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, 2018

HIGHLIGHTS

- Revenue increased by 30.3% to approximately RMB8,880.8 million
- Gross profit margin remained the same compared to that of the last year at 46.4%
- Net profit attributable to equity shareholders of the Company increased by 57.1% to approximately RMB615.5 million
- The Board proposed a final dividend of HKD3.5 cents per ordinary share and a special dividend of HKD2.5 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, 2018, together with the comparative figures for the year ended March 31, 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2018
(Expressed in Renminbi)

	Note	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Revenue	3	**8,880,792**	6,816,599
Cost of sales		**(4,761,690)**	(3,653,395)
Gross profit		**4,119,102**	3,163,204
Other income	4	**65,622**	65,686
Selling and distribution expenses		**(2,451,503)**	(1,951,137)
Administrative expenses		**(630,180)**	(608,809)
Impairment losses on goodwill and intangible assets	9	**(165,361)**	–
Other expenses		**(14,270)**	(8,937)
Profit from operations		**923,410**	660,007
Finance income		**120,157**	135,707
Finance costs		**(155,300)**	(203,533)
Net finance costs	6	**(35,143)**	(67,826)
Share of losses of an associate (net of tax)		**–**	(19,291)
Profit before income tax		**888,267**	572,890
Income tax expense	7	**(248,746)**	(203,769)
Profit for the year		**639,521**	369,121
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**103,587**	(199,424)
Net change in fair value of available-for-sale financial assets		**(4,364)**	–
Other comprehensive income for the year (net of tax)		**99,223**	(199,424)
Total comprehensive income for the year		**738,744**	169,697

		For the year ended March 31,	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Equity shareholders of the Company		**615,478**	391,844
Non-controlling interests		**24,043**	(22,723)
Profit for the year		**639,521**	369,121
Total comprehensive income attributable to:			
Equity shareholders of the Company		**714,468**	192,400
Non-controlling interests		**24,276**	(22,703)
Total comprehensive income for the year		**738,744**	169,697
Earnings per share	*8*		
– basic (RMB cents)		**5.82**	4.22
– diluted (RMB cents)		**5.80**	4.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2018
(Expressed in Renminbi)

	Note	At March 31, 2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**885,308**	818,867
Lease prepayments		**54,096**	30,134
Intangible assets and goodwill	*9*	**1,896,716**	1,480,817
Prepayments for an acquisition		**–**	595,000
Non-current trade and other receivables		**–**	111,671
Investment properties		**179,167**	182,614
Deferred tax assets		**469,320**	416,665
		3,484,607	3,635,768
Current assets			
Inventories	*10*	**1,454,840**	1,436,500
Trade, bills and other receivables	*11*	**1,474,427**	1,189,388
Receivables due from related parties		**200,734**	289,837
Derivative financial assets		**–**	3,388
Prepayments for materials and service suppliers		**344,430**	410,375
Available-for-sale financial assets		**4,513,854**	2,610,210
Pledged bank deposits		**904,608**	1,441,446
Time deposits with maturity over 3 months		**271,611**	266,500
Cash and cash equivalents		**1,794,051**	2,834,989
		10,958,555	10,482,633
Current liabilities			
Current income tax liabilities		**226,029**	172,785
Interest-bearing borrowings		**2,338,429**	2,984,882
Trade and other payables	*12*	**1,769,135**	1,204,006
Payables due to related parties		**3,769**	21,224
		4,337,362	4,382,897
Net current assets		**6,621,193**	6,099,736

	Note	At March 31, 2018 RMB'000	2017 RMB'000
Total assets less current liabilities		**10,105,800**	9,735,504
Non-current liabilities			
Deferred tax liabilities		**217,638**	224,846
Non-current other payables		**105,394**	155,431
		323,032	380,277
Net assets		**9,782,768**	9,355,227
Capital and reserves			
Share capital		**803**	803
Reserves		**9,594,990**	9,174,939
Equity attributable to equity shareholders of the Company		**9,595,793**	9,175,742
Non-controlling interests		**186,975**	179,485
Total equity		**9,782,768**	9,355,227

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

The 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. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

(b) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included to satisfy the new disclosure requirements introduced by the amendments to IAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes.

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

3 REVENUE AND SEGMENT REPORTING

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

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

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

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

- Diversified apparels – The diversified apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded menswear, underwear and causal wear.

(a) 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, administrative expenses directly attributable to the segment and share of losses of associates directly related to the segment. Items that are not specifically attributable to individual segments, such as unallocated entertainment expenses and consulting expenses, finance income, finance costs, government grants, and unallocated head office and corporate expenses are not included in segment profit.

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

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

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, 2018 and 2017 is set out below:

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

	For the year ended March 31, 2017 (Restated)*				
	Down apparels	OEM management	Ladieswear apparels (Restated)*	Diversified apparels (Restated)*	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	4,579,169	777,759	622,030	837,641	6,816,599
Inter-segment revenue	–	8,508	676	13,958	23,142
Reportable segment revenues	4,579,169	786,267	622,706	851,599	6,839,741
Reportable segment profit/(loss)	673,445	94,572	79,037	(80,939)	766,115
Amortization	(1,084)	–	(32,919)	(12,072)	(46,075)
Share of losses of associates	–	–	(19,291)	–	(19,291)
Impairment losses on intangible assets and goodwill	–	–	–	–	–

* As a result of the acquisition of Joy Smile Development Limited ("Joy Smile"), You Nuo (Tianjin) Clothing Limited ("You Nuo") and Klova (Tianjin) Fashion Co., Ltd. ("Tianjin Klova") for the year ended March 31, 2018, the Group has changed the composition of its reportable segments, to separately present its ladieswear apparels and diversified apparels from non-down apparels. Accordingly, the Group has restated the reportable segment information for the year ended March 31, 2017.

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

	For the year ended March 31,	
	2018	2017
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenues	**9,026,847**	6,839,741
Elimination of inter-segment revenue	**(146,055)**	(23,142)
Consolidated revenue	**8,880,792**	6,816,599

	For the year ended March 31,	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax		
Reportable segment profit	**1,224,943**	766,115
Amortization expenses	**(66,491)**	(46,075)
Government grants	**56,801**	24,357
Gain on disposal of a lease prepayment and buildings	**–**	4,132
Impairment losses	**(165,361)**	–
Unallocated expenses	**(126,482)**	(107,813)
Finance income	**120,157**	135,707
Finance costs	**(155,300)**	(203,533)
Consolidated profit before income tax	**888,267**	572,890

4 OTHER INCOME

	Note	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Royalty income	*(i)*	**8,821**	8,114
Government grants	*(ii)*	**56,801**	24,357
Gain on disposal of a lease prepayment and buildings		**–**	4,132
Remeasurement to fair value of pre-existing interest in acquiree		**–**	29,083
Other income		**65,622**	65,686

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

(ii) The Group received unconditional discretionary grants amounting to RMB56,801,000 for the year ended March 31, 2018 (2017: RMB24,357,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

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, 2018 RMB'000	2017 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**4,761,690**	3,653,395
Depreciation		
– Assets leased out under operating leases	**5,808**	5,967
– Other assets	**123,191**	121,874
Amortization expenses of intangible assets	**63,971**	45,199
Amortization expenses of lease prepayment	**2,520**	876
Operating lease charges		
– Fixed rental charges	**140,568**	114,182
– Contingent rental charges	**859,046**	746,121
Provision for impairment of bad and doubtful debts	**22,386**	19,178
Auditors' remuneration	**5,300**	6,000

6 NET FINANCE COSTS

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**15,021**	18,918
Interest income on available-for-sale financial assets	**105,136**	102,331
Total interest income on financial assets not at fair value through profit or loss	**120,157**	121,249
Change in fair value of derivative financial assets	**–**	3,388
Change in fair value of derivative financial liabilities	**–**	3,219
Others	**–**	7,851
Finance income	**120,157**	135,707
Interest on interest-bearing borrowings	**(94,932)**	(98,160)
Bank charges	**(17,633)**	(18,355)
Change in fair value of derivative financial assets	**(3,388)**	–
Net foreign exchange loss	**(38,154)**	(87,018)
Others	**(1,193)**	–
Finance costs	**(155,300)**	(203,533)
Net finance costs recognized in profit or loss	**(35,143)**	(67,826)

7 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2018 RMB'000	2017 RMB'000
Current tax expenses		
Provision for PRC income tax	**293,366**	137,534
Deferred tax benefit		
Origination and reversal of temporary differences	**(44,620)**	66,235
	248,746	203,769

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

(ii) No tax provision has been made for BSD Fashion Company Limited, Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the Republic of Korea and the United Kingdom during the year.

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

For the year ended March 31, 2018, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, and Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides service of procurement, production planning, order management, storage and logistics management, and client services to group companies, and which were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016.

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

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

	For the year ended March 31,	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**888,267**	572,890
Income tax at the applicable PRC income tax rate of 25%	**222,067**	143,223
Tax effect of unused tax losses not recognized, net of utilization	**3,164**	45,135
Non-deductible expenses	**6,736**	6,174
Effect of tax concessions of PRC operations	**(18,179)**	(11,678)
Effect of tax rate difference	**(12,557)**	–
Withholding tax on dividends to be appropriated from PRC subsidiaries to overseas companies	**53,287**	24,605
Others	**(5,772)**	(3,690)
Income tax expense	**248,746**	203,769

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2018 is based on the profit attributable to equity shareholders of the Company of RMB615,478,000 for the year ended March 31, 2018 (2017: RMB391,844,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2018, calculated as follows:

Weighted average number of ordinary shares:

	2018	2017
	'000	*'000*
Issued ordinary shares at April 1	**10,584,160**	7,924,990
Effect of treasury shares held for Share Award Scheme	**(42,057)**	(4,108)
Effect of restricted shares vested to employees	**35,625**	–
Effect of issue of new shares for business combination	**–**	586,849
Effect of capitalization of a loan payable	**–**	784,215
Effect of repurchased shares	**–**	(3,342)
Weighted average number of ordinary shares at March 31	**10,577,728**	9,288,604
Basic earnings per share (RMB cents)	**5.82**	4.22

(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 RMB615,478,000 (2017: RMB391,844,000) and the weighted average number of ordinary shares of 10,619,692,000 (2017: 9,288,604,000 shares), after adjusting for the effect of the Company's share-based payment arrangements, as follows:

Weighted average number of ordinary shares (diluted):

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares (basic) at March 31	**10,577,728**	9,288,604
Effect of share-based payment arrangements	**41,964**	–
Weighted average number of ordinary shares (diluted) at March 31	**10,619,692**	9,288,604
Diluted earnings per share (RMB cents)	**5.80**	4.22

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

9 INTANGIBLE ASSETS AND GOODWILL

	Goodwill *RMB'000*	Customer relationships *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
Cost:				
At March 31, 2016	777,053	597,882	206,765	1,581,700
Acquisition through a business combination	525,137	37,720	205,980	768,837
Disposal through disposal of a subsidiary	–	–	(5,000)	(5,000)
At March 31, 2017	1,302,190	635,602	407,745	2,345,537
Acquisition through a business combination	405,961	13,220	226,050	645,231
At March 31, 2018	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2016	(321,274)	(454,149)	(46,639)	(822,062)
Amortization charge for the year	–	(27,787)	(17,412)	(45,199)
Disposal through disposal of a subsidiary	–	–	2,541	2,541
At March 31, 2017	(321,274)	(481,936)	(61,510)	(864,720)
Amortization charge for the year	–	(33,223)	(30,748)	(63,971)
Impairment losses (ii)	(92,467)	(72,894)	–	(165,361)
At March 31, 2018	(413,741)	(588,053)	(92,258)	(1,094,052)
Net book value:				
At March 31, 2018	1,294,410	60,769	541,537	1,896,716
At March 31, 2017	980,916	153,666	346,235	1,480,817

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,	
	2018	2017
	RMB'000	*RMB'000*
Gross value		
Menswear	**292,741**	292,741
Ladieswear – Jessie brand	**484,312**	484,312
Ladieswear – Buoubuou brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	–
	1,708,151	1,302,190
Accumulated impairment losses		
Menswear (ii)	**(292,741)**	(200,274)
Ladieswear – Jessie brand (i)	**(121,000)**	(121,000)
Ladieswear – Buoubuou brand (i)	**–**	–
Ladieswear – Tianjin Ladieswear (i)	**–**	–
	(413,741)	(321,274)
Net value		
Menswear	**–**	92,467
Ladieswear – Jessie brand	**363,312**	363,312
Ladieswear – Buoubuou brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	–
	1,294,410	980,916

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

Based on the assessment, there was no impairment required on the Jessie brand Ladieswear CGU, BuouBuou brand Ladieswear CGU and Tianjin Ladieswear CGU.

(ii) Due to the Group will undergo an overall adjustment under its new positioning strategy for Bosideng brands, by which the Group will launch new plans for the development of its new menswear business, management has revisited the current menswear business and plan to terminate current menswear customer relationship with existing distributors. Management has prepared cash flow projections based on financial budgets approved by management for the purposes of impairment reviews based on the current group strategy. The discount rate used is Menswear CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimate of value in use was determined using a discount rate of 20%. As a result, the remaining goodwill of RMB92,467,000 and customer relationship of RMB72,894,000 were fully impaired. The Group has also reassessed the inventories of the current menswear business and written down the inventories to their net realizable value.

10 INVENTORIES

	At March 31,	
	2018	2017
	RMB'000	*RMB'000*
Raw materials	**332,835**	265,424
Work in progress	**17,621**	9,413
Finished goods	**1,104,384**	1,161,663
	1,454,840	1,436,500

At March 31, 2018, inventories carried at net realizable value amounted to approximately RMB263,657,000 (2017: RMB305,110,000).

11 TRADE, BILLS AND OTHER RECEIVABLES

	At March 31,	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**981,722**	629,747
Bills receivable	**121,968**	78,715
Less: allowance for doubtful debts	**(123,325)**	(102,123)
	980,365	606,339
Third party other receivables:		
– VAT recoverable	**68,357**	74,488
– Deposits	**205,677**	173,706
– Advances to employees	**43,812**	36,426
– Secured loans receivable	**–**	81,032
– Receivables from companies controlled by the former controlling shareholder of Buoubuou International Holdings Ltd.	**60,829**	110,829
– Advances to a company controlled by the non-controlling shareholder of a subsidiary, Jessie International Holdings Ltd.	**22,200**	98,136
– Amounts due from brokers (i)	**56,009**	–
– Interest receivable in relation to securities investment	**14,553**	–
– Short-term deferred expense	**13,249**	1,739
– Others	**9,376**	6,693
	1,474,427	1,189,388

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

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

As at March 31, 2018, the Group endorsed certain bank acceptance bills totalling RMB153,254,000 (2017: RMB25,413,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group had derecognised RMB90,201,000 (2017: RMB13,230,000) bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on the maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade, bills and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of impairment losses on bad and doubtful debts, is as follows:

	At March 31,	
	2018	2017
	RMB'000	*RMB'000*
Within credit terms	**822,378**	503,523
1 to 3 months past due	**136,616**	54,992
Over 3 months but less than 6 months past due	**20,949**	13,293
Over 6 months but less than 12 months past due	**388**	95
Over 1 year past due	**34**	34,436
	980,365	606,339

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

(b) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivable directly.

The movement in the allowance for doubtful debts during the year is as follows:

	For the year ended March 31	
	2018	2017
	RMB'000	*RMB'000*
At April 1	**102,123**	102,961
Provision for impairment of bad and doubtful debts	**22,386**	19,178
Uncollectible amounts written off	**(1,184)**	(20,016)
At March 31	**123,325**	102,123

At March 31, 2018, RMB167,251,000 (2017: RMB108,003,000) of the Group's trade receivables were individually determined to be impaired. The individually impaired receivables as at March 31, 2018, related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB123,325,000 (2017: RMB102,123,000) were provided.

(c) Trade receivables and bills receivable that are not impaired

The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	For the year ended March 31	
	2018	2017
	RMB'000	*RMB'000*
Neither past due nor impaired	**822,378**	503,523
1 to 3 months past due	**98,811**	51,519
Over 3 months but less than 6 months past due	**15,196**	10,981
Over 6 months but less than 12 months past due	**20**	–
Over 1 year past due	**34**	34,436
	114,061	96,936
	936,439	600,459

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

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

12 TRADE AND OTHER PAYABLES

	At March 31,	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**522,540**	495,077
Other payables and accrued expenses		
– Deposits from customers	**353,320**	206,229
– Construction payables	**21,753**	29,310
– Accrued advertising expenses	**18,848**	14,695
– Accrued payroll, welfare and bonus	**268,815**	202,711
– Cash-settled written put option	**120,855**	22,923
– VAT payable	**125,245**	38,542
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**52,055**	13,014
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	**36,371**	–
– Advances from a company controlled by the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**27,131**	29,159
– Payables in relation to unvested restricted shares	**13,994**	20,261
– Amount due to Brokers (i)	**34,445**	–
– Payables in relation to completion of acquisition of Tianjin Ladieswear	**40,252**	–
– Others	**128,511**	127,085
	1,769,135	1,204,006

(i) Amounts due to brokers mainly represented the amount payable for buy-in of available-for-sale 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,	
	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**391,704**	364,505
1 to 3 months	**130,836**	130,572
	522,540	495,077

13 DIVIDENDS

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

	For the year ended March 31,	
	2018	2017
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD1.5 cents per ordinary share (2017: interim dividend declared and paid of HKD1.0 cent per ordinary share)	**132,266**	94,752
Final dividend proposed after the end of the reporting period of HKD3.5 cents per ordinary share (2017: HKD0.5 cent per ordinary share)	**310,541**	46,699
Special dividend proposed after the end of the reporting period of HKD2.5 cents per ordinary share (2017: nil)	**221,815**	–
	664,622	141,451

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

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

	For the year ended March 31,	
	2018	2017
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.5 cent per ordinary share (2016: final dividend of HKD2.6 cents per ordinary share)	**44,728**	198,157

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

MANAGEMENT DISCUSSION AND ANALYSIS

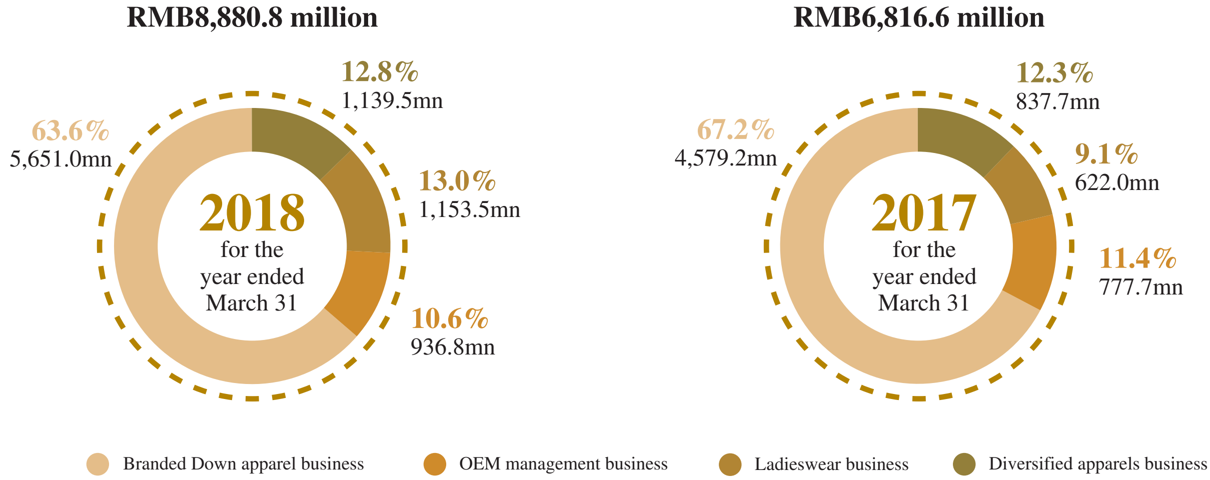
As China's economy has been transitioning from a rapid growth stage to a stage of high-quality development, significant achievement in supply-side structural reform had been made in 2017, speeding up the replacement of old drivers with the latest ones and improving quality and efficiency of economic development. Following deepened adjustments in the past few years, there is a continuous recovery of the apparel industry with an improvement in both the consumption by end-users and the retail performance of offline channels as well as a higher growth in online sales. On the other hand, in light of the changes in consumption behavior and the trend of consumption premiumization in the PRC, enterprises have to strengthen brand building and innovation under the principle of customer orientation. Enterprises have to strive for innovation in a changing market so that they can go ahead with times, keep abreast with market trends and maintain a stable market position in the long run. During this financial year, the Group has focused on further brand reshaping and sales channels optimization, strengthened efforts in product innovation and retail big data analysis, and continuously introduced young and fashionable product series, to better meet the needs of consumers. Accordingly, we have achieved good operating results, with good growth momentum seen in the down apparel business, which is the Group's core business, and also the ladieswear business.

REVENUE ANALYSIS

The Group has recorded a rapid growth in revenue from the branded down apparel business during this financial year, benefiting from a continuous recovery of the apparel industry and measures of reducing inventory adopted in the past few years which brought continuous improvement in sales channels, introduction of innovative and fashionable products and meticulous retail management. This, together with the increase in orders from key customers in the OEM management business, growth in the existing business under the ladieswear brands and introduction of the newly acquired ladieswear brands during the year and the contribution from the diversified apparels business, has brought to the Group a revenue of approximately RMB8,880.8 million for the year ended March 31, 2018, representing an increase of approximately 30.3% as compared to that of the last year. During the year, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 63.6% of the Group's revenue, while 10.6%, 13.0% and 12.8% of the Group's revenue came from the OEM management business, the ladieswear business and the diversified apparels business, respectively. During the same period last year, the four business segments mentioned above accounted for 67.2%, 11.4%, 9.1% and 12.3% of the Group's revenue, respectively.

Revenue from the branded down apparel business, OEM management business, ladieswear business and diversified apparels business amounted to RMB5,651.0 million, RMB936.8 million, RMB1,153.5 million and RMB1,139.5 million for the year, representing a year-on-year increase of 23.4%, 20.4%, 85.4% and 36.0%, respectively.

Revenue of the Group by business



Branded Down Apparel Business:

In recent years, the Group has endeavored to continuously clear inventories and optimize sales network. After years of effort, the opening inventory has returned to a healthy level and the quality and mix of sales network have become more balanced. Following the overall improvement of inventory mix and our efforts in developing more products attuned to market demand during this year, we have enhanced our product marketability. Almost all products sold during this financial year are new items. The sell-through rates of both new and old products exceeded the targeted annual sale-through rates. Meanwhile, the Group strictly controlled the sales discounts for both new and old products. These measures played a key role in significantly increasing the revenue and improving the gross profit margin. Revenue from *Bosideng*'s branded down apparel business for this financial year reached a record high compared with previous years, with the increase of 74.5% and 23.9% in revenue from apparel businesses under the *Snow Flying* and *Bengen* brands, respectively, as compared with that for the last year.

Inventory Management

While the inventory returned to a healthy level, the Group continues to maintain stringent production and product planning. The Group has adopted the demand-pull mechanism in certain sales regions to avoid unnecessary inventory accumulation. The inventory awareness of both the Group and its distributors has been strengthened. Inventory was controlled from the beginning of the operation and management under the implementation of a three-year product clearance policy. During the year, the Group continued to enhance its overall operation capability and promote meticulous retail management. The Group held weekly operations analysis meetings to discuss operational issues interdepartmentally and formulate solutions in a collective and timely manner. Sales of each product was followed up on a weekly basis through strengthened retail terminal information analysis to facilitate timely and strategic adjustment to maximize the sell-through rates of products, thereby making prompt response to market changes.

Order Management

The Group has applied a more detailed arrangement and management of order placement. Under the new practice for this financial year, order placements of direct sales and wholesale are completely separated while single-store orders are applied to self-operated stores, which is different from the previous practice of placing integrated order by sales regions. Products for sales in single stores will match the demand for single-store orders, which will be supplemented by the demand-pull mechanism in the sales and production of products with reference to the actual demand. Through timely notification and analysis of retail information on products, the Group regulated and adjusted the order mix of all direct sales stores and distributors to ensure viable and reasonable order placement by providing distributors at different sizes with different modes of bonus and order-making that large distributors may decide the volume on their own with guidelines given by the Company and small distributors may only make orders subject to the volume decided by our subsidiaries, and to make timely adjustment to market changes. This system also benefits our distributors, leading to a mutual and healthy development.

Quality Quick Response System

During the year, the Group strengthened its efforts in developing the competitiveness of its supply chain, which is a quality quick-responsive system, so as to continuously enhance efficiency of management and operation of the supply chain. Only approximately 40% of goods ordered would be put into production. When products are available at our stores, the Group will conduct restocking in the period from October to December with reference to the demand from the end-users. With this measure, we can achieve a quality quick responsive supply system by supplying goods in 15 days and restocking for approximately 60% of the orders. Accordingly, sell-through rates of products have been effectively enhanced and inventory risk has been controlled as far as possible. Looking forward, the Group will strengthen the cooperation of the development of our smart down apparel production bases, so as to provide support and protection to our efforts in enhancing our ability to quickly respond and upgrade our quality of products.

Logistics and Delivery

During the year, the Group has renovated the Smart Delivery Centre in Changshu. The delivery centre controls our logistics in the PRC. With this measure, the whole process from production, warehousing to logistics and delivery is controlled under an intelligent system, achieving direct allocation and delivery of goods through stores in regions of Nanjing, Suzhou and Shanghai. In addition to the warehouse in Changshu, the Group has established the Southwest Region branch warehouse in Chengdu, significantly improving the efficiency of allocation and delivery of goods in the Southwest Region and providing quick-response for demand-pull restocking and an allocation of goods for sales in stores during the peak season. Looking forward, the Group intends to establish a number of regional warehouses in the PRC to replace the warehouses of retail stores for direct allocation of goods to stores, so as to significantly improve its efficiency in terms of turnover rate and substantially reduce inventory costs and excessive stocks.

Development of IT system

By introducing the internet infrastructure developed by Alibaba in 2017, the Group became the first mover in the apparel industry to establish its own cloud platform, namely the Bosideng innovative retail management cloud platform. The platform integrates information of consumers, stores, retail companies, headquarters and suppliers in the areas of members, products, sales, inventory and factories. Leveraging external technologies in speeding up the development of our down apparel business system in the area of innovative retail business, which involves O2O omni-channel, intelligent allocation of products, analysis of members, sites of stores and quick-response system, the Company improved its efficiency and effectiveness of operations in terms of member services, operation of products, development of channels and management of production. The Company has achieved outstanding results of management on its operations in applying cloud computing and big data for consumer business. Bosideng Down Wear Limited, a subsidiary of the Group, was named "Pilot enterprise for Integration of Informatization and Industrialization Management System 2017" by the Ministry of Industry and Information Technology (MIIT). The Company is the only apparel enterprise recognized by MITT.

R&D of Products

Rising consumer demand for functionality in down apparel has pushed the Group to excite the market with new attempts of R&D for new products such as the launch of the Anti-Cold series (極寒系列) and the Wind Breaker series (風衣系列) this year. The Anti-Cold series contains 90% white goose down with fill power reaching 800. It uses high-density, high-thread count insulated fabric which can resist extreme cold weather up to minus 30 Celsius, together with the chic elements, offering its consumers a brand new cold-resistance experience. Working with iQIYI.COM, a leading video website in China, the Group as the title sponsor presented Run! Gaiason (翻滾吧!地球), a documentary film which describes the life under an extreme temperature of -30°C in Beiji Village, the coldest village in China. The perfect blend of its products with the film created widespread appreciation and brought hot sales of the products. The overall sell-through rate of the Anti-Cold series for the year exceeded 90%, substantially higher than those for sales of other winter down apparel series. The Group will continue to develop, improve and upgrade the Anti-Cold series for winter of 2018 to better meet the needs of consumers. During the year, the Group also introduced the new Wind Breaker series which defies conventional impression of bulkiness towards down apparel by achieving an excellent balance between the function of heat preservation and a fashionable, slim design which has won the favor of consumers.

The Disney series, a popular series in the market when it was initially launched in 2016, was launched again this year along with a breakthrough in material selection, design, cutting and innovation. Through customized printing, attachment of ribbons etc., this series fully demonstrates the elements of Disney, showcasing every detail with personality and a sense of childlike wonder. The series was very appealing to young followers and the number of Disney promotional stores has increased to 306 stores from 42 stores in the last financial year. Through the overall layout, scenario marketing, "internet celebrity as spokesperson" activities, live video and Weibo texts and sharing, interactivity and shopping experience have been enhanced, attracting more customers and bringing sales to the Group. These measures in our brand rejuvenation are crucially attributable to the substantial number of young followers attracted by the series.

Brand Promotion

The Group placed emphasis on brand building and brand promotion so as to gradually raise consumers' awareness of its brands as well as to enhance its brand value and recognition. The Group conducts brand promotion in light of patterns of consumer behavior and media usage so that more consumers will be aware of the developments of our brands and products. The Group will invest in various channels with precise forecast by exploring new internet channels, while maintaining a substantial investment in tradition channels, so as to develop influence of the brands. We attach great importance to consumer experience and conduct scenario marketing for our members in strengthening loyalty of our members for revenue achievement. During the Singles Day (Double 11), we made use of hot topics by launching crossover with the nine finalists at The Rap of China《中國有嘻哈》through pre-sale of crossover editions online, which attracted a snap-up. We also created our MV《潮級暖的波司登》and made broadcasting via various channels. The online activity during Double 11 brought a revenue of RMB568.0 million to the Group. Meanwhile, the Group has developed its traffic base through the model of "General Membership Management", which maintains social interaction via Wechat. The Group has been accumulating goodwill for its brands, while gaining in-depth understanding of consumers' needs by providing offline and online marketing services exclusively for members. In 2017, the Group had over 7.7 million members, which brought a significant increase in retail sales and recurring purchases as compared to that for the last year. The expanding base of loyal members would enable us to gain in-depth understanding of needs of consumers and thus maintain sustainable growth in revenue from our brands in the long run.

Multi-brand Strategies

The Group focused on the development of key *Bosideng* brands by reshaping them as mid-to-high end brands, while maintaining the strategy of "Down apparel plus" by leveraging its competitiveness in production, technology and distribution to continuously develop its businesses under *Snow Flying*, its mid-end brand, and *Bengen*, its brand with high price-performance ratio, as part of its efforts in gaining market shares.

1) *Snow Flying*: a down apparel product for youths with the positioning of "young, fashion and sporty". During the year, the Group adopted the SPA model (Specialty Store Retailer of Private Label Apparel Model) for its offline business. The Group has strengthened its back-office supporting system through the SPA model, provided strong support to the headquarters of the Company, achieved direct control on sales channels and put sales channels in practice. By adopting the strategy of "Red Hot Offer" under our online flagship stores at Tmall, we delivered a significant increase in traffic, fans and merchandise value, translating into an increase of around 200% in our revenue for sales through flagship stores at Tmall and another step towards innovative retail business. The Group has achieved a revenue of approximately RMB315.5 million from down apparel under *Snow Flying* brand for 2017, representing a year-on-year increase of 74.5%.

2) *Bengen* brand: based on the wholesale model in the previous years, the Group has established self-operated retail outlets, while exploring opportunities of innovative retail through integration of online and offline channels. The Group has been working on the new omni-channel retail model and has started to extend its down apparel business to other products, so as to transform *Bengen* to a new brand featuring fashionable lifestyle operated under an omni-channel and multi-brand system, from a fashion down apparel brand of "fashion, quality and elegant". In 2017, the revenue from down apparel business under *Bengen* brand amounted to approximately RMB203.3 million, representing an increase of 23.9% as compared to that of last year.

Revenue from branded down apparel business by brand
For the year ended March 31,

	2018		2017		
Brands	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Bosideng	**4,953.7**	**87.6%**	4,060.7	88.7%	22.0%
Snow Flying	**315.5**	**5.6%**	180.8	3.9%	74.5%
Bengen	**203.3**	**3.6%**	164.0	3.6%	23.9%
Other brands	**112.5**	**2.0%**	102.8	2.2%	9.5%
Others	**66.0**	**1.2%**	70.9	1.6%	-6.8%
Total revenue from branded down apparel business	**5,651.0**	**100.0%**	4,579.2	100.0%	23.4%

Revenue from branded down apparel business by sale category
For the year ended March 31,

	2018		2017		
	RMB million	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Self-operated	**3,519.8**	**62.3%**	2,174.1	47.5%	61.9%
Wholesale	**2,065.2**	**36.5%**	2,334.2	51.0%	-11.5%
Others*	**66.0**	**1.2%**	70.9	1.5%	-6.8%
Total revenue from branded down apparel business	**5,651.0**	**100.0%**	4,579.2	100.0%	23.4%

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

In terms of the management of sales channels, the Group continued to actively optimize the retail network and shut down underperforming stores to enhance store quality during the year. The Group also accelerated the development of its network of channels with its specialty stores at malls, boutiques and core commercial districts to gradually increase the revenue from outlets at malls and other leading sales channels as a percentage of the total revenue. During the year, the Group has adopted different strategies for sales channels in different regions with reference to the sizes of the markets and quality of sales channels. The Group has been exploring its network of sales channels to third- or fourth-tier cities, while continuously expanding the network in small-sized markets in first and second tiers. Meanwhile, sales channels in some markets that reached their maximum capacities are optimized through opening of new channels, closure of old channels and conversion of channels. As part of the consolidation of our outlets through closing stores, the Company has shifted its focus to the requirement of disciplined brand management from the fundamentals of production and losses. This approach is applied to all sales channels, and in particular, those channels at wholesale markets, general merchandise stores and supermarkets that did not match positions and images of the brands. The Group will close these channels or change them to factories and will not establish new selling points in these areas.

During the year, the Group achieved the first positive increase in the number of retail outlets in recent years. As at March 31, 2018, the total number of retail outlets of the Group's down apparel business (net) increased by 174 to 4,466 compared to March 31, 2017. Self-operated retail outlets (net) increased by 49 to 1,423; and retail outlets operated by third party distributors (net) increased by 125 to 3,043. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 32% and 68%, respectively.

Retail network breakdown by down apparel brand

	Bosideng		***Snow flying***		***Bengen***		**Total**
As at March 31, 2018	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*
Specialty stores							
Operated by the Group	552	100	7	-35	6	6	565
Operated by third party distributors	1,743	-18	170	110	403	92	2,316
Subtotal	2,295	82	177	75	409	98	2,881
Concessionary retail outlets							
Operated by the Group	646	-72	187	25	25	25	858
Operated by third party distributors	396	-65	80	13	251	-7	727
Subtotal	1,042	-137	267	38	276	18	1,585
Total	**3,337**	**-55**	**444**	**113**	**685**	**116**	**4,466**

Change: Compared with that as at March 31, 2017

Retail network of down apparel business breakdown by region

	As at March 31, 2018	As at March 31, 2017	Change
Eastern China	**1,599**	1,495	104
Central China	**1,007**	934	73
Northern China	**368**	424	-56
Northeast China	**479**	501	-22
Northwest China	**542**	533	9
Southwest China	**471**	405	66
Total	**4,466**	4,292	174

Areas

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

OEM Management Business:

During the year, revenue from the Group's OEM management business increased by 20.4% to approximately RMB936.8 million as compared with that of last year, accounting for 10.6% of the Group's revenue. Such increase was mainly attributable to further automatic, standardized and intelligent production development across factories, which enhanced productivity and quality of products. Meanwhile, the Company adjusted its strategy by mobilizing key resources to the existing key OEM clients and negotiating medium-to-long term planning of development, significantly shoring up the confidence of customers and bringing significant increase in orders from major customers. The OEM management business had 13 major customers and the percentage of revenue from the top five customers accounted for approximately 88.4% of its total revenue.

As the production cost increases in China every year, of which wage increase is especially prominent, the Company plans to make use of ITOCHU's resources and transfer part of its production process to Vietnam and other countries in Southeast Asia. Production has commenced for the first batch of orders. As part of its next move, more orders for basic products will be transferred to the factories in Southeast Asia according to their technical capabilities and skills to reduce staff cost.

Ladieswear Business:

During the year, revenue from the Group's ladieswear business was approximately RMB1,153.5 million, which represents a significant increase of 85.4% compared with that for the corresponding period of last year as benefited from the acquisition of Tianjin Ladieswear in 2017. The contribution from the ladieswear business to the Group's revenue increased to 13.0%. The four major ladieswear brands of the Group, namely *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*, have maintained good growth momentum and have become the new drivers for the development of the Group's ladieswear business. Revenue from the ladieswear brands during the year were as follows:

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

Brands	**2018** *RMB million*	**2018** *% of ladieswear revenue*	2017 *RMB million*	2017 *% of ladieswear revenue*	*Change*
JESSIE	**389.2**	**33.8%**	323.5	52.0%	20.3%
BUOU BUOU	**375.3**	**32.5%**	298.5	48.0%	25.7%
KOREANO	**176.1**	**15.3%**	N/A	N/A	N/A
KLOVA	**205.6**	**17.8%**	N/A	N/A	N/A
Other brands	**7.3**	**0.6%**	N/A	N/A	N/A
Total revenue from ladieswear business	**1,153.5**	**100.0%**	622.0	100.0%	85.4%

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

	2018 *RMB million*	**2018** *% of ladieswear business revenue*	2017 *RMB million*	2017 *% of ladieswear business revenue*	*Change*
Self-operated	**1,059.1**	**91.8%**	516.4	83.0%	105.1%
Wholesale	**94.4**	**8.2%**	105.6	17.0%	-10.7%
Total revenue from ladieswear business	**1,153.5**	**100.0%**	622.0	100.0%	85.4%

FASHION LADIESWEAR – JESSIE

During the year, revenue from *JESSIE* increased by 20.3% to approximately RMB389.2 million, among which, revenue from self-operated business increased by 17.8% to approximately RMB313.4 million and revenue from wholesale business increased by 31.7% to RMB75.8 million, respectively. *JESSIE* concentrated its efforts in strengthening the management capabilities of self-operated stores, increasing the user-end investment as well as maintaining and following up on our VIP customer relationships, developing outlets with influence in different regions and increasing average revenue. *JESSIE* also continued to increase its investment in R&D of products, with new products well received by consumers. In addition, *JESSIE* controlled orders and production of new products by boosting sales of best-selling products through restocking and shortening the processing time.

FASHION LADIESWEAR – BUOU BUOU

During the year, revenue from *BUOU BUOU* was approximately RMB375.3 million, representing an increase of 25.7% as compared to that of last year. *BUOU BUOU* has achieved a stable growth in revenue with the effective measures of optimizing mix of inventory and sales channels. Among these, revenue from self-operated business and wholesale business were approximately RMB356.7 million and RMB18.6 million, respectively. In order to improve its business foundation, *BUOU BUOU* proactively shut down retail outlets with low-efficiency or poor performance, strategically cutback on new products and intensified discount promotions to clear inventory during the period under review. Moreover, *BUOU BUOU* proactively put in more effort in product research to develop products that better accommodate market needs, while identifying potential distributors for co-operation. The number of *BUOU BUOU* retail outlets (net) decreased by 33 to 186 during the period under review.

FASHION LADIESWEAR – KOREANO and KLOVA

The Group completed its acquisition of Joy Smile Development Limited ("Joy Smile"), You Nuo (Tianjin) Clothing Limited ("You Nuo") and Klova (Tianjin) Fashion Co., Ltd. ("Tianjin Klova") (together with Joy Smile and Yuo Nuo as "Tianjin Ladieswear") in April 2017. Joy Smile is principally engaged in sourcing and distributing ladieswear. It mainly owns the trademarks of brands *KOREANO* and *KLOVA* and has established sales channel and management team. You Nuo is the sole production agent for brands *KOREANO* and *KLOVA*. Pursuant to the acquisition agreement, the vendor guaranteed that the audited profit after taxation of Tianjin Ladieswear for the 11 months period from April 28, 2017 to March 31, 2018 shall not be less than RMB70.0 million, or the vendor shall make up the shortfall to the Group. As the consolidated profit for this financial year was RMB61.5 million, which was mainly due to the adjustment of non-cash accounting standards, the vendor will make up the shortfall, of RMB8.5 million to the Group under the acquisition agreement. The Group is confident with the development of the ladieswear business under *KOREANO* and *KLOVA* brands as they possess premium sales channels and loyal VIPs under the operation of an experienced management team. Looking forward, the business under the two brands is expected to deliver sustainable growth through continuous adjustment of product mix and VIP promotions.

KOREANO is positioned as a mid-to-high-end ladieswear brand in China. The products under the brand feature a chic, elegant and tasteful style, and target office ladies aged between 25 and 35. Meanwhile, *KLOVA* features products of simple, stylish yet gracious designs and targets discerning female customers aged between 30 and 40. Both brands focused on self-operated business, without any wholesale business. During the year, self-operated revenue from *KOREANO* and *KLOVA* were RMB176.1 million and RMB205.6 million, respectively. As at March 31, 2018, *KOREAN*O and *KLOVA* had 57 and 66 self-operated stores, respectively.

Retail network by ladieswear brand

As at March 31, 2018	*JESSIE* Number of stores	Change	*BUOU BUOU* Number of stores	Change	*KOREANO* Number of stores	*KLOVA* Number of stores	**Others** Number of stores	**Total** Number of stores
Specialty stores								
Operated by the Group	4	1	19	5	–	–	–	23
Operated by third party distributors	23	–	13	7	–	–	–	36
Subtotal	27	1	32	12	–	–	–	59
Concessionary retail outlets								
Operated by the Group	109	3	120	-19	57	66	6	358
Operated by third party distributors	67	3	34	-26	–	–	4	105
Subtotal	176	6	154	-45	57	66	10	463
Total	**203**	**7**	**186**	**-33**	**57**	**66**	**10**	**522**

Change: Compared with that as at March 31, 2017

Retail network of ladieswear business by region

	As at March 31, 2018	As at March 31, 2017	Change
Eastern China	**75**	63	12
Central China	**153**	149	4
Northern China	**56**	39	17
Northeast China	**65**	31	34
Northwest China	**109**	75	34
Southwest China	**64**	58	6
Total	**522**	415	107

Areas

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

Diversified apparels business

During the year, revenue from our diversified apparels business was approximately RMB1,139.5 million, representing a significant increase of 36.0% as compared to that for the corresponding period of last year, leading to an increase in the revenue from diversified apparels business as a percentage of our total revenue to 12.8%. Benefiting from an increase in the value of *Bosideng* brands and improvement in operating efficiency of retail outlets for *Bosideng MAN* and *Bosideng HOME*, *Bosideng MAN* and *Bosideng HOME* have delivered growth of 52.5% and 201.2%, respectively, as compared to that for the corresponding period of last year, and has offset the decrease in revenue from diversified apparels business due to the disposal of *Mogao* and the closure of its outdoor apparel business under *Snow Flying* brand in the last year. Revenue from the diversified apparels brands during the period under review was as follows:

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

	2018		2017		
Brand	***RMB million***	***% of diversified apparel business revenue***	*RMB million*	*% of diversified apparel business revenue*	*Change*
Bosideng MAN	**503.0**	**44.1%**	329.8	39.4%	52.5%
Bosideng HOME	**561.4**	**49.3%**	186.4	22.2%	201.2%
Mogao	**N/A**	**N/A**	248.4	29.7%	N/A
Other brands and others	**75.1**	**6.6%**	73.1	8.7%	2.6%
Total revenue from diversified apparels business	**1,139.5**	**100.0%**	837.7	100.0%	36.0%

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

	2018		2017		
	RMB million	***% of diversified apparel business revenue***	*RMB million*	*% of diversified apparel business revenue*	*Change*
Self-operated	**59.5**	**5.2%**	350.1	41.8%	-83.0%
Wholesale	**1,076.5**	**94.5%**	478.9	57.2%	124.8%
Others*	**3.5**	**0.3%**	8.7	1.0%	-59.6%
Total revenue from diversified apparels business	**1,139.5**	**100.0%**	837.7	100.0%	36.0%

* *Represents rental income*

Bosideng HOME

During the year, revenue from *Bosideng HOME* was approximately RMB561.4 million, representing an increase of 201.2% as compared to that for the corresponding period of last year. Among which, revenue from self-operated business and wholesale business were approximately RMB8.9 million and RMB552.4 million, respectively. The products of *Bosideng HOME* are mainly underwear and homewear. Benefiting from high brand recognition of *Bosideng* brands, the *Bosideng* thermal underwear products jumped to top three in the market of thermal underwear in terms of online sales. After two years of operation, its underwear and homewear are produced, supplied and sold under a well-developed retailing system. The market has been growing as it becomes more regulated and stabilized. The development team has gained full understanding of trends in respect of development and styles of underwear and homewear. On the other hand, the non-down apparel products under *Bosideng* brands will undergo an overall adjustment under our new positioning strategy for *Bosideng* brands, by which the Group will launch new plans for the development of homewear and underwear businesses.

Bosideng MAN

During the year, revenue from *Bosideng MAN* business increased by 52.5% to approximately RMB503.0 million. Revenue from self-operated business and wholesale business decreased and increased by 49.1% and 89.9% to approximately RMB45.1 million and RMB457.9 million, respectively. *Bosideng MAN* actively optimized its retail network and eliminated underperforming retail outlets, resulting in a net decrease in total number of retail outlets by 81 to 282. In the past few years, *Bosideng MAN* gradually reformed the model of franchisee by changing franchise stores to stores under joint ventures, which is more flexible and controllable as well as strengthening meticulous retail management. This measure set up unified standards for sales in our stores, our brands and images as well as logistics and deliveries throughout China, enhancing operating performance of our offline stores. *Bosideng MAN* also continued to strengthen its online business, creating an industry-leading and quick responsive menswear supply chains of Tmall. On the other hand, the non-down apparel products under *Bosideng* brands will undergo an overall adjustment under our new positioning strategy for *Bosideng* brands, by which the Group will terminate the cooperation with existing distributors for *Bosideng menswear* brand, with an aggregate balance of RMB165 million for the remaining goodwill and customer relationship in respect of the menswear business fully impaired. The Group will launch new plans for the development of its new menswear business.

School uniform business – Sameite (飒美特)

During the year, the *Sameite* school uniform business under the Group maintained healthy development. *Sameite* focused on providing students in the PRC with trendy school uniforms that reach global standards, as part of its efforts in creating school uniforms that suit the needs of student in the PRC and bringing the market of school uniforms to the brand-oriented consumer market to a new era. *Sameite* has fully leveraged the advantages of cooperation between enterprises from the PRC and Korea. With differentiated design with reference to purchase power and cultural features throughout the PRC, quality materials and simple appearance, students can expect to have attractive uniforms when they go to school. Adhering to the principles of "making standardized, safe, healthy, comfortable and trendy uniform", *Sameite* produces every piece of school uniform with great care. Within the school uniform business that is order-oriented, *Sameite* has secured orders from a number of schools at Jiangsu, Shanghai, Zhejiang and other cities. Looking forward, *Sameite* could expand its business through the sales channels of Bosideng throughout the markets in the PRC. *Sameite* will also provide differentiated and customized services with reference to history, culture, badge, motto and visual identity (VI) of each school to meet the needs of a particular school, so as to further strengthen the competitiveness of the products.

Children's wear business

During the year, the Group has actively explored opportunities of innovation and development for the *Bosideng* brands. The Group has expanded the down apparel business under *Bosideng* to its children's wear by developing the "*Bosideng*" children's wear brand. Following operation of nearly one year, *Bosideng* children's wear is among Top 30 of children's wear products sold at Tmall, demonstrating the strong influence of *Bosideng* brands and the outstanding capability of *Bosideng* children's wear team in conducting online business. On the other hand, the non-down apparel products under *Bosideng* brands will undergo an overall adjustment under our new positioning strategy for *Bosideng* brands, by which the Group will launch new plans for the development of its children's wear business.

The Group believes that the children's wear market in the PRC is still at the stage of growth and is expected to develop at a higher growth as compared to menswear, ladieswear and sportswear businesses. The domestic and overseas giants in the apparel industry have been speeding up the development of their own network for children's wear business. As the landscape of children's wear in the PRC has yet to develop, all these players have equal chance to be the leader in the industry. The Group will form joint ventures with children's wear groups that possess strong capability of conducting online operation. For online business, the Group will select the best global brands of children's wear for cooperation in moving toward the target of becoming a leading operator in the PRC as a specialist in children's wear in global markets. The Group will also select the best global brands for in-depth cooperation in operating its online business. For offline business, the Group will gradually develop its offline stores and continue to enhance consumer experience. With these measures, the Group will achieve integration of online and offline businesses for its development with strategic alliance of global children's wear brands.

Retail network by diversified apparels brand

As at March 31, 2018	***Bosideng HOME*** *Number of stores*	***Bosideng MAN*** *Number of stores*	*Change*	**Total** *Number of stores*
Specialty stores				
Operated by the Group	21	84	8	105
Operated by third party distributors	51	88	-77	139
Subtotal	72	172	-69	244
Concessionary retail outlets				
Operated by the Group	4	47	1	51
Operated by third party distributors	19	63	-13	82
Subtotal	23	110	-12	133
Total	**95**	**282**	**-81**	**377**

Change: Compared with that as at March 31, 2017

Retail network of diversified apparels business breakdown by region

	As at March 31, 2018	As at March 31, 2017	Change
Eastern China	**153**	102	51
Central China	**85**	98	-13
Northern China	**21**	25	-4
Northeast China	**15**	14	1
Northwest China	**46**	57	-11
Southwest China	**57**	67	-10
Total	**377**	363	14

Areas

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

ONLINE SALES

In addition, in order to adapt to the rapid growth of online shopping and the increasing demand from consumers for online shopping, the Group has actively conducted research and development for its online sales. During the year, revenue from online sales of the Group's brands amounted to RMB2,010.5 million, representing a substantial increase of 86.7% year on year. Our online sales achieved RMB568 million during the Double 11, including the online sales revenue from branded down apparel business, ladieswear business and diversified apparels business for the year amounted to approximately RMB1,135.0 million, RMB60.3 million and RMB815.2 million respectively, representing a 20.1%, 5.2% and 71.5% of aggregate revenue from the branded down apparel business, ladieswear business and diversified apparels business, respectively. By sales categories, revenue from self-operation and wholesale through online sales amounted to approximately RMB1,091.4 million and RMB919.1 million, respectively. Looking forward, the Group will continue to increase the investment in its online business and increase the proportion of online sales, while facilitating the integration of its online and offline businesses, so as to continuously enhance consumers' shopping experience.

GROSS PROFIT

During the year, gross profit increased by 30.2% from RMB3,163.2 million to RMB4,119.1 million, and gross profit margin remained the same compared to that of the last year at 46.4%.

The gross profit margin of branded down apparel business increased by 0.4 percentage point to 51.5%, mainly due to the Group's continued efforts to clear inventory and launch new products with higher gross profit margin. The gross profit margin of ladieswear business increased by 7.8 percentage points from last year to 76.4%, mainly due to the launch of the Tianjin ladieswear, its newly acquired brands with higher gross profit margin. The gross profit margin of diversified apparel business decreased by 14.1 percentage points from last year to 14.6%, mainly because the gross profit margin declined as a result of an increase in sales and sales proportion of products with low gross profit margin. The gross profit margin of OEM management business slightly declined to 17.3%, which was due to staff cost in the PRC and cost of raw material.

OPERATING PROFIT

During the year, the Group's operating profit significantly increased by 39.9% to approximately RMB923.4 million. Operating profit margin was 10.4%, representing an increase of 0.7 percentage point as compared to 9.7% of last year, which was mainly attributable to the increase in contribution from branded down apparel business and ladieswear business.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores, fixed operating lease charges and personnel expenses, amounted to approximately RMB2,451.5 million, representing an increase of 25.6% as compared to approximately RMB1,951.1 million of last year. Distribution expenses accounted for 27.6% of total revenue, representing a decrease of 1.0 percentage points as compared to 28.6% of last year. The increase in distribution expenses was mainly due to the significant growth in our down apparel business and non-down apparel business during the period under review. The increase in distribution expenses as a percentage was lower than the increase in sales revenue as a percentage, showing the continuous improvement in the Group's overall operating efficiency.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which were mainly comprised of salary and welfare, depreciation and consultancy expenses amounted to approximately RMB630.2 million, representing an increase of 3.5% as compared to approximately RMB608.8 million of last year. The proportion of administrative expenses in the Group's total revenue decreased by 1.8 percentage points from 8.9% in previous year to 7.1%. During the period, the increase in administrative expenses was mainly due to an appropriate increase in consultant expenses for the continuous advancement of the Group's strategic transformation and meanwhile, the acquisition during the year also increased the administrative expenses correspondingly.

FINANCE INCOME

During the year under review, the Group's finance income decreased by 11.5% to approximately RMB120.2 million from approximately RMB135.7 million. The decrease was mainly due to repayment of loans by remitting its abundant cash dividends to overseas subsidiaries that rendered lower amount of funds in the PRC used for the purpose of financing.

FINANCE COSTS

The Group's finance expenses for the year under review decreased to approximately RMB155.3 million, which was primarily due to repayment of loans by remitting its abundant cash dividends to overseas subsidiaries that rendered lower interest rates for overseas loans during the year and sound foreign exchange management by the Group during the year that significantly reduced the foreign exchange loss.

TAXATION

For the year ended March 31, 2018, income tax expenses increased from approximately RMB203.8 million to approximately RMB248.7 million. The effective tax rate was approximately 28.0%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses and tax losses of certain subsidiaries of Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiary and withholding tax of dividends appropriated from PRC subsidiaries to overseas companies.

DIVIDENDS

The Board recommended the payment of a final dividend of HKD3.5 cents (equivalent to approximately RMB2.9 cents) per ordinary share for the year ended March 31, 2018 and a special dividend of HKD2.5 cents (equivalent to approximately RMB2.1 cents) per ordinary share. The proposed dividends are subject to approval by the shareholders of the Company at the annual general meeting (the "AGM") to be held on or around August 27, 2018. Upon shareholders' approval, the proposed dividends will be paid on or around September 20, 2018 to shareholders whose names appear on the register of members of the Company on September 6, 2018.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended March 31, 2018, the Group's net cash generated from operating activities amounted to approximately RMB1,032.6 million (2017: RMB1,109.2 million). Cash and cash equivalents as at March 31, 2018 amounted to approximately RMB1,794.1 million, as compared to approximately RMB2,835.0 million as at March 31, 2017.

In order to maximize returns on the Group's available cash reserves, the Group has invested in available-for-sale financial assets, which comprised principal guaranteed short-term investments with banks in the PRC and available-for-sale securities. Short-term investments with banks have expected but unguaranteed returns ranging from 2.65% to 6.70% per annum. Available-for-sale securities represented trading stocks and bonds held by Bosideng Industry Investment Fund S.P. and Shuo Ming De Investment Co., Ltd. As at March 31, 2018, the Group had bank borrowings amounting to approximately RMB2,338.4 million (2017: RMB2,984.9 million). The gearing ratio (i.e. total debt/total equity) of the Group was 23.9% (March 31, 2017: 31.9%).

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

CONTINGENT LIABILITIES

As at March 31, 2018, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at March 31, 2018, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB11.8 million (March 31, 2017: RMB13.8 million).

OPERATING LEASE COMMITMENT

As at March 31, 2018, the Group had irrevocable operating lease commitments amounting to approximately RMB147.1 million (March 31, 2017: approximately RMB138.2 million).

PLEDGE OF ASSETS

As at March 31, 2018, bank deposits amounting to approximately RMB904.6 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, 2017: approximately RMB1,441.4 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES

As of March 31, 2018, the Group had 5,340 full-time employees (March 31, 2017: 4,246 full-time employees). The increase in number of employees of the Group by 1,094 as compared to 2017 was mainly due to the increase in headcounts following the acquisition of the Tianjin Ladieswear and new employees recruited from colleges and universities during the year. Staff costs for the year ended March 31, 2018 (including Directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB866.2 million (2017: approximately RMB726.4 million). During the year, the Group acquired the Tianjin Ladieswear and granted awarded shares and share options which led to an increase in staff costs by 19.2% as compared with last year.

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

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-styled management service to those non-local university graduates, professional technicians and management staff who do not have a living place in Changshu once they are employed by the Group.

During the year, the Group continued to award 80.6 million award shares and 80.6 million options to 55 persons, including members of the management and key personnel. These shares and options each accounted for approximately 0.75% of the total issued shares of the Company. The Group believes that the implementation of the equity incentive proposal enables the Group to motivate and retain outstanding talents and align the interest of employees with that of the Company and the shareholders as vesting of the awarded shares and options is subject to the Group's financial performance and the performance of the individual. The equity incentive proposal will bring our people together to lay the sound foundation for the long-term development of the Company.

FUTURE DEVELOPMENT

With the rapid development throughout the years, China's economy has currently entered into a slow yet quality growth stage; with the deepening of urbanization and hope for better life among the people, China's consumption potential remains huge; however, consumption pattern is becoming more rational and is emphasizing on consumer experience, along with the rise of online consumption, which brought new challenges to traditional Chinese apparel retail enterprises and impacted the business model of physical stores. New challenges impel the industry to evolve, urge enterprises to consistently seek for innovation, and accelerate the transformation of traditional Chinese apparel retail enterprises. In addition, consumers expect more living functions on apparel to improve utility on top of basic heat preservation, fashion and aesthetics. The rapid changes of consumption requirements urge and require apparel enterprises to pay closer attention and to respond to market changes. The Group will continue to endeavor to gradually transform from the traditional wholesale business model to a market and consumer-oriented retail model. In the coming year, the Group will focus on the following areas:

Down Apparel Business: the increasing involvement of all-season down apparel brands in the down apparel business in the PRC has been widening the offering of down apparel. Foreign mid-to-high end down apparel brands have defined their products in terms of "luxury" instead of "basic", bringing sales of down apparel to another level. Currently, China's economy has entered into a stage of high-quality development, with the trend of consumption premiumization pushing more and more consumers in the PRC to buy brands made in China with high quality and demonstrating their own identity. We are fully aware of the actual value of down apparel as the first choice in winter, and the promising and attractive prospect of the global market of down apparel. Focusing on down apparel business for 42 years, Bosideng has sold over 200 million pieces of down apparel in the global market with its expertise, competitiveness and position in the global market.

Looking forward, the Group will focus on its principal business while offering diversified products by positioning ourselves as "the expert and the best sellers of down apparel around the world". The Group will continue to strengthen our principal business of down apparel, which is our core business, and mobilize premium resources to comprehensively rebuild Bosideng brand series so as to continuously enhance influence and performance of our brands. We will continue to optimize the mix of our sales channels, establish an ecosystem of Winter series in a short time so as to increase revenue of single stores, and speed up the integration of online and offline channels for efficient sharing of traffic and goods in order to effectively integrate our online and offline businesses in terms of customers, goods and sales channels. The Group will strengthen meticulous retail management and application of big data, so as to actively enhance our internal competitiveness and operating efficiency. With respect to products, the Group will continue to focus on innovative products with higher quality by incorporating new living functions and enhancing consumer experience, with the goal of providing high-quality and trendy down apparel products for consumers. The Group will continue to develop quality products and strive to be the leader in the down apparel industry.

OEM Management Business: the Group will continue to develop the OEM management business by making reasonable use of its production capacity in off-peak seasons, which would enable the Group to proceed with automatic and intelligent manufacturing across its factories for continuous improvement in productivity and enhancement of the Group's position as a professional provider of down apparel products. Looking forward, the Group will continue to extend the strategic cooperation with its existing key OEM customers as well as increase its investment in upgrading equipment and environmental protection. The Company will make reasonable use of ITOCHU's resources under the cooperation to enhance the technical capabilities and skills across the factories in Southeast Asia. The Group will proceed with the joint ventures for key factories as part of its continuous efforts in upgrading its OEM management business.

Fashionable Ladieswear Business: The Group is optimistic about the prospect of the domestic ladieswear industry. In the past few years, the Group has actively expanded its ladieswear business through acquisitions. Currently, its ladieswear brands mainly include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*. The scale of the ladieswear business platform has gradually expanded. The Group will focus on improving efficiencies of its internal operation and management of its ladieswear business. With the advantages in channels, procurement and other aspects brought by the multi-brand ladieswear platform, the Group will integrate its ladieswear resources to improve the synergy effects, and expand premium channels for ladieswear appropriately. Meanwhile, the Group will continue to explore potential acquisitions of ladieswear brands to further develop the platform.

Diversified Businesses: for Bosideng brand series, the Group will focus on down apparel business under these brands. The Group will also work on comprehensive integration of menswear, homewear and children's wear businesses under Bosideng brand series and will launch new plans for the development of its menswear, underwear and homewear businesses. For its existing school uniform business, the Group will expand the business through the sales channels of Bosideng throughout the markets in the PRC. The Group will also actively extend its research to children's wear and outdoor apparel, etc. to realize the transformation from "product operation" to "brand operation" and to strive for the goal of becoming a respected multi-functional apparel group to achieve sustainable development of our business.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 22, 2018 to August 27, 2018 and (ii) September 4, 2018 to September 6, 2018, 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 dividends payable on or around September 20, 2018, 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 21, 2018 and (ii) September 3, 2018, respectively.

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

For the year ended March 31, 2018, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, the trustee of the Share Award Scheme purchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 112,230,000 shares at an aggregate consideration of about HKD77.3 million.

Save as disclosed above, the Company and its subsidiaries had not purchased, sold or redeemed any the Company's listed securities during the year ended March 31, 2018.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company had complied with the Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended March 31, 2018, 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 and CEO of the Company. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical 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 INEDs on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management the accounting principles and practices adopted by the Group, and has discussed with our Group's auditors, KPMG, regarding the auditing, internal control and financial report matters including the review of the Group's consolidated annual results for the year ended March 31, 2018.

AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended March 31, 2018 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

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

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

This announcement will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://company.bosideng.com). The annual report for the year ended March 31, 2018 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 28, 2018

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