230**

(iii) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at April 1, 2019, the Group as a lessee is required to recognize interest expenses accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit for the year in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. Capital element of lease rentals paid are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Similar to other interest payments of the Group, interest element of lease rentals paid are classified as operating activities in the consolidated cash flow statement. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following tables give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result and cash flows for the year ended March 31, 2020, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognized under IAS 17 if this superseded standard had continued to apply to the year ended March 31, 2020 instead of IFRS 16, and by comparing these hypothetical amounts for the year ended March 31, 2019 with the actual corresponding amounts for the year ended March 31, 2019 which were prepared under IAS 17.

		For the year ended March 31, 2020			**For the year ended March 31, 2019**
	Amounts reported under IFRS 16	**Add back: IFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under IAS 17** *(note i)*	**Hypothetical amounts for the year ended March 31, 2020 as if under IAS 17**	**Compared to amounts reported for the year ended March 31, 2019 under IAS 17**
	(A)	**(B)**	**(C)**	**(D=A+B-C)**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial result for the year ended March 31, 2020 impacted by the adoption of IFRS 16:					
Profit from operations	1,598,678	253,950	(272,402)	1,580,226	1,370,765
Finance costs	(191,555)	33,797	–	(157,758)	(162,824)
Profit before income tax	1,599,913	287,747	(272,402)	1,615,258	1,394,478
Profit for the year	1,195,276	287,747	(272,402)	1,210,621	1,005,560

	For the year ended March 31, 2020			For the year ended March 31, 2019
	Amounts reported under IFRS 16 (A)	Estimated amounts related to operating leases as if under IAS 17 *(notes i & ii)* (B)	Hypothetical amounts for the year ended March 31, 2020 as if under IAS 17 (C)=(A)+(B)	Compared to amounts reported for the year ended March 31, 2019 under IAS 17
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Line items in the consolidated cash flow statement for the year ended March 31, 2020 impacted by the adoption of IFRS 16:				
Cash generated from operations	1,829,695	(248,135)	1,581,560	1,868,694
Net cash generated from operating activities	1,232,918	(248,135)	948,783	1,509,439
Capital element of lease rentals paid	(248,135)	248,135	–	–
Net cash used in financing activities	(7,632)	248,135	240,503	(1,356,127)

(i) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows for the year ended March 31, 2020 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied for the year ended March 31, 2020. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into during the year ended March 31, 2020 would have been classified as operating leases under IAS 17, if IAS 17 had still applied for the year ended March 31, 2020. Any potential net tax effect is ignored.

(ii) In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

(iv) Lessor accounting

The Group leases out a number of items of properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

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 operating segments. Certain operating segments have been aggregated to form the following reportable segments.

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

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

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

- Diversified apparels – The diversified apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded menswear, school uniform and children's wear.

(a) Disaggregation of revenue

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

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS15		
Disaggregated by major products service lines		
– Sales of apparels	**12,177,606**	10,368,538
Revenue from other sources		
Gross rentals from investment properties	**12,929**	14,915
Consolidated revenue	**12,190,535**	10,383,453

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.

(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 expenses and impairment losses recognized in profit or loss during the reporting period 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, 2020 and 2019 is set out below.

	For the year ended March 31, 2020				
	Down apparels	**OEM management**	**Ladieswear apparels**	**Diversified apparels**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Disaggregated by timing of revenue recognition					
Point in time	**9,512,730**	**1,611,354**	**982,661**	**83,790**	**12,190,535**
Revenue from external customers	**9,512,730**	**1,611,354**	**982,661**	**83,790**	**12,190,535**
Inter-segment revenue	**–**	**42,056**	**–**	**151,211**	**193,267**
Reportable segment revenues	**9,512,730**	**1,653,410**	**982,661**	**235,001**	**12,383,802**
Reportable segment profit	**1,523,714**	**206,835**	**81,523**	**33,563**	**1,845,635**
Amortization of intangible assets	**–**	**–**	**(47,969)**	**–**	**(47,969)**
Impairment losses on goodwill	**–**	**–**	**(98,000)**	**–**	**(98,000)**

	For the year ended March 31, 2019				
	Down apparels	OEM management	Ladieswear apparels	Diversified apparels	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note)	*(Note)*	*(Note)*	*(Note)*	*(Note)*
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 of intangible assets	(69)	–	(55,528)	(672)	(56,269)
Impairment losses on goodwill	–	–	(43,000)	–	(43,000)

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated.

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

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenues	**12,383,802**	10,452,390
Elimination of inter-segment revenue	**(193,267)**	(68,937)
Consolidated revenue	**12,190,535**	10,383,453

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
		(Note)
Profit before income tax		
Reportable segment profit	**1,845,635**	1,577,751
Amortization expenses	**(47,969)**	(56,269)
Government grants	**157,074**	84,177
Impairment losses	**(98,000)**	(43,000)
Finance income	**192,790**	186,537
Finance costs	**(191,555)**	(162,824)
Unallocated expenses	**(258,062)**	(191,894)
Consolidated profit before income tax	**1,599,913**	1,394,478

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated.

4 OTHER INCOME

		For the year ended March 31,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Royalty income	*(i)*	**26,811**	3,585
Government grants	*(ii)*	**157,074**	84,177
Dividend income	*(iii)*	**2,766**	3,044
Other income		**186,651**	90,806

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

(ii) The Group received unconditional discretionary grants amounting to RMB157,074,000 for the year ended March 31, 2020 (2019: RMB84,177,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

(iii) Dividend income for the year ended March 31, 2020 arose from the Group's equity investment in Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange, stock code: 603518) ("Jinhong Group"). Dividend income for the year ended March 31, 2019 arose from the Group's equity investments in Jinhong Group and Bosideng Industry Investment Fund S.P., respectively.

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,	
	2020	2019
	RMB'000	*RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**5,481,889**	4,869,939
Depreciation *(Note)*		
– assets leased out	**5,658**	6,236
– owned property, plant and equipment	**286,974**	163,856
– right-of-use assets	**265,781**	–
Amortization charge		
– intangible assets	**47,969**	53,457
– lease prepayment	**–**	2,812
Impairment losses of goodwill	**98,000**	43,000
Expense relating to short-term leases, other leases with remaining lease term ended on or before March 31, 2020 and service charges under lease arrangement	**60,147**	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17 *(Note)*	**–**	189,535
Variable lease payments not included in the measurement of lease liabilities	**1,091,798**	1,043,600
Provision for impairment of bad and doubtful debts	**81,589**	9,993
Auditors' remuneration	**5,300**	5,300

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at April 1, 2019 to recognize right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at April 1, 2019, the Group as a lessee is required to recognize the depreciation of right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.

6 NET FINANCE INCOME

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Recognized in profit or loss:		
Interest income on bank deposits	**30,731**	20,340
Interest income on financial assets measured at amortized cost	**78,410**	118,577
Interest income on debt instruments classified as FVOCI (recycling)	**11,869**	40,584
Changes in fair value of derivative financial liabilities	**1,756**	–
Total interest income on financial assets not at fair value through profit or loss	**122,766**	179,501
Realized/unrealized net gain in financial assets classified as FVPL	**65,383**	–
Net foreign exchange gain	**4,641**	7,036
Finance income	**192,790**	186,537
Interest on interest-bearing borrowings and discounted bills	**(65,544)**	(64,596)
Interest on convertible bonds (note 15)	**(19,919)**	–
Disposal loss of debt instruments classified as FVOCI (recycling)	**(57,471)**	(69,134)
Bank charges	**(14,824)**	(16,711)
Net loss on forward exchange contract	**–**	(8,167)
Changes in fair value of derivative financial liabilities	**–**	(2,289)
Realized/unrealized net loss in financial assets classified as FVPL	**–**	(1,927)
Interest expenses on lease liabilities	**(33,797)**	–
Finance costs	**(191,555)**	(162,824)
Net finance income recognized in profit or loss	**1,235**	23,713

7 INCOME TAX

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Current tax expenses		
Provision for income tax	**399,688**	531,181
Deferred tax benefit/(expenses)		
Origination and reversal of temporary differences	**4,949**	(142,263)
	404,637	388,918

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(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 years ended March 31, 2020 and 2019.

(iii) The provision includes provision for PRC income tax and provision for Hong Kong 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 years ended March 31, 2020 and 2019.

For the year ended March 31, 2020, 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 provide services for procurement, production planning, order management, storage and logistics management and services to the companies of the Group. Each of the companies were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016. Shanghai Bosideng Information Technology Co., Ltd. and Jiangsu Bosideng Supply Chain Co., Ltd. obtained the renewed high-tech enterprise certificates on October 28, 2019 and December 6, 2019 respectively and were granted a preferential rate of 15% for three years starting from January 1, 2019.

(iv) The Enterprise Income Tax Law ("EIT Law") and its relevant regulations impose a withholding tax at 10%. No 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 not be distributed outside of the PRC within the foreseeable future.

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

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Profit before income tax	**1,599,913**	1,394,478
Income tax at the applicable PRC income tax rate of 25%	**399,978**	348,620
Tax effect of unused tax losses and temporary differences not recognized, net of utilization	**(31,096)**	(2,701)
Non-deductible expenses	**25,380**	22,011
Effect of tax concessions of PRC operations	**(18,281)**	(22,640)
Effect of tax rate difference under different tax jurisdiction	**21,776**	19,245
Withholding tax on dividends appropriated from PRC subsidiaries to overseas companies	**3,068**	20,855
Others	**3,812**	3,528
Income tax	**404,637**	388,918

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2020 is based on the profit attributable to equity shareholders of the Company of RMB1,203,184,000 for the year ended March 31, 2020 (2019: RMB981,316,000) and the weighted average number of ordinary shares in issue during the years ended March 31, 2020 and 2019, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2020	2019
	'000	*'000*
Issued ordinary shares at the beginning of the year	**10,585,146**	10,540,010
Effect of treasury shares purchased for Share Award Scheme	**(7,958)**	(41,475)
Effect of restricted shares exercised	**34,342**	34,563
Effect of share options exercised	**84,043**	651
Effect of repurchased shares	**(16,617)**	–
Weighted average number of ordinary shares	**10,678,956**	10,533,749
Basic earnings per share (RMB cents)	**11.27**	9.32

(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 RMB1,203,184,000 (2019: RMB981,316,000) and the weighted average number of ordinary shares of 10,881,104,000 (2019: 10,699,242,000 shares), after adjusting for the effect of the Company's share-based payment arrangements, as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2020	2019
	'000	*'000*
Weighted average number of ordinary shares (basic)	**10,678,956**	10,533,749
Effect of share-based payment arrangements	**202,148**	165,493
Weighted average number of ordinary shares (diluted)	**10,881,104**	10,699,242
Diluted earnings per share (RMB cents)	**11.06**	9.17

The potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group and convertible bonds issued on December 17, 2019 were anti-dilutive (note 15).

9 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Properties leased for own use *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*
Cost:			
At March 31, 2019	–	–	–
Impact on initial application of IFRS 16 *(Note)*	235,795	62,251	298,046
At April 1, 2019	235,795	62,251	298,046
Additions	765,167	–	765,167
Disposals	(12,798)	–	(12,798)
At March 31, 2020	988,164	62,251	1,050,415
Accumulated depreciation:			
At March 31, 2019	–	–	–
Impact on initial application of IFRS 16 *(Note)*	–	(10,967)	(10,967)
At April 1, 2019	–	(10,967)	(10,967)
Charge for the year	(262,969)	(2,812)	(265,781)
Disposals	9,019	–	9,019
At March 31, 2020	(253,950)	(13,779)	(267,729)
Net book Value			
At March 31, 2020	734,214	48,472	782,686
At April 1, 2019	235,795	51,284	287,079

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
		(Note)
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use right (i)	**2,812**	2,812
Properties leased for own use (ii)	**262,969**	–
	265,781	2,812
Interest on lease liabilities (note 6)	**33,797**	–
Expense relating to short-term leases, other leases with remaining lease term ended on or before March 31, 2020 and service charges under lease arrangement	**60,147**	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17	**–**	189,535
Variable lease payments not included in the measurement of lease liabilities	**1,091,798**	1,043,600

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at April 1, 2019 to recognize right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at April 1, 2019, the Group as a lessee is required to recognize the depreciation of right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.

During the year ended March 31, 2020, additions to right-of-use assets were RMB765,167,000. This amount primarily related to the capitalized lease payments payable under new tenancy agreements.

(i) Land use rights

Land in respect of land use rights are all located in the PRC with a lease period of 50 years when granted.

(ii) Properties leased for own use

The Group has obtained the right to use other properties as its warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 2 to 9 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. As the Group has been reasonably certain to exercise the extension options, future lease payments of leases with options to renew have been recorded as right-of-use assets and no potential exposure to these future lease payments is needed.

10 INTANGIBLE ASSETS AND GOODWILL

	Goodwill *RMB'000*	Customer relationships *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
Cost:				
At March 31 2018, 2019 and 2020	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
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)
Amortization charge for the year	–	(16,280)	(31,689)	(47,969)
Impairment losses	(98,000)	–	–	(98,000)
At March 31, 2020	(554,741)	(626,101)	(155,636)	(1,336,478)
Net book value:				
At March 31, 2020	1,153,410	22,721	478,159	1,654,290
At March 31, 2019	1,251,410	39,001	509,848	1,800,259

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,	
	2020	2019
	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	**(141,000)**	(121,000)
Ladieswear – *BUOU BUOU* brand	**(106,000)**	(43,000)
Ladieswear – Tianjin Ladieswear	**(15,000)**	–
	(554,741)	(456,741)
Net value		
Menswear	**–**	–
Ladieswear – *JESSIE* brand	**343,312**	363,312
Ladieswear – *BUOU BUOU* brand	**419,137**	482,137
Ladieswear – Tianjin Ladieswear	**390,961**	405,961
	1,153,410	1,251,410

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 the 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 estimates of value in use of *JESSIE* brand Ladieswear CGU, *BUOU BUOU* brand Ladieswear CGU and Tianjin Ladieswear CGU, respectively, were determined using a discount rate with a range from 15.9% to 16.7%.

For the year ended March 31, 2020, the business of *BUOU BUOU* brand ladieswear CGU, *JESSIE* brand ladieswear CGU and Tianjin brand ladieswear CGU were under-performed. Based on assessments using the discounted cashflow forecast method, the recoverable amounts were RMB657,404,000, RMB716,502,000 and RMB629,488,000 which were RMB63,000,000, RMB20,000,000 and RMB15,000,000 lower than the respective carrying amounts. Therefore, a total impairment loss of RMB98,000,000 has been recognized in the profit or loss account for the year ended March 31, 2020. The impairment losses were fully allocated to goodwill.

11 INVENTORIES

	At March 31, **2020** *RMB'000*	2019 *RMB'000*
Raw materials	**446,180**	510,380
Work in progress	**15,946**	17,838
Finished goods	**2,263,788**	1,402,912
	2,725,914	1,931,130

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

	For the year ended March 31, **2020** *RMB'000*	2019 *RMB'000*
Carrying amount of inventories sold	**5,362,984**	4,758,085
Write down of inventories	**118,905**	111,854
	5,481,889	4,869,939

12 TRADE AND BILLS RECEIVABLES

	At March 31, **2020** *RMB'000*	2019 *RMB'000*
Trade receivables	**1,254,898**	1,017,232
Bills receivable	**114,589**	151,128
Less: loss allowance for doubtful debts	**(172,744)**	(133,318)
	1,196,743	1,035,042

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB1,369,487,000 as at March 31, 2020.

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

As at March 31, 2020, the Group endorsed certain bank acceptance bills totaling RMB167,299,000 (March 31, 2019: RMB193,504,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB87,927,000 (March 31, 2019: RMB124,895,000) 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 of the Company, 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 maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. 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,	
	2020	2019
	RMB'000	*RMB'000*
Within credit terms	**841,114**	864,794
1 to 3 months past due	**270,393**	114,604
Over 3 months but less than 6 months past due	**58,161**	15,791
Over 6 months but less than 12 months past due	**14,818**	21,536
Over 1 year past due	**12,257**	18,317
	1,196,743	1,035,042

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

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31,	
	2020	2019
	RMB'000	*RMB'000*
Deposits	**597,210**	390,381
Prepayments for materials and processing fee	**208,840**	312,713
Prepayments for rental	**–**	22,067
Prepayments for other services	**22,077**	16,490
	230,917	351,270
Third party other receivables:		
– VAT recoverable	**96,252**	63,684
– Advances to employees	**34,786**	36,437
– 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
– Amounts due from brokers (i)	**–**	47,917
– Interest receivable in relation to securities investment	**–**	7,780
– Others	**11,662**	9,020
	142,700	178,236
Total	**970,827**	919,887

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

14 TRADE AND OTHER PAYABLES

	At March 31, 2020 RMB'000	2019 RMB'000
Trade payables	**519,489**	549,237
Bills payables	**1,310,192**	666,486
	1,829,681	1,215,723
Other payables and accrued expenses		
– Deposits from customers	**234,898**	244,264
– Contract liabilities	**237,584**	239,344
– Construction payables	**170,015**	138,234
– Accrued advertising expenses	**122,981**	34,983
– Accrued payroll, welfare and bonus	**203,285**	278,284
– Cash-settled written put option	**42,798**	52,674
– VAT and other tax payable	**195,914**	140,061
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**41,840**	57,281
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	**4,402**	4,402
– Payables in relation to unvested restricted shares	**4,662**	21,916
– Interest payable in relation to convertible bonds	**5,590**	–
– Amount due to brokers (i)	**–**	131,191
– Others	**142,656**	136,304
	3,241,306	2,699,661

(i) Amounts due to brokers mainly represented the amount payable for purchase of other financial assets not yet settled to the brokers.

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, 2020 RMB'000	2019 RMB'000
Within 1 month	**1,677,174**	1,076,675
1 to 3 months	**152,507**	139,048
	1,829,681	1,215,723

15 CONVERTIBLE BONDS

	Liability component	Equity component	Total
At March 31, 2019	–	–	–
Upon issue of convertible bonds	1,663,346	260,857	1,924,203
Bonds issue cost	(22,424)	(3,517)	(25,941)
Effective interest expense for the year	19,919	–	19,919
Exchange adjustment	15,644	3,236	18,880
At March 31, 2020	1,676,485	260,576	1,937,061

Liability component

	At March 31,	
	2020	2019
	RMB'000	*RMB'000*
Carrying amount of liability component	**1,676,485**	–
Less: interest payable due within 1 year *(note 14)*	**(5,590)**	–
Convertible bonds – non-current portion	**1,670,895**	–

On December 17, 2019, pursuant to a subscription agreement dated December 4, 2019 (the "Subscription Agreement"), the Company issued convertible bonds with a principal amount of USD275 million due on December 17, 2024 (the "Convertible Bonds"). The Convertible Bonds bear simple coupon interest at 1% per annum, and the interest shall be payable semi-annually.

The Convertible Bonds may be converted into shares of the Company pursuant to the terms and conditions of the Subscription Agreement. The rights of the bondholders to convert the Convertible Bonds into ordinary shares are as follows:

- subject to redemption options pursuant to the terms and conditions of the Subscription Agreement, conversion rights are exercisable at any time from January 27, 2020 to December 7, 2024 (both days inclusive) at the bondholders' option;

- at the initial conversion price being HKD4.91 per share (subject to adjustments in the manner provided in the terms and conditions of the Subscription Agreement), with a fixed exchange rate of HKD7.8287 to USD1; and

- the number of ordinary shares to be issued on exercise of a conversion right shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the conversion price in effect on the relevant conversion date.

Unless previously redeemed, the Convertible Bonds, in respect of which conversion rights have not been exercised, will be redeemed at the outstanding principal amount together with accrued and unpaid interest on December 17, 2024.

16 DIVIDENDS

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

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD3.0 cents per ordinary share (2019: interim dividend declared and paid of HKD2.0 cents per ordinary share)	**292,151**	189,150
Final dividend proposed after the end of the reporting period of HKD6.0 cents per ordinary share (2019: HKD6.0 cents per ordinary share)	**589,315**	562,764
	881,466	751,914

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

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

	For the year ended March 31,	
	2020	2019
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD6.0 cents per ordinary share (2019: final dividend of HKD3.5 cent per ordinary share)	**576,775**	326,667
Special dividend in respect of the previous financial year, approved and paid during the year (2019: HKD2.5 cents per ordinary share)	**–**	233,334
	576,775	560,001

17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to March 31, 2020, the board of directors of the Company proposed a final dividend of HKD644,088,000 (approximately RMB589,315,000), representing HKD6.0 cents (approximately RMB5.5 cents) per ordinary share to the equity shareholders of the Company.

(b) On April 23, 2020, the board of directors of the Group has resolved to grant 87,000,000 restricted shares and 330,000,000 share options to eligible persons who are directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price for restricted shares and share options is HKD0.97 and HKD1.94 per share respectively. These restricted shares vest for a period up to three years, and these share options are valid for 51 months and vest for a period up to three years.

MANAGEMENT DISCUSSION AND ANALYSIS

FY2019/20 was an extraordinary year. According to the economic operation data of China for 2019 released by the National Bureau of Statistics on January 17, 2020, under the influence of various external factors, the GDP growth rate of China has slowed down on a yearly basis. In the face of the complex situation in which challenges arising from domestic and international risks have increased significantly, total retail sales of consumer goods in China throughout 2019 increased by 8.0% year-on-year, representing the fastest decline of growth rate in recent years. However, the contribution rate of final consumption expenditure to economic growth for the whole year of 2019 was 57.8%, which demonstrated that consumption is still the primary driving force for China's economic growth. With the global economy facing the risk of cyclical recession, the Chinese economy has always maintained a generally stable and steadily progressive trend with its strong resilience. The Chinese economy has turned into high-quality development, and its structure has been continuously optimized, which has allowed it to continue to rank among the top global major economies.

From the perspective of the consumption environment, with the continued vigorous development of the Chinese consumer market, the behavior of Chinese consumers has also undergone a certain degree of differentiation, from the trend of "general growth" for various consumer groups in the past, to different consumer behavior for different consumer groups characterized by "personality" and "differentiation". This is not only reflected in different regions, different consumer classes and different consumption concepts, but also in the continuous enhancement of consumers' recognition of domestic brands. This has brought many new opportunities to domestic brands and also new development potential to various industrial sectors.

However, at the beginning of 2020, the sudden outbreak of the coronavirus disease pandemic ("COVID-19") caused a disruption. Affected by COVID-19, in the first quarter of 2020, the three major socio-economic demands all declined in varying degrees, leading to negative economic growth. China's GDP fell by 6.8% year-on-year and 9.8% quarter-on-quarter, respectively. Among them, final consumption expenditure drove GDP down by 4.4 percentage points. The actual decline in per capita consumption expenditure of residents nationwide was 12.5%.

As a leading enterprise in the Chinese down apparel industry, the Group undertakes significant social responsibilities and a sense of mission. At the critical moment of the spread of COVID-19 across China at the beginning of 2020, the Group donated a total of 151,000 pieces of high-quality down apparel with a total market value of approximately RMB300 million to the medical staff who worked at the frontline in combating COVID-19 in serious regions, such as Wuhan, Hubei and major provinces and cities across the nation with relatively lower temperature.

FY2019/20 was the second year of the Group's strategic transformation and rebranding. Despite the withered economy, warm winter, outbreak of COVID-19 and other unfavorable factors, 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 upgrading brand, optimizing channel, innovating products and reshaping terminals and achieved excellent results.

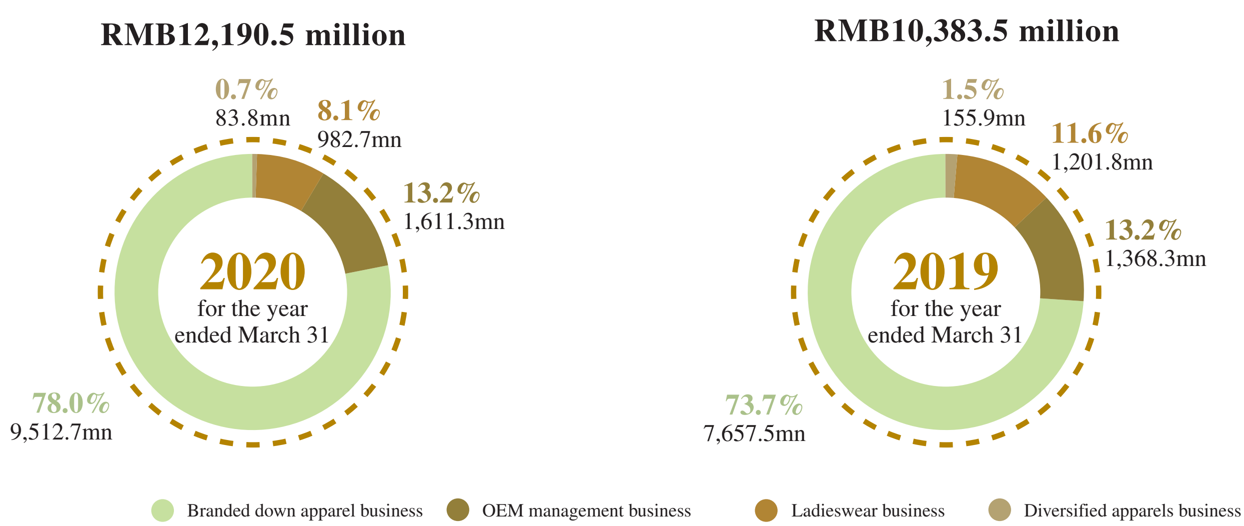
REVENUE ANALYSIS

In FY2019/20, the Group closely focused on "brand, product, channel and terminal" to carry out systematic construction from all angles. By stimulating the recognition of consumers' idea of the "expert in down apparel", it has won the recognition of more mainstream consumers, and by creating a development model of "ensuring brand development leads the way of future expansion", it has sparked highly popular discussions in the industry, thereby becoming a classic case study in the industry, and achieved an overall operating performance exceeding the industry's growth level.

During the Year, revenue of the Group amounted to approximately RMB12,190.5 million, representing an increase of approximately 17.4% as compared to that of the corresponding period of last year. Since exceeding RMB10 billion and hitting a record high in the previous financial year, another record high was achieved in FY2019/20. 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 RMB9,512.7 million, accounting for 78.0% of the total revenue, representing a year-on-year increase of 24.2%. The OEM management business recorded revenue of approximately RMB1,611.3 million, accounting for 13.2% of the total revenue, representing a year-on-year increase of 17.8%. The ladieswear business recorded revenue of approximately RMB982.7 million, accounting for 8.1% of the total revenue, representing a year-on-year decrease of 18.2%. The diversified apparels business recorded revenue of approximately RMB 83.8 million, accounting for 0.7% of the total revenue, representing a year-on-year decrease of 46.2%.

Revenue by Business



Branded Down Apparel Business:

In FY2019/20, the Group continued to establish a development model of "ensuring brand development leads the way of future expansion". Focusing on the brand positioning of being the "best-selling expert in down apparel in the world", and with enhanced brand strength and influence, the Group optimized the channel structure with entering into mainstream business district and core area of the cities. Through launching a variety of diversified product series, upgrading images of certain stores, the Group attracted a group of young consumers in the modern era. During the Year, the Group's branded down apparel *Bosideng* brand recorded an increase of 22.7% in revenue to approximately RMB8,403.3 million as compared to that of the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 24.2% to approximately RMB9,512.7 million as compared to that of the corresponding period of last year.

Brand Building

The brand building strategy for FY2019/20 was to further strengthen the development strategy of being the "expert in down apparel", and the Group continued to exert its efforts in professional design, quality improvement and technological innovation. At the same time, the Group's brand building was based on consumer demands, and through matching key brand initiatives with the living scenarios and behaviors of mainstream customer groups, the Group further enhanced consumers' awareness of the *Bosideng* brand and products.

In terms of brand 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 being officially invited to participate in Milan Fashion Week, the release of "Mountaineering" high-end series, the release of crossover product series with international designers, cooperating with Tmall to launch the *Bosideng* Super Brand Day and participating in London Fashion Week. This attracted great attention from consumers and the whole textile and apparel industry and yielded fruitful achievements.

Meanwhile, the *Bosideng* brand further upgraded its cooperation with internationally renowned intellectual property ("IP"). Through IP cooperation with Walt Disney Company and Marvel, the Group launched brand new products that were well received and sought after among young consumers.

According to the follow-up report of tracking the brand health of the *Bosideng* brand by Ipsos, the current scores for brand awareness and first mentioned awareness rate of *Bosideng* both took the lead in the Chinese apparel industry, and Net Promoter Score (NPS) and brand reputation reached 52 and 8.84, respectively. *Bosideng* continues to maintain as the top choice for being the "expert in down apparel" for 60% of the Chinese consumers. Each health indicators of the brand has improved as compared with the previous year, indicating more positive recognition of *Bosideng* among consumers.

According to the 2019 "China Top 10 Apparel Brands" released by the iiMedia Ranking, *Bosideng* entered the list along with other apparel brands, including Youngor, ANTA and Li-Ning, ranking first with an index of 92.9. The list is based on iiMeval's big data evaluation model unique to iiMedia, which comprehensively evaluates and ranks brands in terms of brand sales volume, online word-of-mouth index, online popularity, brand status in the industry, development potential, national recognition, analyst evaluation index and other factors.

The milestones for brand promotion in FY2019/20 are summarized chronologically as follows:

Since April 2019, continuously deepened its competitive strategy and continued to attract attention in the industry through publicity, which further enhanced its brand potential.

In May 2019, participated in the "China Brand Day" and the amfAR Gala at Cannes Film Festival.

In August 2019, visited the Canada International Fashion Show, thereby further consolidating the position of *Bosideng* in the industry.

On September 19, 2019, *Bosideng*, as "the only Chinese down apparel brand that has been included in the official schedule of Milan Fashion Week", collaborated with Italian national artists renowned for their "starry artwork" to make a stunning appearance at Milan Fashion Week.

On October 30, 2019, *Bosideng* made the first "high-tech" apparel release in the apparel industry and launched the world's top down apparel collection "Mountaineering" series, further consolidating the position of *Bosideng* as the "expert in down apparel expert".

On November 27, 2019, *Bosideng* teamed up with Jean Paul Gaultier, an internationally renowned designer, to launch the crossover collection, becoming the first Chinese brand to collaborate with international design masters.

On December 8, 2019, *Bosideng* teamed up with Kenzō Takada and Ennio Capasa, renowned fashion designers, to launch the crossover collection, bringing a brand new dynamic to the "Designer Joint Collection" for the Year.

On December 23, 2019, *Bosideng* cooperated with Tmall to launch the *Bosideng* Super Brand Day, becoming the first apparel brand under the category on Super Brand Day. The event had a significant effect on publicity and promotion and drew significant traffic flow, as a result of which our sales ranked No. 1 in men's, women's and children's apparel categories on that day.

On February 4, 2020, in view of the changes as a result of COVID-19, the Group, as a Chinese enterprise actively fulfilling its social responsibilities, donated around 150,000 pieces of *Bosideng* brand high-quality down apparel with a total market value of approximately RMB300 million to the frontline medical staff in an effort to support the fight against COVID-19, which earned extensive compliments and sparked highly popular discussions across the media, and was reported on CCTV newscast. *Bosideng* also immediately converted its production lines and resumed the production of 7 production lines for protective isolation gowns within 48 hours, with daily production volume of protective isolation gowns exceeding 2,000 pieces, which provided the necessary safety protection for the frontline heroes in fighting against COVID-19.

On February 16, 2020, the *Bosideng* brand debuted at London Fashion Week, demonstrating the ingenuity and national self-confidence of Chinese brands. At the product release, guests from all over the world chanted "Stay strong, China" to let the world hear China's voice and to show the positive energy of Chinese brands.

Order Management

During FY2019/20, 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 products will be produced with reference to the actual demand. Meanwhile, distributors adopt different flexible modes of order placement and rebate based on their respective scales 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 stability in order placement. Since 2018, the Group has managed and controlled the proportion of orders placed at the first winter down trade fair each year. In general, the proportion of the first order placed at the trade fair shall not exceed 40%, and the remaining orders shall be replenished based on actual market feedback and demand in the peak seasons. As the Group's business does not have very long peak seasons, more than 60% of the product replenishment orders require the support of sufficiently efficient supply chains and quick response capabilities. In the winter of 2019, in addition to the first order, the *Bosideng* brand completed a total of 6 replenishment orders during the peak season, with an average replenishment period ranging from around 7-12 days.

High Product Quality and Quick Response

High product quality and quick response are the core competitive edges of the supply chain for the Group's continued success in the industry, and also the key element in sustaining the Group's efficient, healthy and sustainable development. According to the current strategy on commodity management, each order placed for down apparel products of the Group are replenished with the goal of high product quality and quick response, 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 end consumers, and hence achieved the target of maintaining high product quality and quick response in supply. COVID-19 served as a test for the supply chain management of the Group, but has not caused any shock. During the pandemic, the Group successfully resumed production and work, such as the production and sales of isolation gowns, which played a role in combating the pandemic. Meanwhile, during the pandemic, the Group increased its financial support for upstream suppliers, and leveraged on the strategic cooperation relationship between the Group and financial institutions to provide upstream customers with supply chain financial solutions, so as to ensure the stability of the whole supply chain from the source.

Logistics and Delivery

Riding on the concept of nationwide inventory management and the integration and sharing of data across online and offline operations, the Group's smart central delivery centre ("CDC") serves all offline direct stores, franchised stores and e-commerce O2O businesses throughout the country. CDC is not only responsible for warehousing, replenishment, returns and transfer, transportation and distribution, but is also responsible for 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. A unique warehouse management system was adopted to manage all the inventories. At the same time, the CDC adopted distributed deployment, and set up nine regional warehouses in Eastern China, Northern China, Qingdao, Central China, Northwest China, Southwest China, Northeast China, Harbin and Urumqi. A one-tier distribution channel has continuously been adopted in FY2019/20 "where goods are delivered directly from the CDC to the stores", achieving direct distribution of goods through all stores nationwide. Not only does it respond to market demands more quickly, but also allows it to realize sharing of goods throughout the nation. Moreover, by capitalizing on our own smart replenishment system to achieve demand-pull restocking in the stores, we were able to ensure that the bestsellers would not go out of stock. Sales were improved as a result. Direct distribution of goods through all the stores nationwide was therefore achieved. It is hoped that this would reduce inventory warehousing costs and enable more effective management and control over buffer stock.

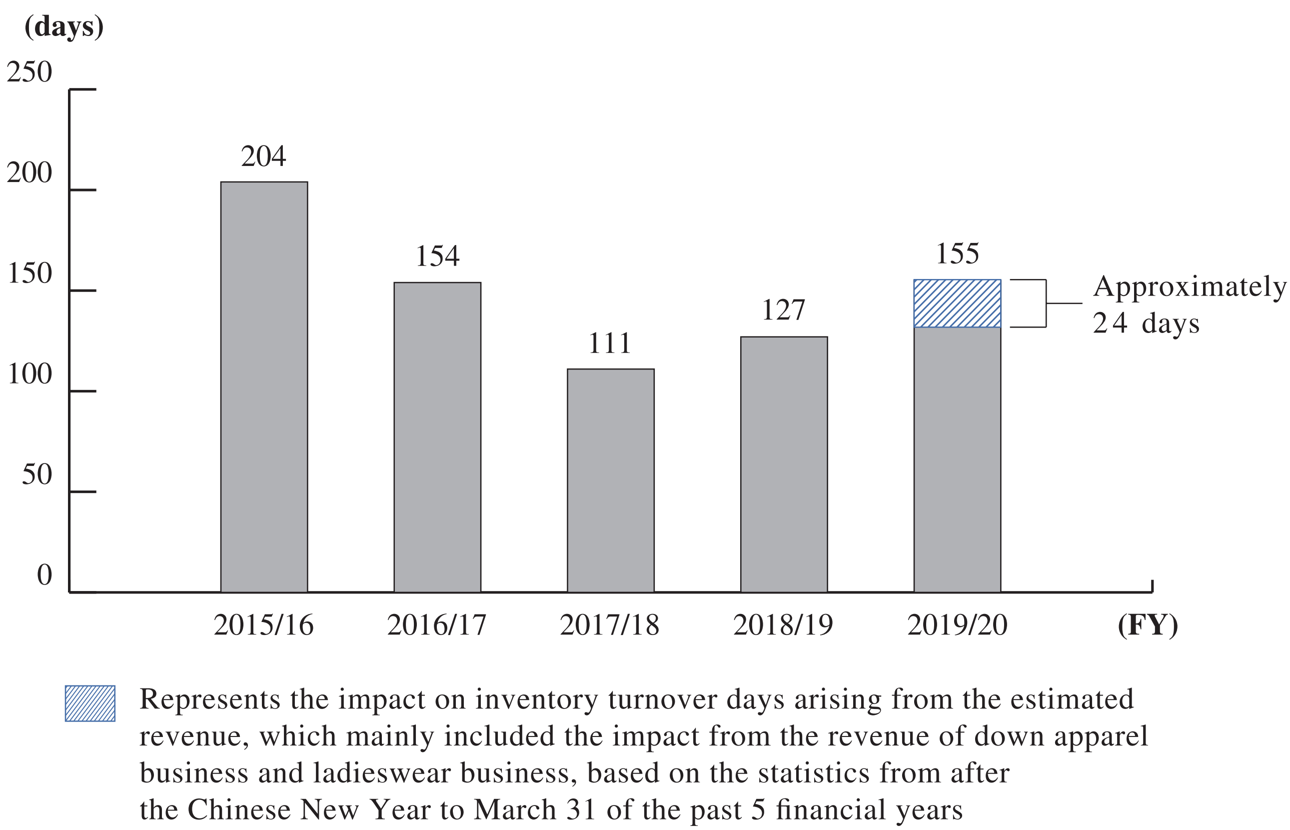
During FY2019/20 peak season sales, nearly 80% of orders could be delivered on the next day of the placement, and the delivery efficiency maintained at a stable level. Among the warehouses, the Eastern China regional warehouse is the largest distribution center of the CDC. As of March 31, 2020, the degree of automation was approximately 90%, and the average daily processing capacity reached "500,000 pieces into the warehouse + 500,000 pieces out of the warehouse".

Inventory Management

The Group is committed to optimizing inventory management and maintaining inventory at a healthy level. Through stringent production and product planning, the Group has maintained the demand-pull mechanism in all sales regions to realize the combination of production and marketing. Through enhancement in the real-time capture and analysis of terminal retail data, the Group has continuously adjusted the interactions between channels and terminals, and optimized the overall inventory management based on the data collected, with a view to constantly refining retail management and fundamentally improving the overall operational efficiency.

In January 2020, due to the outbreak of COVID-19, the Group's sales from the end of January 2020 to the end of March 2020 were directly affected to a considerable extent, and the inventory management also faced certain challenges. According to the statistics of the Group's sales data over the past 5 financial years, the sales revenue of down apparel after the Chinese New Year to March 31 of each financial year accounted for approximately 10% of the sales revenue of down apparel of the year. Since the Group's strategic transformation in 2018, it has always regarded inventory management as the foundation of its transformation and reshaping in all aspects. The efficient and organic combination of inventory management and quick response supply chain has also been a task that the Group's management has attached great importance to. As shown in the chart below, if the direct impact on sales by COVID-19 is excluded, the Group has maintained a healthy and stable inventory turnover days in the past three consecutive financial years, and inventory management matches with the quick response supply chain management.

Analysis of inventory turnover days



Digital Operations

The Group invested and constructed an intelligent plant to enhance its ability to quickly respond to each order placed and personalized customization. The intelligent plant realizes the production processes of order receipt, automatic clothing layout, automatic spreading, automatic cutting, automatic velvet filling, semi-automatic sewing, and automatic hanging, which has improved production efficiency and the ability to meet the specific needs of each customer.

Meanwhile, the Group continued to promote the development of its new retail business and the construction of data central platform, strengthened the digital research of consumers and commodities, reached consumers via offline stores and online e-commerce platforms, WeChat applets and other ways to enhance its ability of precision marketing and efficiency of commodity operation.

New Retail Operations

In addition to focusing on traditional e-commerce platforms such as Taobao and conducting live streaming e-commerce business with high conversion rate, the Group also paid more attention to private traffic e-commerce business which is emotionally linked to consumers. We believe that the momentum of new retail is unstoppable. During FY2019/20, the Group started to try out off-store sales via WeChat applet, of which the off-store sales of the *Bosideng* brand via the WeChat applet exceeded RMB70 million, and the maximum daily active users (DAU) of the applet during the height of COVID-19 in 2020 exceeded 2 million. As of March 31, 2020, the *Bosideng* brand has more than 15 million members and over 5 million followers on its WeChat account. The number of the abovementioned members increased by 53.4% year-on-year, of which the number of young consumers under the age of 30 accounted for 16.3%. Member sales accounted for 67.8% and member repurchase sales accounted for 26.4% of the total offline sales, respectively.

Based on the expanding private traffic pool, the Group will further develop a revenue generation model of “offline store + online cloud store”. Under such model, the Group can individually interact with customers via its corporate WeChat account to provide customers with a convenient and prompt shopping experience, so as to continue to increase the contribution of member sales and facilitate the further transformation of offline channels.

R&D of Products

The Group has always attached great importance to product innovation. Product optimization and expansion are the cornerstones for the brand development of *Bosideng*.

With regard to the thoughts on product research and development (“R&D”), based on keeping up with the cutting-edge technology and fashion trends in the industry, the Group paid more attention to its interaction with consumers and capturing consumers’ changing preferences. In the planning stage, the Group conducted in-depth consumer research and developed products subsequently according to the requirements of the entities. After the completion of product development, the Group promoted and formulated the presentation plan from the perspective of consumers to form systematic sets of documents for distribution. At the same time, the Group provided various trainings to ensure the product features of each collection can be implemented at every level. In the process of sales promotion, the Group required the designers to go to the stores to conduct research personally and get in touch with consumers to collect first-hand consumer feedbacks for later continuous optimization and improvement.

The product collection in FY2019/20 was refreshing, which has attracted the attention of a broad consumer base. The key new product collections of the *Bosideng* brand down apparels include:

Milan Fashion Week Collection

Following the New York Fashion Week, *Bosideng* re-entered the international fashion arena in Milan, Italy, the capital of arts, bringing a visual feast under the theme of "Starry Sky". The new collection has won the unanimous praise from many celebrities at home and abroad. Ottavio Fabbri, an Italian artist known as the "starry creator" and other fashion stars have attended the show in person. As soon as the collection with the same style of the show was launched, it became very popular among fashionistas.

Mountaineering Collection

This collection brings together *Bosideng's* 43 years of dedication on the field of down apparels and integrates many industry-leading design concepts, emerging technologies and innovative techniques. The Mountaineering collection is inspired by the world-famous mountains. Among them, "Mount Everest collection", its core collection, uses rare goose down from the golden down area located at 43 degrees north latitude, utilizes a new generation of 3-dimensional honeycombs for down filling, adopts a design of all-round protection against rain and wind, applies aerospace-grade thermal insulation materials, and is ultimately produced through 489 procedures.

Designer Collaboration Collection

Gaultier collection: A collaboration of classics and fashion, creativity and professionalism. When haute couture design meets 50-year great craftsmanship, a brand new down apparel aesthetics comes into being. In November 2019, *Bosideng* released a collaboration collection by joining hands with Gaultier, a prestigious French designer. As the former design director of Hermès, the collaboration of Gaultier and *Bosideng* attracted the attention of many top fashion professionals. Many stars, fashion ladies, pioneers in the fashion industry and other celebrities and authoritative figures in the fashion circle attended the show.

Kenzō Takada collection: In December 2019, *Bosideng* joined hands with international fashion master Kenzō Takada to combine professional craftsmanship and artistic inspiration, blending Eastern and Western cultures, and once again infuse a new artistic spirit into the practicality of down apparels. Kenzō Takada is one of the world's most influential fashion design masters. As the first eastern designer to enter the fashion industry in Paris, the *KENZO* brand he founded quickly became one of the most popular brands in the international fashion industry. In this collaboration, Kenzō Takada used the classic "tiger head" element and added the "peony" element to pay tribute to the Chinese culture and Chinese brands.

Conqueror Collection

Using a classic military camouflage pattern and a fabric with enhanced abrasion and tear resistance, the collection perfectly reflects uniquely wild and avant-garde characteristics and exploratory spirit of conquerors. The collection became another representative best-selling collection of *Bosideng* and is widely welcomed by young consumers.

Legendary Collection

Inspired by the news report regarding the "Return of the King of Down Apparel (羽皇歸來)" and the map of "Selling Well in 72 Countries Worldwide" , the special memorial collection created by Italian designers for the 43rd anniversary of the *Bosideng* brand uses "newspaper pattern" and "map" as its representative elements. At the same time, the whole collection uses European imported goose down and professional fabrics for outdoor equipment, conveying the spirit of the brand – focusing on high quality and relentless pursuit of innovation for 43 years to the consumers.

Light Down Apparel Collection

The down apparel was as light as 330g per piece, making it the lightest down apparel ever in the history of *Bosideng*. In terms of materials, it was made of ultra-soft skin fabric and ultra-fine fiber 20D fabric, in addition to 9,000 meters long yarn which weighs only 20g. The skin-friendly cotton feels smooth and soft. In terms of technology, anti-lint technology was adopted and the fabric was first quilted before down was filled to prevent the down cluster from sticking out of needle holes.

London Fashion Week Products

In February 2020, the *Bosideng* brand was added to the official agenda of the London Fashion Week, making it the first Chinese down apparel brand to appear at the London Fashion Week. Different from the past, *Bosideng* was deeply concerned with the motherland, specially adopting the elements of Chinese red for the show and demonstrating the eye-catching slogan of "Stay strong, China" in Chinese at the scene. *Bosideng*'s heart-warming approach triggered a craze for friends from all over the world to cheer for China. There was a lot of discussion on the Internet, and major authoritative media both at home and abroad reported it, giving it affirmation and praise.

Multi-brand Strategies

While focusing on the development of the *Bosideng* brand and reshaping it as a mid-to-high-end functional brand, the Group maintained the strategy of "Down apparel +" 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 more market shares.

Snow Flying

In FY2019/20, the *Snow Flying* brand recorded revenue of approximately RMB498.2 million, representing a year-on-year increase of 37.8%. During the Year, the *Snow Flying* brand innovatively transformed the online distribution business, realizing the rapid development of the brand and the growth rate was much higher than the industry. In terms of traffic improvement, the *Snow Flying* brand effectively integrated platform resources, innovatively coordinated distribution traffic, and effectively realized the rapid increase in traffic to the brand on each platform. In terms of efficiency optimization, the brand realized accurate allocation of resources to suppliers and distributors driven by data, which facilitated the improvement of efficiency in the supply chain via quick response, precise order placement and precise marketing. In terms of value chain integration, empowered by design capabilities, the *Snow Flying* brand guided the brand tone of commodities, shared the shooting gallery of the commodities, enhanced the brand's visual effect and established a joint supply mode comprising central warehouse and sub-warehouses, maximizing the value of the commodities supply chain. Also, the *Snow Flying* brand established a strategic cooperative relationship with platform data companies to provide services for distributors on platform rules and event planning, and continued to enhance the brand potential of the *Snow Flying* brand. Therefore, during the Year, the online sales contributed by the *Snow Flying* brand increased significantly, and offline businesses continued to adopt the strategy of channel penetration in lower-tier markets while focusing on third- and fourth-tier cities with better economies. For existing self-operated stores, the *Snow Flying* brand implemented a regional focus strategy to effectively control the scale. For existing stores operated by distributors, the *Snow Flying* brand integrated all resources to optimize models to generate revenue. By increasing the number of large stores, the *Snow Flying* brand promoted itself by building benchmark stores throughout the country. Through a series of effective measures, the offline business of the *Snow Flying* brand has also maintained sustained and steady growth.

Bengen

In FY2019/20, the *Bengen* brand recorded revenue of approximately RMB205.5 million, representing a year-on-year decrease of 3.7%. Compared with other down apparel brands of the Group, the *Bengen* brand was affected by the challenges of economic slowdown and intensified competition for low-to-mid-end apparel, and the transformation was relatively slow. During the Year, the *Bengen* brand focused on the optimization of channel construction and business model. In terms of channel construction, more than 100 stores operated inefficiently by agents were closed down, thereby improving the overall store efficiency during the Year. In terms of business model, the *Bengen* brand strived to change the traditional model which focuses on agent wholesale, adopting the online distribution model for the brand to expand product and consumer coverage. The *Bengen* brand will further reduce the number of agents, increase the proportion of stores operated by itself and associates, promote online sales and build a new retail system by integrating the online and offline platforms.

Revenue from down apparel business by brand

	For the year ended March 31,				
	2020		2019		
Brands	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Bosideng	**8,403.3**	**88.3%**	6,849.2	89.5%	22.7%
Snow Flying	**498.2**	**5.2%**	361.5	4.7%	37.8%
Bengen	**205.5**	**2.2%**	213.4	2.8%	-3.7%
Other brands	**–**	**0.0%**	2.6	0.0%	-100.0%
Others	**405.7**	**4.3%**	230.8	3.0%	75.8%
Total revenue from branded down apparel business	**9,512.7**	**100.0%**	7,657.5	100.0%	24.2%

Revenue from branded down apparel business by sales category

	For the year ended March 31,				
	2020		2019		
Sales categories	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Self-operated	**5,628.3**	**59.2%**	4,959.1	64.8%	13.5%
Wholesale	**3,478.7**	**36.6%**	2,467.6	32.2%	41.0%
Others*	**405.7**	**4.2%**	230.8	3.0%	75.8%
Total revenue from branded down apparel business	**9,512.7**	**100.0%**	7,657.5	100.0%	24.2%

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

FY2019/20 was the year in which the channel scale of the Group significantly expanded and the channel structure continued to be further optimized. On the one hand, the Group significantly increased the number of stores by reducing underperforming stores and opening new stores in line with the positioning of the brand potential. On the other hand, the Group continued to optimize the channel structure to make the stores more in line with the mainstream consumer channel, and the number of terminal stores in core commercial districts, such as shopping malls and department stores, increased significantly. Meanwhile, the Group enhanced the motivation of sales staff in terminal sales points through several flexible measures, including continuously strengthening and improving the renovation of terminal sales points, improving the display of goods and optimizing the incentive mechanism for sales staff. As at March 31, 2020, the total number of selling points of the Group's down apparel business (net) increased by 238 to 4,866 compared to that of the corresponding period of last year. Self-operated selling points (net) increased by 233 to 1,861, and selling points operated by third party distributors (net) increased by 5 to 3,005. The self-operated and third-party distributor-operated selling points as a percentage of the overall selling points were 38.2% and 61.8%, respectively. Among total selling points of the Group's branded down apparel business, approximately 26.8% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capitals in China) and approximately 73.2% 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, 2020	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*
Specialty stores								
Operated by the Group	1,026	+270	13	-11	21	-5	1,060	+254
Operated by third party distributors	1,901	+97	191	+8	229	-109	2,321	-4
Subtotal	2,927	+367	204	-3	250	-114	3,381	+250
Concessionary retail outlets								
Operated by the Group	598	+25	182	-29	21	-17	801	-21
Operated by third party distributors	286	-24	113	+52	285	-19	684	+9
Subtotal	884	+1	295	+23	306	-36	1,485	-12
Total	**3,811**	**+368**	**499**	**+20**	**556**	**-150**	**4,866**	**+238**

Change: Compared with that as at March 31, 2019

Retail network of down apparel business by region

	As at March 31, 2020	As at March 31, 2019	Change
Eastern China	**1,708**	1,662	+46
Central China	**1,050**	1,073	-23
Northern China	**455**	402	+53
Northeast China	**511**	461	+50
Northwest China	**561**	543	+18
Southwest China	**581**	487	+94
Total	**4,866**	4,628	+238

Region

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 FY2019/20, revenue from the Group's OEM management business amounted to approximately RMB1,611.3 million, representing 13.2% of the Group's revenue and increased by 17.8% as compared to that of the corresponding period of last year. The Group has realized its strategic goal of doubling the revenue from the OEM management business within three years. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 85.6% of its total revenue.

During the Year, despite the impact of Sino-US trade war dispute and various uncertainties, the OEM management business segment has achieved outstanding results under adverse market conditions. The Group continued to deepen its relationship with core customers to provide design support for the original design manufacturing ("ODM") management business, which facilitated the continuous growth of cooperative business with its core customers. The Group enhanced customers' loyalty by offering persistent and multi-faceted support. Meanwhile, the Group conducted intelligent upgrading for its partnered domestic factories, and enhanced the competitiveness of the Group's OEM management business by optimizing the production processes to achieve efficiency improvement and cost savings. Through various measures to strictly control costs and expenses, the gross profit margin of the OEM management business also increased by 2.2 percentage points to 18.5%.

Meanwhile, in order to meet customers' demand for product mix, the OEM management business team continued to expand the production capacity in Vietnam and other Southeast Asian regions, leveraging on the experience of the Group being the "expert in down apparel" in production management to achieve rapid enhancement of quality management for new production capacity as well as the management of orders and production process, which has effectively tackled with the impact of uncertainties brought by future policy changes while safeguarding the continued growth of the OEM management business in the future.

Ladieswear Business:

During FY2019/20, revenue from the Group's ladieswear business was approximately RMB982.7 million, representing a decrease of 18.2% as compared to that of the corresponding period of last year. The contribution from the ladieswear business to the Group's total revenue was 8.1%. Revenues from the ladieswear brands were as follows:

	Revenue from ladieswear business by brand For the year ended March 31,				
	2020		2019		
Brands	***RMB million***	***% of ladieswear revenue***	*RMB million*	*% of ladieswear revenue*	*Change*
JESSIE	**333.5**	**33.9%**	412.4	34.3%	-19.1%
BUOU BUOU	**315.9**	**32.2%**	361.6	30.1%	-12.6%
KOREANO	**183.6**	**18.7%**	226.1	18.8%	-18.8%
KLOVA	**149.7**	**15.2%**	193.5	16.1%	-22.6%
Other brands	**0.0**	**0.0%**	8.2	0.7%	-100.0%
Total revenue from ladieswear business	**982.7**	**100.0%**	1,201.8	100.0%	-18.2%

	Revenue from ladieswear business by sales category For the year ended March 31,				
	2020		2019		
Sales categories	***RMB million***	***% of ladieswear revenue***	*RMB million*	*% of ladieswear revenue*	*Change*
Self-operated	**906.2**	**92.2%**	1,086.9	90.4%	-16.6%
Wholesale	**76.5**	**7.8%**	114.9	9.6%	-33.4%
Total revenue from ladieswear business	**982.7**	**100.0%**	1,201.8	100.0%	-18.2%

FASHION LADIESWEAR – JESSIE

During FY2019/20, *JESSIE* further stepped up the brand promotion efforts and made its debut at the Shenzhen Fashion Week by working together with an Italian design consultant team, successfully creating the particularly noteworthy international show in the current Shenzhen Fashion Week, which generated media reports and coverage from authoritative fashion media such as CCTV, Xinhua News Agency, VOGUE and Fashion Bazaar.

During the Year, focusing on benchmark stores in key areas, *JESSIE* continued to improve quality of marketing, and launched VIP thematic marketing campaigns like Dress Festival, Coat Festival, and down apparel seasons for important aggrandizement and major activities to ensure stable operation of benchmark stores. Meanwhile, *JESSIE* also attached great importance to digital sales, facilitating the development of digital intelligent and terminal empowerment and meticulously creating a brand matching application which was tailor-made for *JESSIE*, allowing product image films, scene matching, street shooting, display, etc., to be imported into the tablet according to the delivery plan, which promoted the effective interaction between terminal employees and customers, and effectively improved the customer experience and terminal retail capabilities.

While improving the quality of offline store operations, *JESSIE* also actively promoted membership marketing as well as online and offline integration so as to continue to enhance members' loyalty. As at the end of 2019, the number of VIP members solely in the self-operated system has exceeded 250,000, laying a solid foundation for the development of the brand and the stable growth of the business.

However, in light of the huge impact of COVID-19 on consumption, the sales of *JESSIE* in the first quarter of 2020 were affected to a certain extent. On top of the impact of the economic environment and weak consumption, *JESSIE*'s revenue fell 19.1% to approximately RMB333.5 million during the Year, among which, the revenue from self-operated and wholesale business decreased by 18.7% and 20.9%, to approximately RMB270.9 million and RMB62.6 million, respectively.

In the face of COVID-19, *JESSIE* adjusted management and operation strategies in a timely manner, and launched online and offline collaborative sales through micro-marketing, live-streaming (Tencent Watch, Douyin and micro-marketing platforms) and video clip promotion activities. Also, *JESSIE* coordinated externally with shopping malls to lower the minimum guarantee and the concessionaire fees and to be provided with a rent-free period, working together with shopping malls to resume business. With multiple measures in place, sales of *JESSIE* started to recover in March 2020, and overall business conditions continued to improve.

BUOU BUOU

During FY2019/20, in light of issues such as serious homogenization of competing products, the plunge of customer flow in offline traditional department stores, coupled with the decline in the performance of customers in the distribution channel, *BUOU BUOU* has formulated a series of rectification policies and measures, which included the rectification of the product R&D system and the active introduction of new retail measures.

On the product R&D front, the *BUOU BUOU* team underwent an internal spin-off in respect of its online and offline R&D system during the Year to form a separate online R&D department. Through online big data analysis, *BUOU BUOU* explicitly designed products which are exclusively offered online to cater to mainstream online customers. The sales of *BUOU BUOU* products which are exclusively offered online throughout the Year increased by 24% as compared with to that of the corresponding period last year.

On the new retail front, *BUOU BUOU* comprehensively strengthened the interactive management of e-commerce, micro-marketing and offline sales during the Year, improved the introduction of both online and offline customer flow, making use of big data to accurately profile customers, and adopted new promotional methods such as live-streaming and video clips to accurately push to different customer base. As a result, the contribution from *BUOU BUOU* online sales increased from 9.3% in the year ended March 31, 2019 to 15.7% in FY2019/20.

However, due to the impact of COVID-19, the sales of *BUOU BUOU* in the first quarter of 2020 were affected to a certain extent. *BUOU BUOU*'s revenue during the Year was approximately RMB315.9 million, representing a decrease of 12.6% from the previous year, among which, the revenue from self-operated and wholesale business decreased by 7.3% and 61.4%, to approximately RMB302.1 million and RMB13.8 million, respectively.

In light of COVID-19, *BUOU BUOU* readily responded by negotiating with shopping malls in a timely manner in terms of reduction in concessionaire fees, minimum guarantees and fees to reduce operating costs and increase product exposure through video clips, live-streaming and self-media with a view to enhancing product sales opportunities. Using marketing tactics such as group purchasing, seckill, free coupon and lottery, *BUOU BUOU* attracted new and old VIP guests alike to spend online in an effort to enhance the loyalty of VIP guests for the brand. With multiple measures in place, sales of *BUOU BUOU* has started to recover since March 2020.

KOREANO AND KLOVA

During FY2019/20, both *KOREANO* and *KLOVA* achieved satisfactory sales performance and positive consumer feedback in high-end customized activities while continuously optimizing the ability and efficiency of the small order quick response in the supply chain, and gradually improving membership services quality. While attaching great importance to the development of the terminal brand image during the Year, both brands also put a great emphasis on the competition and elimination of sales channels, which has laid a solid foundation for the promotion of high-quality channels and the same store in the next financial year while actively making arrangements in e-commerce and conducting trials operation on *KOREANO* Tmall flagship store and Vipshop platform.

However, in view of the impact of COVID-19, the sales of *KOREANO* and *KLOVA* in the first quarter of 2020 were affected to a certain extent. During the Year, revenue from *KOREANO* and *KLOVA* was approximately RMB333.3 million, representing a decrease of 20.6% from the previous year.

In light of COVID-19, *KOREANO* and *KLOVA* finely adjusted their management and operation strategies by, inter alia, coordinating and promoting rents, minimum guaranteed deductions of concessionaire fees for shops, and certain reductions in various expenses, ensuring that the settlement of shops was normal, and monitoring the timely collection of accounts receivable to safeguard the safety of the amount of working capital. In addition, through making rapid progress in e-commerce and live-streaming business, *KOREANO* and *KLOVA* formed online and offline collaborative sales. Further, by actively carrying out pandemic prevention work, we are catching up with the production capacity and delivery date of *KOREANO* and *KLOVA* products for summer, autumn and winter in 2020 through cooperating with the resumption of work and sales in each store.

With efficient cooperation and coordination of various measures, sales of *KOREANO* and *KLOVA* have started to recover since March 2020 while still adhering to the consistent and stable price strategy. By making use of the VIP live-streaming platforms of various malls to expand coverage of each store, *KOREANO* and *KLOVA* invited old customers and attracted high-quality new customers. Also, by making marketing arrangements for its WeChat mall and matching incentive mechanism, it has resulted in the continuous improvement of its overall operation.

As of March 31, 2020, the total number of retail outlets of the Group's ladieswear decreased by 29 to 499 compared with the same period last year, self-operated retail outlets decreased by 25 to 373, and net retail outlets operated by third-party dealers decreased by 4 to 126. Self-operated retail outlets and those operated by third-party dealers accounted for 74.7% and 25.3% of the entire retail network, respectively. Of the total retail outlets of the Group's ladies wear business, approximately 60.5% are located in first-and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities) and approximately 39.5% are located in third-tier cities or below.

Retail network breakdown by ladieswear brand

	JESSIE		***BUOU BUOU***		***KOREANO***		***KLOVA***		**Others**		**Total**	
As at March 31, 2020	*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	3	-1	15	-3	–	–	–	–	–	–	18	-4
Operated by third party distributors	20	-3	9	–	–	–	–	–	–	–	29	-3
Subtotal	23	-4	24	-3	–	–	–	–	–	–	47	-7
Concessionary retail outlets												
Operated by the Group	107	-10	112	-5	81	+2	55	-7	–	-1	355	-21
Operated by third party distributors	75	+5	22	-6	–	–	–	–	–	–	97	-1
Subtotal	182	-5	134	-11	81	+2	55	-7	–	-1	452	-22
Total	**205**	**-9**	**158**	**-14**	**81**	**+2**	**55**	**-7**	**–**	**-1**	**499**	**-29**

Change: Compared with those as at March 31, 2019

Retail network of ladieswear business by region

	As at March 31, 2020	As at March 31, 2019	Change
Eastern China	**64**	72	-8
Central China	**156**	163	-7
Northern China	**50**	55	-5
Northeast China	**64**	62	+2
Northwest China	**100**	106	-6
Southwest China	**65**	70	-5
Total	**499**	528	-29

Region

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 FY2019/20, revenue from our diversified apparels business was approximately RMB83.8 million, representing a decrease of 46.2% as compared to that of the corresponding period of last year. In the second year of its strategic transformation, the Group adhered to the overall strategy of "focusing on our principal business and shrinking diversification". The contribution from the diversified apparel business to the Group's total revenue dropped to 0.7%. Revenue from diversified apparels brands for the Year was as follows:

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

	2020		2019		
Brands	***RMB million***	***% of diversified apparels business revenue***	*RMB million*	*% of diversified apparels business revenue*	*Change*
Sameite	**36.5**	**43.6%**	22.7	14.6%	60.8%
Other brands and others	**47.3**	**56.4%**	133.2	85.4%	-64.5%
Total revenue from diversified apparels business	**83.8**	**100.0%**	155.9	100.0%	-46.2%

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

Sales categories	**2020** RMB million	**2020** % of diversified apparels business revenue	2019 RMB million	2019 % of diversified apparels business revenue	Change
Self-operated	**37.9**	**45.2%**	29.7	19.1%	27.6%
Wholesale	**33.0**	**39.4%**	109.2	70.0%	-69.8%
Others*	**12.9**	**15.4%**	17.0	10.9%	-24.1%
Total revenue from diversified apparels business	**83.8**	**100.0%**	155.9	100.0%	-46.2%

* *Represents rental income*

School uniform business – Sameite

During FY2019/20, the school uniform business under the diversified business segment remained in operation under *Sameite*. Currently, *Sameite* serves more than 200 schools, with an annual supply of over one million pieces.

Sameite was dedicated to the brand's professionalism and philosophy, and was awarded the honors of China's "AAA" rated enterprise in terms of brand quality and integrity and "70th Anniversary of PRC's Founding – the Outstanding Enterprise with Great Contributions to School Uniform Development of China" (建國70週年·中國校服發展突出貢獻企業). *Sameite* took the fulfillment of social responsibility as its mission and organized donations for schools in poverty-stricken areas such as Wenchuan and Gansu provinces, so as to perform its social responsibility through actions.

Sameite, our school uniform brand, took students' safety as its duty and regarded product quality as its brand life. Through the establishment of strict supply chain system and inspection process, it achieved rapid response and efficient operation of all elements, and continued to provide consumers with "healthy, safe, comfortable and fashionable" school uniforms.

As to business development, the eco-experience stores designed by *Sameite*, a kind of new offline retail model in the school uniform industry, created new offline retail potential for the brand with diversified interactive display space, and made a good preparation for solving the service experience problems of the surrounding schools and managing relationships with cooperators. Meanwhile, *Sameite* broke the barrier that the clothing education culture was only reflected in schools, and provided an opportunity of experiencing the school uniform products in person and rendered zero-distance services to each student, parent and school looking forward to school culture. Through this way, it obtained substantial orders from different schools, while promoted high-quality experience stores as a benchmark to the core areas across China.

Children's wear business

During FY2019/20, the Group mainly cooperated with the Japanese brand of *Petit main*. As to its business expansion, it prioritized the development of online platform through continuous focusing. Since *Petit main* opened its flagship brand store at Tmall in August 2018, it has obtained a certain industry ranking and received extensive attention.

Bosideng MAN and Bosideng HOME

During the year ended March 31, 2019, the Group started to downsize the *Bosideng MAN* and *Bosideng HOME* brands under the diversified apparels business segment comprehensively. This resulted in the significant reduction of these two business divisions during the past two years.

Retail network of diversified apparels business by region

	As at March 31, 2020	As at March 31, 2019	Change
Eastern China	**7**	9	-2
Central China	**–**	–	–
Northern China	**–**	1	-1
Northeast China	**–**	2	-2
Northwest China	**–**	2	-2
Southwest China	**26**	28	-2
Total	**33**	42	-9

Region

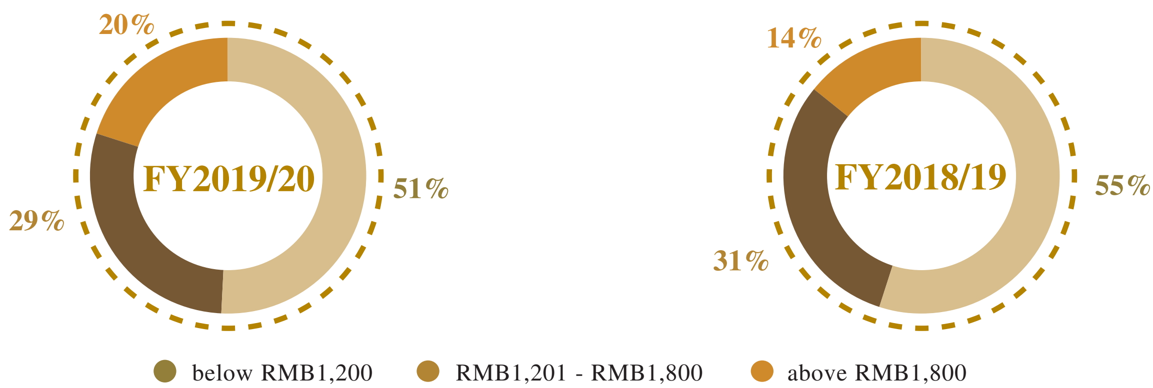
Eastern China	:	Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong
Central China	:	Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan
Northern China	:	Beijing, Tianjin, Hebei
Northeast China	:	Liaoning, Jilin, Heilongjiang, Inner Mongolia
Northwest China	:	Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia,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

ONLINE SALES

During FY2019/20, the Group pushed ahead with its expansion of the online business and achieved outstanding results. For example, in respect of performance on important e-commerce festivals, the down apparel brand of *Bosideng* ranked second on "double 11", ranked second on "double 12", ranked first on "Big Sales for Spring Festival" (年貨節) and ranked first on "Super Brand Day" (超級品牌日) at Tmall in the apparel industry in terms of sales, respectively. In respect of performance on live streaming, both of its sales during "Double 11 Live" and "Double 12 Live" ranked first in the apparel industry. As the first apparel brand to join Li Jiaqi's live stream in 2019, *Bosideng* cooperated with Li Jiaqi on *Bosideng* Super Brand Day in December 2019, and through the support of influencer marketing, the sales in the single sales event amounted to approximately RMB6 million.

During FY2019/20, the Group placed significant emphasis on online brand building, integration between online and offline new retail and the maintenance and expansion of members. As to brand building, the Group made online and offline joint announcements on the brand's significant public relations events, and at the same time, it integrated resources on Tmall platform and created the *Bosideng* Super Brand Day. With continuous improvement of the omni-channel brand potential, the percentage of revenue from mid-to-high-end products (with tag price of RMB1,800 or more) has continuously increased in the past three years. With regards to the integration of online and offline new retail, the integration of online and offline membership, data and inventory O2O has been resolved, and more than 100 offline stores have achieved synchronously online and offline webcast. In respect of member maintenance and expansion, the flagship store at Tmall attracted nearly 2 million new members and had more than 5 million fans in 2019. In the current user structure, young and new consumer groups under the age of 30 has been increasing steadily. Through system integration, the current main brands of the Group have realized the integrated operation in terms of data, rights and points of online and offline members.

The following table shows the transaction amount of the *Bosideng* branded down apparel in the flagship store at Tmall based on different tag price ranges during the past two financial years:



During FY2019/20, revenue from the total online sales of the Group's brands were approximately RMB2,344.5 million, representing a year-on-year increase of 26.7%. Revenue from the online sales of branded down apparels business and ladieswear business for the Year were approximately RMB2,261.5 million and RMB63.4 million, accounting for 23.8% and 6.4% of the revenue of each business, respectively. By sales categories, revenue from self-operated and wholesale through the Group's online sales amounted to approximately RMB1,831.2 million and RMB513.3 million, respectively.

GROSS PROFIT

During FY2019/20, gross profit of the Group increased by 21.7% as compared to that of the corresponding period of last year, from approximately RMB5,513.5 million to approximately RMB6,708.6 million. Following the successful brand reshaping and product expansion, the gross profit margin increased by 1.9 percentage points as compared to that of the corresponding period of last year, from 53.1% to 55.0%.

Gross profit margin of the branded down apparel business increased by 2.4 percentage points to 59.8%, mainly because during last year, on one hand, the average selling prices of products increased along with the enhanced brand strength of *Bosideng*, while on the other hand, the Group continued to launch different series of products, which greatly enriched the product portfolio with high-quality and high unit prices, increased the proportion of products with high gross profit margin and optimized the product structure. It was closely associated with our continuous efforts in implementation of the Group's strategies of "focusing on our principal business and key brands", brand reshaping and upgrading of the *Bosideng* brand and positioning itself as the "best-selling expert in down apparel in the world". The gross profit margin of OEM management business slightly increased by 2.2 percentage points to 18.5%, mainly due to the combination of three factors, including various measures to strictly control costs and expenses, improvement of production efficiency and the increase in the contribution of high profit margin orders as a result of the optimization of order structure. The gross profit margin of ladieswear business slightly decreased by 1.1 percentage point to 74.4% as compared to that of the corresponding period of last year, which was mainly due to the sales pressure on high-margin winter products with high gross profit margin as a result of COVID-19.

OPERATING PROFIT

During FY2019/20, the Group's operating profit increased by 16.6% to approximately RMB1,598.7 million. Operating profit margin was 13.1%, which remained at a similar level as compared to that of the corresponding period of last year.

DISTRIBUTION EXPENSES

During FY2019/20, the Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores, depreciation charge of right of use assets, contingent rents and sales personnel expenses, amounted to approximately RMB4,276.4 million, representing an increase of 24.3% as compared to approximately RMB3,439.9 million of the corresponding period of last year. The Group's distribution expenses accounted for 35.1% of its total revenue, representing an increase of 2.0 percentage points as compared to 33.1% of the corresponding period of last year. The increase in distribution expenses was mainly due to the Group's efforts in brand and channel construction for the branded down apparel business during the Year, especially for the *Bosideng* brand, as well as the rises in wages due to the increase in headcounts during the Year.

ADMINISTRATIVE EXPENSES

During FY2019/20, the Group's administrative expenses, mainly comprising salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB853.0 million, representing an increase of 17.0% as compared to approximately RMB729.1 million of last year. The proportion of administrative expenses to the Group's total revenue was 7.0%, remained similar as compared to that of the corresponding period of last year.

FINANCE INCOME

During FY2019/20, the Group's finance income increased by 3.4% to approximately RMB192.8 million from approximately RMB186.5 million. The increase was mainly due to the increase in the Group's bank interest income and fluctuation in foreign currency exchange rate, which led to a decrease in exchange gain during FY2019/20 as compared to that of the corresponding period of last year.

FINANCE COST

During FY2019/20, the Group's finance cost was approximately RMB191.6 million, representing an increase of RMB28.7 million as compared to that of the corresponding period of last year, mainly due to factors such as a newly issued IFRS (IFRS 16-Leases) that was first effective during the Year and interest expenses incurred by the issuance of convertible bonds.

IFRS 16-Leases that are first effective required recognition of right-of-use assets and lease liabilities by companies of most leases, with recognition of depreciation of right-of-use assets and interest expense respectively, except for those using simplified approach to account for short-term leases, leases of low-value assets, variable leases or service charges of lease arrangement. The interest expense incurred from the leases during the Year was approximately RMB33.8 million.

In December 2019, the Group issued 1% convertible bonds with an aggregate principal amount of US$275,000,000 due in December 2024 (the "Convertible Bonds"). As the "IAS 32 Financial Instruments: Presentation" requires the interest expense of the Convertible Bonds to be calculated according to the effective interest rate method, the effective interest rate shall be determined on the basis of the market interest rate of corporate bonds similar to those in the market at the time of issuance of the Convertible Bonds but without conversion. Therefore, according to the effective interest rate of 4.3%, the Company confirmed that the interest expense of the Convertible Bonds that should be borne from the date of issue to March 31, 2020 was RMB19.9 million.

In order to capture investment opportunities arising from the fashion and apparel industry, we applied our unutilised cash asset to investments with high liquidity. During the year ended March 31, 2018, the Group invested US$98 million in the industrial fund so as to enhance short-to-medium term investment income. Due to the impact of the market risks, certain losses were incurred in bonds, stocks and other financial assets held by the industrial fund. The Group began the redemption of the fund during the year ended March 31, 2019. As at September 30, 2019, the Group had fully redeemed the fund.

TAXATION

During FY2019/20, income tax expenses increased from approximately RMB388.9 million to approximately RMB404.6 million. The effective tax rate was approximately 25.3%, which approximated to the standard PRC income tax rate of 25%.

DIVIDENDS

The Board recommended the payment of a final dividend of HKD6.0 cents (equivalent to approximately RMB5.5 cents) per ordinary share of the Company (the "Share(s)") for the Year. 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 21, 2020. Upon shareholders' approval, the proposed dividend will be paid on or around September 15, 2020 to shareholders whose names appear on the register of members of the Company on August 26, 2020.

LIQUIDITY AND FINANCIAL RESOURCES

For the Year, the Group's net cash generated from operating activities amounted to approximately RMB1,232.9 million. Cash and cash equivalents as of March 31, 2020 amounted to approximately RMB4,206.6 million.

As at March 31, 2020, the distribution of cash and cash equivalents by currency was as follows:

	RMB' 000
Renminbi	**3,055,857**
US dollar	**1,064,141**
Pound sterling	**9,912**
Hong Kong dollar	**75,352**
Japanese yen	**169**
European dollar	**1,140**
Total	**4,206,571**

In order to obtain higher returns on the Group's available cash reserves, the Group has invested in the other financial assets, including capital protected short-term investments with banks in China and other financial securities. The expected but unguaranteed returns of the short-term investments with banks ranged from 1.3% to 6.1% per annum. The other financial securities referred to trading stocks and bonds held by Shuo Ming De Investment Co., Ltd. As at March 31, 2020, the bank borrowings of the Group amounted to approximately RMB817.8 million (March 31, 2019: approximately RMB1,627.7 million) and the carrying amount of liability component of the Convertible Bonds was approximately RMB1,676.5 million (March 31, 2019: Nil). The gearing ratio (being total borrowings/total equity) of the Group was 24.0% (March 31, 2019: 16.1%).

The Group anticipates that it will be able to arrange with its lenders to obtain new loans to replace the existing borrowings as they 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.

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On December 4, 2019, the Company, as issuer, and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers (collectively, the "Managers'), entered into a subscription agreement (the "Subscription Agreement"), under which the Managers had agreed to severally and not jointly subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds (the "Subscription").

Assuming full conversion of the Convertible Bonds at the initial conversion price of HK$4.91 per Share (the "Conversion Price"), the Convertible Bonds would be convertible into 438,470,977 Shares (the "Conversion Shares"), representing approximately 4.05% of the issued share capital of the Company as at December 5, 2019 (the date of the Company's announcement), and approximately 3.89% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares resulting from the full conversion of the Convertible Bonds. The aggregate nominal value of the Conversion Shares is approximately USD4,384.7 and the market price of the Shares on the date when the issuance terms were determined was HK$3.85. The Conversion Shares would be issued under the general mandate granted to the Directors pursuant to ordinary resolutions passed by the shareholders of the Company on August 26, 2019. Subject to the terms and conditions of the Convertible Bonds, the interests of the Convertible Bonds would be payable semi-annually in arrear in equal instalments on 17 June and 17 December of each year, beginning on 17 June 2020.

The Subscription was completed on December 17, 2019. The aggregate issuance amount of the Convertible Bonds was US$275,000,000, and the net proceeds from the Subscription was approximately US$271,000,000. As a result, the net price per Conversion Share was approximately US$0.62. The Directors were of the view that the issue of the Convertible Bonds can provide the Company with additional funds at lower funding cost to repay its existing short-term debts in order to optimise its financing structure and to fund the Company's general corporate and business purposes.

As at March 31, 2020, no Convertible Bonds had been converted into new Shares.

For further details of the Convertible Bonds, please refer to the Company's announcements dated December 5, 2019 and December 17, 2019, respectively.

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

During the Year, the Group had no significant investments held or significant acquisitions and disposals of subsidiaries. As at March 31, 2020, the Group had no future plan for significant investments or capital asset acquisitions or acquisitions or disposals of subsidiaries.

CONTINGENT LIABILITIES

As at March 31, 2020, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at March 31, 2020, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB32.3 million (March 31, 2019: approximately RMB20.0 million).

PLEDGE OF ASSETS

As at March 31, 2020, bank deposits amounting to approximately RMB414.4 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, 2019: approximately RMB679.3 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury center at its head office. The Group adopted prudent funding and treasury management policies through prioritizing risk prevention and maintaining a stable cash management strategy throughout the Year. The Group's source of funding was principally from cash generated from operating activities, bank borrowings and/or from the issuance of bonds. The primary purpose of the Group's treasury management policies is to appropriately increase the overall income of funds while ensuring liquidity.

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, therefore the Group determined the presentation currency as Renminbi. Some of the Group's cash and bank deposits were denominated in Hong Kong Dollars or US Dollars, and 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 and Pound sterling or against each entity's respective functional currency may have an impact on the Group to some extent.

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, 2020, the Group had 7,801 full-time employees (March 31, 2019: 6,409 full-time employees), representing a year-on-year increase of 1,392 employees. Staff costs for the Year (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB1,308.4 million (March 31, 2019: approximately RMB1,193.4 million). During the Year, 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

Economic environment was volatile in the beginning of 2020. Since the international financial crisis in 2008, the world economy has entered into an intensified adjustment period and the prospect of recovery remained sluggish, which has largely restrained the total demand in the world economy. In recent years, China's economic growth has slowed down, and the Sino-US trade dispute in the recent two years has brought about considerable negative impact on the Chinese economy, which has increased the downward pressure on the Chinese economy. Under this context, COVID-19 has caused further unexpected impacts on China and the world economy. We always believe that the Chinese economy has strong resilience and stamina, and COVID-19 will not affect the fundamentals of long-term economic growth and high-quality development.

However, it became clear to us that although COVID-19 has brought some trauma to some small and medium-sized enterprises, the phenomenon of "the stronger the winner" will be increasingly apparent in the growth momentum of industry leaders, further unlocking the value-added of brand awareness. In KPMG's research report, it has become apparent that brand awareness of Chinese products is fairly high, rising year by year in general, reaching 81.2%. Consumers' trust in Chinese brands has enhanced by an average of 2.9 percentage points compared with 2018 (up to 73.7% in 2019). The awareness of Chinese products and brand experience increased year by year. From 2018 to 2019, the perception and awareness of product and brand experience increased by an average of 7.9 percentage points. In other words, although there have been certain changes in the market and industry, this has brought us more opportunities and challenges. As a leading Chinese branded down apparel company, we will certainly take advantage of the trend and achieve overwhelming success despite the sluggish market, thereby creating our own core strengths and winning the market share and consumers with differentiated competition.

Down apparel business: By continuing to focus on positioning itself as the "best-selling expert in down apparel in the world", the Group took its customer-oriented approach, boosted its brand efficiency for the Year and enhanced and consolidated the main brand of *Bosideng*, turning *Bosideng* into a mid-to-high-end brand and maintaining its leading position in the brand. At the same time, we deployed our mid-end brand *Snow Flying* and high price-performance ratio brand *Bengen*, launched online channel scenarios through model innovation, took the initiative to strive for growth and expanded market share to stabilize the basic market.

On the brand building front, the Group will put more emphasis on the operating efficiency of the brand, attaching greater importance to publicity, promotion of content and the combination of upgrade in quality and sales. On the channel and store building front, the Group will view the improvement of store operating efficiency as its major task in the coming year, improving the integration of online and offline operations, developing strategic markets, expanding strategic channels and refining store operations. On the product development front, the Group will focus on improving the efficiency of commodity operations, focusing on the development of commodity structures, improving product quality, and putting emphasis on the matching of channels and products, etc. In terms of customer relationship management, the Group will focus on the well-targeted membership management, expanding and attracting new customers and strengthening the exploration of new models of offline sales, etc.

OEM management business: The Group will focus on innovation and development on the one hand, and risk management and control on the other, and will continue to deepen its strategic cooperation with core customers. The Group improved service capabilities by integrating overseas resources and continued to improve its ability to respond to orders from core customers to maintain a long-term and stable strategic cooperative relationship, to meet the production needs of overseas factories throughout the Year and to expand the scale of business through expanding other high-quality customers, so as to secure the stable development of OEM management processing business.

Fashionable ladieswear business: After the strategic transformation in the past few years, a platform for ladieswear business has taken shape. Looking into the future, the Group will reshape team thinking, learn from external benchmarks, focus on integrating resources among ladieswear brands, expand synergy among brands, and focus on the development of unique advantages among ladieswear brands. Through the gradual improvement of the product power, channel power, brand power and other aspects of the ladieswear brands, the operation efficiency and management efficiency of the ladieswear business unit are boosted, thereby achieving the organic growth of the ladieswear business.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 18, 2020 to August 21, 2020 and (ii) August 27, 2020 to August 31, 2020, 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 15, 2020, 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 17, 2020 and (ii) August 26, 2020, 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 "2011 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 25,200,000 Shares at an aggregate consideration of approximately HKD89.4 million.

Further, during the Year, the Company repurchased a total of 123,000,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK$291.2 million. All the Shares repurchased during the Year had been duly cancelled. Particulars of the Shares repurchased are as follows:

Month	**Number of Shares repurchased**	**Highest price per Share** *(HK$)*	**Lowest price per Share** *(HK$)*	**Aggregate consideration** *(HK$)*
December 2019	25,000,000	3.23	2.80	74,812,740
January 2020	18,000,000	2.84	2.65	50,100,860
February 2020	20,000,000	2.60	2.33	49,432,100
March 2020	60,000,000	2.22	1.60	116,819,220

Save as disclosed above, the Company and its subsidiaries had not purchased, sold or redeemed any the Company's listed securities during the Year.

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, 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 Mr. Gao Dekang's unique role, his experience and well-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 Company 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.

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 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.

SUBSEQUENT EVENTS

As the 2011 Share Award Scheme had expired, the Company adopted a new share award scheme on April 23, 2020 to recognise and reward the contribution of certain eligible persons (including the directors and core management team of the Group) and to incentivise them for the growth and development of the Group through an award of Shares (the "Share Award Scheme").

Further, on April 23, 2020, the Group had resolved to grant 87,000,000 awarded Shares and 330,000,000 options under the Share Award Scheme and the share option scheme adopted by the Company on August 25, 2017, respectively (collectively, the "New Grants"). Further details of the New Grants are set out in the Company's announcement dated April 23, 2020.

Save as disclosed above, no material events happened after the Year.

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 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 23, 2020

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.