波司登
BOSIDENG

波司登國際控股有限公司
Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2021

HIGHLIGHTS

- Revenue increased by 10.9% to approximately RMB13,516.5 million as compared to that of last year
- Gross profit margin increased by 3.6 percentage points to approximately 58.6% as compared to that of last year
- Profit attributable to equity shareholders of the Company increased by 42.1% to approximately RMB1,709.6 million as compared to that of last year
- The Board proposed a final dividend of HKD10.0 cents per ordinary share

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Bosideng International Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended March 31, 2021 (the "**Year**" or "**FY2020/21**"), together with the comparative figures for the year ended March 31, 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2021
(Expressed in Renminbi)

	Note	For the year ended March 31, 2021 RMB'000	2020 RMB'000
Revenue	3	**13,516,513**	12,190,535
Cost of sales		**(5,592,247)**	(5,481,889)
Gross profit		**7,924,266**	6,708,646
Other income	4	**203,817**	186,651
Selling and distribution expenses		**(4,807,361)**	(4,276,444)
Administrative expenses		**(1,026,246)**	(852,960)
Impairment losses on goodwill and intangible assets	10	**(46,000)**	(98,000)
Other expenses		**(23,870)**	(69,215)
Profit from operations		**2,224,606**	1,598,678
Finance income		**213,455**	192,790
Finance costs		**(195,753)**	(191,555)
Net finance income	6	**17,702**	1,235
Profit before taxation		**2,242,308**	1,599,913
Income tax	7	**(537,342)**	(404,637)
Profit for the year		**1,704,966**	1,195,276
Other comprehensive income for the year:			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income (after tax) – net movement in fair value reserve (non-recycling)		**(13,561)**	(66,964)
		(13,561)	(66,964)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**62,491**	(37,899)
Other financial assets: net movement in fair value reserve (recycling)		**–**	11,332
		62,491	(26,567)
Other comprehensive income for the year		**48,930**	(93,531)
Total comprehensive income for the year		**1,753,896**	1,101,745

	Note	For the year ended March 31, **2021** *RMB'000*	2020 *RMB'000*
Profit attributable to:			
Equity shareholders of the Company		**1,709,566**	1,203,184
Non-controlling interests		**(4,600)**	(7,908)
Profit for the year		**1,704,966**	1,195,276
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,758,496**	1,109,653
Non-controlling interests		**(4,600)**	(7,908)
Total comprehensive income for the year		**1,753,896**	1,101,745
Earnings per share	*8*		
– basic (RMB cents)		**15.98**	11.27
– diluted (RMB cents)		**15.77**	11.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2021
(Expressed in Renminbi)

	Note	At March 31, 2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**1,761,804**	1,390,404
Right-of-use assets	*9*	**850,558**	782,686
Intangible assets and goodwill	*10*	**1,572,040**	1,654,290
Investment properties		**265,479**	271,203
Prepayments		**22,343**	99,152
Other financial assets	*15*	**150,901**	148,868
Deferred tax assets		**566,540**	562,512
Pledged bank deposits		**450,000**	–
Time deposits		**440,000**	–
		6,079,665	4,909,115
Current assets			
Inventories	*11*	**2,645,940**	2,725,914
Trade and bills receivables	*12*	**875,915**	1,196,743
Deposits, prepayments and other receivables	*13*	**1,168,152**	970,827
Receivables due from related parties		**156,511**	96,824
Other financial assets	*15*	**5,952,169**	3,272,759
Pledged bank deposits		**207,253**	414,391
Time deposits		**99,301**	153,500
Cash and cash equivalents		**1,771,330**	3,638,680
		12,876,571	12,469,638
Current liabilities			
Current income tax liabilities		**519,664**	364,803
Interest-bearing borrowings		**670,923**	817,841
Lease liabilities		**223,388**	260,825
Trade and other payables	*14*	**4,012,075**	3,241,306
Payables due to related parties		**6,679**	4,831
Derivative financial liabilities		**9,344**	533
		5,442,073	4,690,139
Net current assets		**7,434,498**	7,779,499
Total assets less current liabilities		**13,514,163**	12,688,614

		At March 31,	
	Note	**2021**	2020
		RMB'000	*RMB'000*
Non-current liabilities			
Deferred tax liabilities		**174,147**	139,807
Lease liabilities		**415,311**	475,287
Convertible bonds	*16*	**1,604,288**	1,670,895
Other non-current liabilities		**69,687**	–
		2,263,433	2,285,989
Net assets		**11,250,730**	10,402,625
Capital and reserves			
Share capital		**811**	806
Reserves		**11,068,303**	10,212,707
Equity attributable to equity shareholders of the Company		**11,069,114**	10,213,513
Non-controlling interests		**181,616**	189,112
Total equity		**11,250,730**	10,402,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE REPORTING ENTITY

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

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of measurement

The consolidated financial statements for the year ended March 31, 2021 comprise the Company and its subsidiaries.

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

– investments in equity securities; and

– derivative financial instruments.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

Impacts of the adoption of the amended IFRSs are discussed below:

(i) Amendments to IFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments from the financial year beginning on April 1, 2020 prospectively to transactions for which the acquisition date is on or after April 1, 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year.

(ii) Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognized in profit or loss in the period in which the event or condition that triggers those payments occurred (see Note 9). There is no impact on the opening balance of equity at April 1, 2020.

3 REVENUE AND SEGMENT REPORTING

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

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

(a) Disaggregation of revenue

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

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Sales of apparels	**13,509,569**	12,177,606
Revenue from other sources		
Gross rentals from investment properties	**6,944**	12,929
Consolidated revenue	**13,516,513**	12,190,535

All revenue was recognized at point in time.

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

(b) Segment results

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

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

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

In addition to receiving segment information concerning segment profit, management is also provided with segment information concerning amortization expenses and impairment losses recognized in profit or loss during the reporting period on intangible assets and goodwill.

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

Disaggregation of revenue from contracts with customers by the 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, 2021 and 2020 is set out below.

	For the year ended March 31, 2021				
	Down apparels *RMB'000*	**OEM management** *RMB'000*	**Ladieswear apparels** *RMB'000*	**Diversified apparels** *RMB'000*	**Group** *RMB'000*
Revenue from external customers	**10,889,106**	**1,536,083**	**946,627**	**144,697**	**13,516,513**
Inter-segment revenue	**27,966**	**19,639**	**–**	**16,995**	**64,600**
Reportable segment revenue	**10,917,072**	**1,555,722**	**946,627**	**161,692**	**13,581,113**
Reportable segment profit	**2,131,414**	**187,092**	**113,168**	**(49,997)**	**2,381,677**
Amortization of intangible assets	**–**	**–**	**(36,250)**	**–**	**(36,250)**
Impairment losses on goodwill	**–**	**–**	**(46,000)**	**–**	**(46,000)**

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

(c) Reconciliations of reportable segment revenues, profit before taxation

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**13,581,113**	12,383,802
Elimination of inter-segment revenue	**(64,600)**	(193,267)
Consolidated revenue	**13,516,513**	12,190,535

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Profit before taxation		
Reportable segment profit	**2,381,677**	1,845,635
Amortization expenses	**(36,250)**	(47,969)
Government grants	**131,520**	157,074
Impairment losses	**(46,000)**	(98,000)
Finance income	**213,455**	192,790
Finance costs	**(195,753)**	(191,555)
Unallocated expenses	**(206,341)**	(258,062)
Consolidated profit before taxation	**2,242,308**	1,599,913

4 OTHER INCOME

		For the year ended March 31,	
	Note	**2021**	2020
		RMB'000	*RMB'000*
Royalty income	*(i)*	**72,297**	26,811
Government grants	*(ii)*	**131,520**	157,074
Dividend income	*(iii)*	**–**	2,766
Other income		**203,817**	186,651

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

(ii) The Group received unconditional discretionary grants amounting to RMB131,520,000 for the year ended March 31, 2021 (2020: RMB157,074,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

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

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,	
	2021	2020
	RMB'000	*RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**5,592,247**	5,481,889
Depreciation		
– assets leased out	**5,718**	5,658
– owned property, plant and equipment	**451,179**	286,974
– right-of-use assets	**315,968**	265,781
Amortization charge		
– intangible assets	**36,250**	47,969
Impairment losses of goodwill	**46,000**	98,000
Lease charge of short-term leases exempt from capitalization under IFRS 16	**81,334**	60,147
Variable lease payments	**1,407,050**	1,091,798
Auditors' remuneration	**5,300**	5,300

6 NET FINANCE INCOME

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Recognized in profit or loss:		
Interest income on bank deposits	**49,353**	30,731
Interest income on financial assets measured at amortized cost	**97,798**	78,410
Interest income on debt instruments classified as FVOCI (recycling)	**–**	11,869
Changes in fair value of derivative financial liabilities	**–**	1,756
Total interest income on financial assets not at fair value through profit or loss	**147,151**	122,766
Realized/unrealized net gain in financial assets classified as FVPL	**66,304**	65,383
Net foreign exchange gain	**–**	4,641
Finance income	**213,455**	192,790
Interest on interest-bearing borrowings and discounted bills	**(40,136)**	(65,544)
Interest on convertible bonds *(note 16)*	**(70,086)**	(19,919)
Disposal loss of debt instruments classified as FVOCI (recycling)	**–**	(57,471)
Bank charges	**(16,389)**	(14,824)
Interest expenses on lease liabilities	**(35,834)**	(33,797)
Changes in fair value of derivative financial liabilities	**(8,811)**	–
Net foreign exchange loss	**(24,497)**	–
Finance costs	**(195,753)**	(191,555)
Net finance income recognized in profit or loss	**17,702**	1,235

7 INCOME TAX

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Current tax		
Provision for income tax for the year	**502,510**	399,688
Deferred tax		
Origination and reversal of temporary differences	**34,832**	4,949
	537,342	404,637

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

(ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United Kingdom during the years ended March 31, 2021 and 2020.

(iii) The provision includes provision for PRC income tax and provision for Hong Kong income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate 16.5% on the estimated assessable Hong Kong profits for the years ended March 31, 2021 and 2020.

For the year ended March 31, 2021, 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, Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provide services for procurement, production planning, order management, storage and logistics management and services to the companies of the Group, and You Nuo (Tianjin) Clothing Limited ("You Nuo"), a clothing enterprise in the PRC. Shanghai Bosideng Information Technology Co., Ltd. and Jiangsu Bosideng Supply Chain Co., Ltd. were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2019, and You Nuo (Tianjin) Clothing Limited was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2020.

(iv) Under the Enterprise Income Tax Law ("EIT Law") and its relevant regulations, dividends receivable by non-PRC resident enterprises from PRC resident enterprises for earnings accumulated beginning on January 1, 2008 are subject to withholding tax at a rate of 10% unless reduced by tax treaties or agreements. Under the tax arrangement between the mainland China and the Hong Kong Special Administrative Region, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC resident enterprise is entitled to a reduced dividend withholding tax rate of 5%.

During the year ended March 31, 2021, the PRC dividend withholding tax of RMB40,500,000 (2020: RMB3,068,000) was provided against the dividend distributed during the year and to be distributed in the foreseeable future out of earnings of PRC subsidiaries of RMB810,000,000 (2020: RMB61,360,000).

(v) The equity settled share-based payments ("SBP") expenses recognized in profit or loss could not be tax-deducted until the relevant share options are actually exercised or relevant restricted shares are vested and the individual income tax has been paid. Tax benefit from intrinsic value of share options exercised and restricted shares vested represents the difference between the actual costs offered by the Group to the employees in relation to equity settled SBP, i.e. the total consideration obtained by the employees via trading the shares in capital market minus the proceeds received by the Group from the employees, and the corresponding expenses previously recognized in profit or loss being deducted in annual tax filing by relevant subsidiaries within the Group.

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

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Profit before taxation	**2,242,308**	1,599,913
Income tax at the applicable PRC income tax rate of 25%	**560,577**	399,978
Tax effect of unused tax losses and temporary differences not recognized, net of utilization	**(4,937)**	(31,096)
Tax effect of non-deductible expenses	**32,284**	25,380
Effect of tax concessions of PRC operations	**(18,421)**	(18,281)
Effect of tax rate difference under different tax jurisdictions	**7,958**	21,776
Effect of tax benefit from intrinsic value of share options exercised and restricted shares vested *(note 7(a)(v))*	**(86,769)**	–
Effect of PRC dividend withholding tax *(note 7(a)(iv))*	**40,500**	3,068
Others	**6,150**	3,812
Income tax	**537,342**	404,637

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2021 is based on the profit attributable to equity shareholders of the Company of RMB1,709,566,000 for the year ended March 31, 2021 (2020: RMB1,203,184,000) and the weighted average number of ordinary shares in issue during the years ended March 31, 2021 and 2020, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2021	2020
	'000	*'000*
Issued ordinary shares at the beginning of the year	**10,679,680**	10,585,146
Effect of treasury shares purchased for the Share Award Scheme	**(19,380)**	(7,958)
Effect of restricted shares vested	**978**	34,342
Effect of share options exercised	**35,290**	84,043
Effect of repurchased shares	**–**	(16,617)
Weighted average number of ordinary shares	**10,696,568**	10,678,956
Basic earnings per share (RMB cents)	**15.98**	11.27

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,779,652,000 (2020: RMB1,203,184,000) after adjusting for the effective interest on the liability component of convertible bonds, and the weighted average number of ordinary shares of 11,288,116,000 (2020: 10,881,104,000 shares), after adjusting for the effect of the Company's share-based payment arrangements and the effect of conversion of convertible bonds, as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2021	2020
	'000	*'000*
Weighted average number of ordinary shares (basic)	**10,696,568**	10,678,956
Effect of share-based payment arrangements	**130,543**	202,148
Effect of conversion of convertible bonds	**461,005**	–
Weighted average number of ordinary shares (diluted)	**11,288,116**	10,881,104
Diluted earnings per share (RMB cents)	**15.77**	11.06

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 RIGHT-OF-USE ASSETS

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

	Properties leased for own use *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*
Cost:			
At April 1, 2019	235,795	62,251	298,046
Additions	765,167	–	765,167
Disposals	(12,798)	–	(12,798)
At March 31, 2020 and April 1, 2020	988,164	62,251	1,050,415
Additions	290,140	–	290,140
Additions through acquisition of subsidiary	–	124,374	124,374
Disposals	(84,073)	–	(84,073)
At March 31, 2021	1,194,231	186,625	1,380,856
Accumulated depreciation:			
At April 1, 2019	–	(10,967)	(10,967)
Charge for the year	(262,969)	(2,812)	(265,781)
Disposals	9,019	–	9,019
At March 31, 2020 and April 1, 2020	(253,950)	(13,779)	(267,729)
Charge for the year	(311,420)	(4,548)	(315,968)
Disposals	53,399	–	53,399
At March 31, 2021	(511,971)	(18,327)	(530,298)
Net book Value			
At March 31, 2021	682,260	168,298	850,558
At March 31, 2020	734,214	48,472	782,686

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

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights (i)	**4,548**	2,812
Properties leased for own use (ii)	**311,420**	262,969
	315,968	265,781
Interest on lease liabilities	**35,384**	33,797
Lease charge of short-term leases exempt from capitalization under IFRS 16	**81,334**	60,147
Variable lease payments (iii)	**1,462,314**	1,091,798
COVID-19-related rent concessions in the form of a discount on fixed lease payments	**(55,264)**	–

During the year ended March 31, 2021, additions to right-of-use assets were RMB290,140,000. This amount primarily related to the capitalized lease payments payable under new tenancy agreements.

As disclosed in note 2(c), the Group has early adopted the Amendment to IFRS 16, *Leases, Covid-19 Related Rent Concessions*, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the year.

(i) Land use rights

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

(ii) Properties leased for own use

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

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

(iii) Variable lease payments

During the year ended March 31, 2021, the Group received rent concessions in the form of waiver of variable lease payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of rent concessions on variable lease payments was RMB135,929,000, which have been accounted for as a deduction from variable lease payments recognized in profit or loss.

10 INTANGIBLE ASSETS AND GOODWILL

	Goodwill *RMB'000*	Customer relationships *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
Cost:				
At March 31, 2019, 2020 and 2021	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2019	(456,741)	(609,821)	(123,947)	(1,190,509)
Amortization charge for the year	–	(16,280)	(31,689)	(47,969)
Impairment losses	(98,000)	–	–	(98,000)
At March 31, 2020	(554,741)	(626,101)	(155,636)	(1,336,478)
Amortization charge for the year	–	(4,560)	(31,690)	(36,250)
Impairment losses	(46,000)	–	–	(46,000)
At March 31, 2021	(600,741)	(630,661)	(187,326)	(1,418,728)
Net book value:				
At March 31, 2021	1,107,410	18,161	446,469	1,572,040
At March 31, 2020	1,153,410	22,721	478,159	1,654,290

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,	
	2021	2020
	RMB'000	*RMB'000*
Gross value		
Menswear	**292,741**	292,741
Ladieswear – *JESSIE* brand	**484,312**	484,312
Ladieswear – *BUOU BUOU* brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	**(292,741)**	(292,741)
Ladieswear – *JESSIE* brand	**(141,000)**	(141,000)
Ladieswear – *BUOU BUOU* brand	**(152,000)**	(106,000)
Ladieswear – Tianjin Ladieswear	**(15,000)**	(15,000)
	(600,741)	(554,741)
Net value		
Menswear	**–**	–
Ladieswear – *JESSIE* brand	**343,312**	343,312
Ladieswear – *BUOU BUOU* brand	**373,137**	419,137
Ladieswear – Tianjin Ladieswear	**390,961**	390,961
	1,107,410	1,153,410

The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by the management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of *JESSIE* brand Ladieswear CGU, *BUOU BUOU* brand Ladieswear CGU and Tianjin Ladieswear CGU, respectively, were determined using a pre-tax discount rate with a range from 17.6% to 18.1%.

Based on assessments using the discounted cashflow forecast method, the recoverable amounts of *JESSIE* brand ladieswear CGU and Tianjin brand ladieswear CGU were higher than the carrying amounts. The business of *BUOU BUOU* brand ladieswear CGU was under-performed and the recoverable amount was RMB622,481,000 which was lower than the carrying amount by RMB46,000,000. Therefore, an impairment loss of RMB46,000,000 has been recognized in the profit or loss account for the year ended March 31, 2021. The impairment loss was fully allocated to goodwill.

11 INVENTORIES

	At March 31,	
	2021	2020
	RMB'000	*RMB'000*
Raw materials	**795,137**	446,180
Work in progress	**11,851**	15,946
Finished goods	**1,838,952**	2,263,788
	2,645,940	2,725,914

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

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**5,488,701**	5,362,984
Write down of inventories	**103,546**	118,905
	5,592,247	5,481,889

12 TRADE AND BILLS RECEIVABLES

	At March 31,	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**803,329**	1,254,898
Bills receivable	**204,630**	114,589
Less: loss allowance for doubtful debts	**(132,044)**	(172,744)
	875,915	1,196,743

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB1,007,959,000 as at March 31, 2021.

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

As at March 31, 2021, the Group endorsed certain bank acceptance bills totaling RMB156,795,000 (March 31, 2020: RMB167,299,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB64,840,000 (March 31, 2020: RMB87,927,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Ageing analysis

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

	At March 31, **2021** *RMB'000*	2020 *RMB'000*
Within credit terms	**680,160**	841,114
1 to 3 months past due	**152,243**	270,393
Over 3 months but less than 6 months past due	**13,407**	58,161
Over 6 months but less than 12 months past due	**18,989**	14,818
Over 1 year past due	**11,116**	12,257
	875,915	1,196,743

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

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31, **2021** *RMB'000*	2020 *RMB'000*
Deposits	**580,538**	597,210
Prepayments for materials and processing fee	**312,059**	208,840
Prepayments for other services	**28,654**	22,077
	340,713	230,917
Third party other receivables:		
– VAT recoverable	**185,842**	96,252
– Advances to employees	**40,774**	34,786
– Others	**20,285**	11,662
	246,901	142,700
Total	**1,168,152**	970,827

14 TRADE AND OTHER PAYABLES

	At March 31,	
	2021	2020
	RMB'000	*RMB'000*
Trade payables	**722,128**	519,489
Bills payables	**1,746,505**	1,310,192
	2,468,633	1,829,681
Other payables and accrued expenses		
– Deposits from customers	**257,400**	234,898
– Contract liabilities	**286,944**	237,584
– Construction payables	**223,172**	170,015
– Accrued advertising expenses	**95,186**	122,981
– Accrued payroll, welfare and bonus	**358,224**	203,285
– Cash-settled written put option	**50,530**	42,798
– VAT and other tax payable	**122,121**	195,914
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**–**	41,840
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile Development Limited ("Joy Smile") and You Nuo	**–**	4,402
– Payables in relation to unvested restricted shares	**7,743**	4,662
– Interest payable in relation to convertible bonds *(note 16)*	**5,184**	5,590
– Others	**131,938**	142,656
	4,012,075	3,241,306

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,	
	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**2,264,702**	1,677,174
1 to 3 months	**203,931**	152,507
	2,468,633	1,829,681

15 OTHER FINANCIAL ASSETS

	Note	At March 31, 2021 RMB'000	2020 RMB'000
Non-current			
Equity securities designated at FVOCI (non-recycling)	*(b)*	**100,130**	118,211
Financial assets measured at amortized cost	*(a)*	**50,771**	30,657
		150,901	148,868
Current			
Financial assets measured at amortized cost	*(a)*	**2,093,664**	2,713,161
Financial assets classified at FVPL	*(c)*	**3,858,505**	559,598
		5,952,169	3,272,759
Total		**6,103,070**	3,421,627

(a) Financial assets measured at amortized cost are principal guaranteed short-term or long-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 1.00% to 5.44% (March 31, 2020: 1.3% to 6.12%) per annum.

During the year, the interest income of investments with banks of RMB97,798,000 (for the year ended March 31, 2020: RMB78,410,000) was recognized as finance income.

(b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. ("Shuo Ming De"), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of Jinhong Group for RMB224,921,000. On May 31, 2019, the shares held by Shuo Ming De increased to 17,057,922 due to the bonus issue of shares made by Jinhong Group. The Group designated its investment in Jinhong Group as fair value through other comprehensive income ("FVOCI") (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains. No dividends were received on this investment during the year ended March 31, 2021 (for the year ended March 31, 2020: RMB2,766,000).

During the year, the changes in fair value of this investment, after tax effect of RMB13,561,000 was recognized as a loss in other comprehensive income (for the year ended March 31, 2020: RMB66,964,000).

(c) Financial assets classified as fair value through profit and loss ("FVPL") represent listed equity investments of RMB7,607,000 (March 31, 2020: Nil) and short-term investments with banks of RMB3,850,898,000 (March 31, 2020: RMB559,598,000).

(i) Listed equity investments

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

During the year, the unrealized gains of other equity investments held by the Group of RMB634,000 was recognized as a gain in finance income (for the year ended March 31, 2020: Nil).

(ii) Short-term investments with banks

Short-term investments with banks with no guarantee of principal and interest were classified as FVPL. During the year, the net realized/unrealized gain in these investments of RMB65,670,000 was recognized as a gain in finance income (for the year ended March 31, 2020: RMB42,195,000).

Neither the single short-term investment nor short-term investment made with the same bank on an aggregate basis accounted for over 5% of the Group's total assets.

16 CONVERTIBLE BONDS

	Liability component *RMB'000*	Equity component *RMB'000*	Total *RMB'000*
At March 31, 2020	1,676,485	260,576	1,937,061
Effective interest expense for the year	70,086	–	70,086
Interest paid	(18,732)	–	(18,732)
Exchange adjustment	(118,367)	–	(118,367)
At March 31, 2021	1,609,472	260,576	1,870,048

Liability component

	At March 31, **2021** ***RMB'000***	2020 *RMB'000*
Carrying amount of liability component	**1,609,472**	1,676,485
Less: interest payable due within 1 year	**(5,184)**	(5,590)
Convertible bonds – non-current portion	**1,604,288**	1,670,895

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

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

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

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

- Since the issue of the Convertible Bonds on December 17, 2019 up to now the conversion price has been adjusted twice. Please refer to the announcements of the Company dated August 21, 2020 and December 3, 2020 respectively, for details; and

Effective Date	**Adjustment to conversion price**
August 27, 2020	HKD4.91 per share adjusted to HKD4.73 per share
December 19, 2020	HKD4.73 per share adjusted to HKD4.67 per share

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

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

17 DIVIDENDS

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

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD3.5 cents per ordinary share (2020: interim dividend declared and paid of HKD3.0 cents per ordinary share)	**315,441**	292,151
Final dividend proposed after the end of the reporting period of HKD10.0 cents per ordinary share (2020: HKD6.0 cents per ordinary share)	**895,365**	589,315
	1,210,806	881,466

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

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

	For the year ended March 31,	
	2021	2020
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD6.0 cents per ordinary share (2020: final dividend of HKD6.0 cents per ordinary share)	**569,914**	576,775

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2021, the board of directors of the Company proposed a final dividend of HKD1,080,145,000 (approximately RMB895,365,000), representing HKD10.0 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2020 was an extraordinary year. The outbreak and spread of COVID-19 plunged global economy into disorder and recession and led to a rise of trade protectionism and escalation of geopolitical tensions, which have profound impact on the operation of society and livelihood and posed tremendous systematic risks to the operation of global economy. Under extremely challenging and complex external environment, China made significant strategic achievement in respect of pandemic prevention and control with strict pandemic prevention measures and proactive financial policies, which made it the only major economy around the world that realized positive growth. The annual economic aggregate output of China exceeded RMB100 trillion for the first time, which has become a strong force behind the recovery of global economy.

Currently, China is taking full advantage of its super-large-scale market and the potential of domestic demand to accelerate the construction of a new development paradigm in which domestic circulation plays a dominant role and domestic and international dual-cycle reinforce each other. Under the new dual-cycle development pattern, consumer demand has been released at a faster pace and domestic demand has continued to recover and improve in both quality and efficiency. "Consumption upgrading" and "Better life" have become the mainstream topics in the new consumption environment. Despite the impact of the COVID-19 pandemic, the Group's tracking data indicate, that such new trends in consumption have not changed significantly.

FY2020/21 marks the last year of the first stage of the Group's new ten-year strategic plan, in which the Group had clarified the strategic direction of "focusing on our principal business and key brands" and adhered to the development model of "ensuring brand development leads the way of future expansion" to link to the development trends of the times. By exerting its efforts throughout its system including products, channels, retail, supply chain, etc., the Group achieved the operating results far above industry level in terms of growth and realized its goal of sustained, stable and high-growth development.

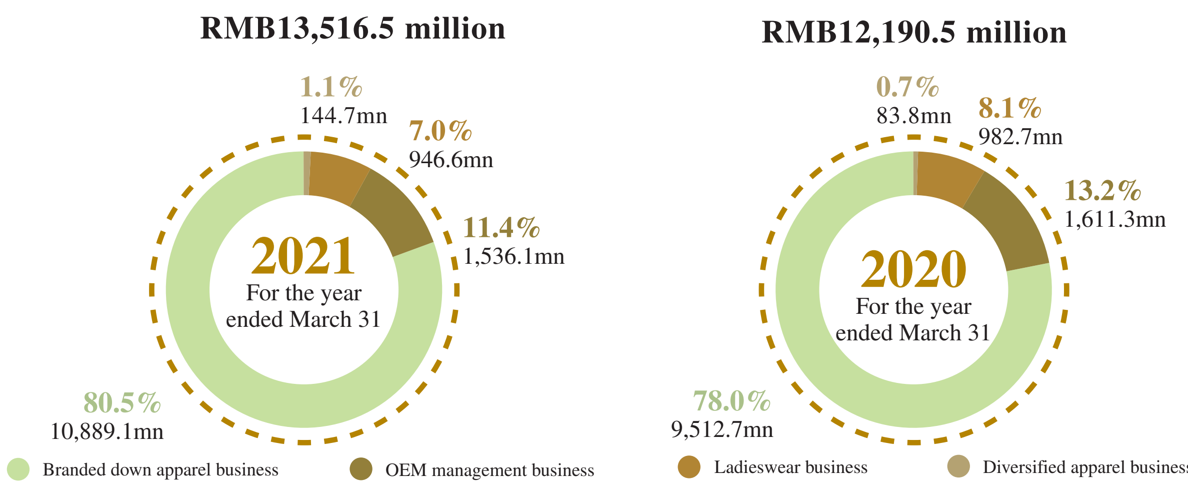
REVENUE ANALYSIS

In FY2020/21, the Group continued to use its brand in all aspects to lead its products, channels, and supply chain, fully stimulating the brand's strength, which has accumulated for many years. While firmly grasping the "four core competencies" of upgrading brand, upgrading retail, innovating products and adhering to high product quality and quick response, we actively differentiated and established the "two security systems" in relation to an organization, mechanism, culture and talent development system, and also a digital information system, and achieved progressive results.

For the Year, the Group's revenue amounted to approximately RMB13,516.5 million, representing an increase of approximately 10.9% as compared to that of the corresponding period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified business are the Group's main business segments.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB10,889.1 million, accounting for approximately 80.5% of the total revenue, representing a year-on-year increase of 14.5%. The OEM management business recorded revenue of approximately RMB1,536.1 million, accounting for 11.4% of the total revenue, representing a year-on-year decrease of 4.7%. The ladieswear business recorded revenue of approximately RMB946.6 million, accounting for 7.0% of the total revenue, representing a year-on-year decrease of 3.7%. The diversified apparels business recorded revenue of approximately RMB144.7 million, accounting for 1.1% of the total revenue, representing a year-on-year increase of 72.7%.

Revenue by Business



Branded Down Apparel Business:

In FY2020/21, the Group actively responded to the adverse impact caused by the COVID-19 pandemic by focusing on "brand, product, channel and terminal" to carry out systematic construction from all angles. In terms of brand building, by fully exploiting its brand potential, participating in the "China Brand Day", being selected in CCTV's "Strong Country Brand Project (強國品牌工程)" and other activities, *Bosideng* led the industry in terms of top-of-mind awareness rate, net promoter score, and brand reputation and has become the first choice for middle and high-end down apparel consumption. In terms of product innovation, the Group has steadily increased the sales proportion of high-end products and continuously consolidated the recognition of down apparel experts through optimizing product structure, integrating quality and efficiency, matching business channels, and co-branding with cross sectoral intellectual property ("**IP**") and top international designers. In terms of channel optimization, product integration is beginning to take effect through promotion of channel upgrades, the continuous strengthening of the core commercial district, the accelerated upgrade of store image and the promoted sales of mainstream channels and popular stores. At the same time, the growth potential throughout all the sales channels has continued to be consolidated and strengthened by the accurate reach of live-streaming e-commerce.

For the Year, the *Bosideng* brand under the Group's branded down apparel business recorded an increase of 18.9% in revenue to approximately RMB9,993.7 million as compared to that of the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 14.5% to approximately RMB10,889.1 million as compared to that of the corresponding period of last year.

Brand Building

During the Year, the branded down apparel business segment continued to implement the competitive strategy of "top-selling down apparel expert in the world" and insisted on brand leadership, and focused on the main business of down apparel. It further enhanced brand power through upgrades of marketing and publicity, content innovation, new media optimization and other measures. Meanwhile, it actively promoted the improvement of product efficiency, and actively promoted the increases of operating results by adopting digital launch model of new media and refining the operation and maintenance of brand membership.

The *Bosideng* brand also attaches great importance to its cooperation with internationally renowned designers and IPs. Through IP cooperation with Mr. Jean Paul Gaultier, Walt Disney Company and Marvel, the Group launched brand new products which were well received and sought after among young consumers.

According to the *Bosideng* brand health tracking report made by Ipsos, *Bosideng*'s current brand recognition and top-of-mind awareness rate are both in the leading position in China's apparel industry. Among them, the net promoter score (i.e. NPS) was as high as 55, and brand reputation was as high as 8.96. It has continued to be the preferred down apparel expert brand in the minds of more than 60% of Chinese consumers. These indicators of brand health have improved over previous years, and the *Bosideng* brand recognition in the minds of consumers has become more positive.

According to the "2021 Brand Finance Apparel 50 2021" released by Brand Finance, one of the top five international authoritative brand value evaluation consultancy, *Bosideng* was selected for the first time as the third fastest growing brand with a growth rate of 39% and ranked 50th in the apparel brand list.

In FY2020/21, *Bosideng* had continued to maintain its positioning as a down apparel expert, and commenced a series of brand events through product technology upgrades, cooperation with international designers and fulfilment of social responsibilities:

in May, 2020, *Bosideng* sponsored Chinese mountaineering team's height measurement activity of Mount Everest, perfectly interpreting the spirit of rock climbing and showing the professional strength of Chinese brands to the world;

in September, 2020, as the only textile and apparel brand showcased the Chinese Brand Day Gala, *Bosideng* actively implemented the strategy of strengthening a nation with brands and demonstrated its brand strength and entrepreneurial spirit;

in October, 2020, *Bosideng* continued to fulfill its corporate social responsibility (i.e. CSR) and launched a public welfare activity "For the Heroes in the Cold Wind (為了寒風中的英雄)", during which warm down apparels were gifted to the staffs of Xinjiang Kuqa Fire Rescue Brigade (新疆庫車消防救援大隊), the Liangshan Blue Leopard Rescue Team (涼山州藍豹救援隊), Inner Mongolia Alxa Suobian Ecological Cooperation Center (內蒙古阿拉善鎖邊生態協力中心), and the orphanage Derenyuan (德仁苑) in the Fenyi County, Jiangxi. It was shared and reported by authoritative media such as Xinhua News Agency, Global Times, China Daily, etc.;

on October 28, 2020, *Bosideng*, together with Mr. Gautier, the creator of the golden age of Hermes, released the "New-Generation down apparel Collection" at the Shanghai World Expo Center. The show was joined by Yang Mi and William Chan, the spokespersons of *Bosideng* Designer Collection, as well as celebrities in the media and fashion industry who attended to show their support. The event was widely reported by fashion authoritative media and became a hot topic among consumers. As a Chinese clothing brand that has focused on down apparel for 45 years, the Company constantly influence the design aesthetics of the down apparel industry;

in November, 2020, *Bosideng* collaborated with Chinese Antarctic Research Expedition to release an outdoor down apparel collection. Through the collaboration in design and development, the Company once again upgraded the innovative technology of down apparel and led the development of the brand and the industry. The outdoor down apparel collection has been well received by professionals and consumers and its strong sales created a new high in the performance of featured products. In addition, the outdoor collection also contributed to the great success of China's 37th Antarctic research expedition; and

in January, 2021, *Bosideng* had the honour to be included in the recommendation list of New Year's gifts by "Sina Fashion", "marie claire", "《OK！精彩》" and other authoritative media and became the most popular New Year's gift in the fashion circle and consumers, which contributed to results improvement during the New Years holidays.

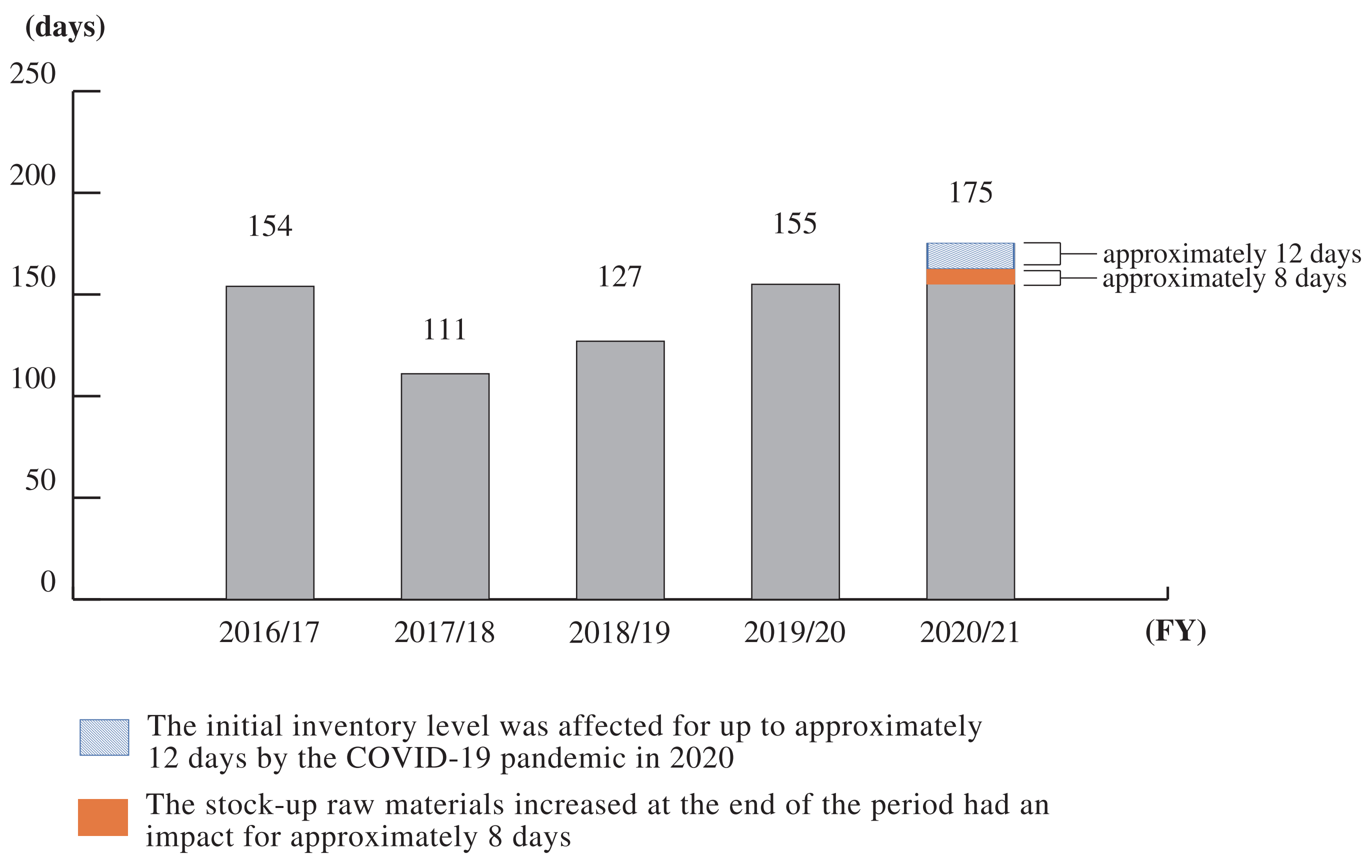
Commodity Management

In FY2020/21, the Group continued to completely separate order placements of direct sales and wholesale. Single-store orders were applied to self-operated stores, which meant products for sales in single stores would match the demand for orders and products would be produced with reference to the actual demand. Meanwhile, distributors adopt different flexible modes of order placement and rebate based on their respective scales of operation. Such system has optimized the mix of orders placed at self-operated stores and those placed by distributors, and hence the Group managed to maintain stability in order placement. For FY2020/21, the proportion of the first order placed between the Group and distributors decreased to no more than 30%, and the remaining orders shall be replenished based on actual market feedback and demand in the peak seasons. Such a demand-pull mechanism has been extremely effective in alleviating the inventory pressure of the Group under the COVID-19 pandemic and optimized the Group's channel inventory management to the greatest extent.

For FY2020/21, in the face of the impact of the COVID-19 pandemic, effective inventory management is one of the key focuses of the Group. By extending the management model of the Group's smart central delivery centre ("**CDC**") which serves all offline direct stores, franchised stores and e-commerce online to offline (i.e. O2O) businesses throughout the country, the Group unified the inventory management of 9 direct large warehouses and 12 small warehouses of distributors during this Year through an integrated inventory management platform. The Group achieved an inventory accuracy of 99.995% by adopting dynamic and static methods of inventory count during the process including suppliers' delivery, storage/return of commodities from market to warehouse, sorting and shelves arranging to continuously optimize availability of replenished goods, inventory turnover and other indicators in accordance with market sales conditions in conjunction with different strategies that allocate and store commodities.

Due to the impact of the COVID-19 pandemic in early 2020, the Group's inventory level at the beginning of this Year was relatively high; meanwhile, the amount of stock-up raw materials increased at the end of the period as the Group had made certain raw material reserve purchases since the purchase price of raw materials continued to rise during the second half of FY2020/21. As illustrated by the table below, excluding the two factors above, the Group's inventory level had remained relatively stable for the past three consecutive financial years, which was better than the average level of the industry.

Inventory Turnover Analysis



Supply Chain Management

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

The COVID-19 pandemic served as a test for the supply chain management of the Group. During FY2020/21, the Group was able to make flexible and quick responses, and to achieve excellent quality and cost leadership through continuous innovation and continuous breakthroughs. For flexible and quick response, through various measures such as refined order management, production cycle management, material preparation management and precise order scheduling, the frequency of order replenishment in peak season sales was increased to more than 8 times and the quick-response cycle was increased to and stabilized at 7-18 days. For quality management, by focusing on user perception as the core of improvement, the Group, through team co-creation, established an internal active network to formulate management and control measures that centers on user perception and further expands to organization, mechanisms and standards. Externally, the Group targeted high-end resources and built a high-end quality digitalized system to achieve forward management and control as well as reverse order tracking in the entire process and to ensure real-time online and transparent quality control. For cost control, despite the increasing uncertainties in the market environment under the impact of the pandemic in FY2020/21, and that the overall raw material market was unstable. The Group made use of *Bosideng*'s advantages in its brand, volume and capital to guide suppliers to strictly control cost in each step of the whole process. The Group also strengthened suppliers' awareness to reduce cost from a strategic and long-standing collaborative mindset to achieve synergistic co-existence and reach a consensus on cost reduction. The Group cooperated with its suppliers to cope with the fluctuations in raw material prices, overcame difficulties, and achieved a win-win situation.

Logistics and Delivery

For logistics and delivery, the Group adopted a system to automatically match transport and delivery resources for each order based on traffic (mainly including order quantity, weight and size), combined with limitations such as the advantages of social transport and delivery resources, transport cost and timeliness. The Group also collects and monitors data of each step of the entire process, including collection, distribution, in-transit and sign-off, to achieve a delivery timeliness of approximately 98% and a near 100% order accuracy. At the same time, in response to the centralized logistics and delivery of down apparel during peak season sales, the Group has strengthened its own capabilities. Regardless of the volume of orders of each peak season, the Group was able to achieve shipping orders out of the warehouse on the same day the orders were placed and delivering them to retail stores or consumers on time according to the agreed timeline.

On October 23, 2020, the Group also acquired the entire equity interest in Suzhou Bosideng Logistics Co., Limited (蘇州波司登物流有限公司) (the "**Logistics Park**" or "**Suzhou Bosideng Logistics**"). After the acquisition, the Logistics Park will mainly serve the branded down apparel business and OEM management business, which are the two main businesses of the Group. The integration of the Group's existing logistics management system with logistics plant and warehousing systems will play a key role in the continuous upgrade of the Group's future integrated construction of logistics parks, the improvement of operational efficiency and the establishment of a smart CDC.

Digital Operation

In FY2020/21, to cope with the global digital development trend, by virtue of Alibaba Data Center technology, the Group focused on the two areas of retail and commodities to implement digital exploration, which primarily comprises:

The establishment of a membership tag system: by combing, cleaning and processing data on the four dimensions of members' natural attributes, social attributes, preferences and interests, and transaction records, consumer digital portrait is initially completed, and the online and offline omni-channel membership ONE ID tags system is achieved to lay the foundation for precision marketing;

Reconstruction of the automatic replenishment system for offline stores: An automatic replenishment scheme for offline stores is formulated to retain the original system front-end page on one hand, and make full use of the computing power of the data center on the other hand to migrate the logical calculation part to the data. After the launch, the number of replenishment calculations in stores nationwide has been reduced from the original 5 hours to 1 hour, which has greatly improved the efficiency of product operations; and

Attempt to precision marketing: Based on the planned sales scenario, on the one hand, the supporting tools of Alibaba Data Center is adopted to accurately select the target population, and on the other hand, targeted content dissemination is achieved through digital media or the target population is accurately reached via digital SMS and other means.

New Retail Operations

In FY2020/21, the Group continued the use of corporate WeChat to build a more convenient communication bridge with customers, and achieved over 9.3 million new corporate WeChat fans. The Group had over 6.7 million followers on its WeChat account. The number of registered members of *Bosideng* in Tmall platform was over 4.76 million, an increase of more than 160% as compared to that of the end of the last financial year. In particular, the number of young consumers under the age of 30 accounted for approximately 27.4%, a significant increase from the end of the last financial year. Furthermore, member repurchase sales had accounted for 26.9% of the total offline sales.

In terms of new retail digital innovation, we created customer tags through Alibaba Data Center, reached customers with high-quality digital content and generate sales through checkout mini programs. At the same time, it provided marketing assistant for each corporate WeChat shopping guide, and used the data center to match interactive content templates for terminal shopping guides to assist them in maintaining good customer relationships.

Technological Innovation

The Group attaches great importance to the technological innovation of products. In FY2020/21, the Group undertook the Antarctic scientific expedition and the technology and quality services of climbing products. During the Year, the Group applied for an aggregate of 17 patents, including inventions, utilities and appearance patents, and obtained 26 patent certificates for previous application, which provided patented technology and endorsement support for down apparel experts. Meanwhile, the Group cooperated with down suppliers to complete the development of odor-removing down technology and applied it on a large scale this Year. The complaint rate of product down odor dropped significantly by more than 80% as compared to that of the same period of last year. As at the date of this announcement, the Group has accumulated all 231 patents (including invention, utility model and appearance patents).

The Group plays the role of the down apparel sub-committee of the National Clothing Standards Committee and the ISO/TC133 secretariat, the core drafting unit and the first drafter of the Down Clothing standard GB/T14272-2021, and the fourth drafting unit of the Ski Clothing. For two consecutive years, the Group has been awarded the top-ranked Corporate Standard Leader for down apparels by the State Administration of Market Regulation, fully demonstrating the Group's image as a standard leader.

Research and Development ("R&D") of Products

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

The combination of product design and consumer preferences is the key to product innovation. The Group conducted precise development of different series of product for consumers based on consumer preferences and cognitive models. On the whole, new product development of the Group was articulated in different scenarios: "sports" represented fashion, "business" represented quality, "outdoor" represented functionalism and "leisure" focused on current fashion trends to create hot-selling products. Through a series of scientific, objective and methodical design processes covering customer research, market research, trend analysis, design planning, product development, customer appreciation, ordering feedback, sales feedback and summary review, we endeavored to present new series of products to consumers. In addition, the Group also attaches great importance to cooperation with international designers and well-known IPs, and develops new products by continuously introducing new ideas and concepts, and combining the unique brand genetic characteristics of the *Bosideng* brand.

In FY2020/21, *Bosideng*'s climbing series of down apparels won the gold medal award in China Excellent Industrial Design, becoming the first independent clothing brand in China receiving the honor. Meanwhile, the climbing series helped the Chinese mountaineering team's 2020 Mount Everest elevation measurement mountaineering activities. The urban ski series won the ISPO Award – Global Design Award. The professional warmth series sponsored the 36th and 37th Antarctic expedition missions of Chinese Antarctic expedition team.

The key product collections in FY2020/21 included:

Extreme Cold Collection

Since its birth in 2017, the Extreme Cold Collection has won the favor and love of consumers with its "extreme cold-resistant, thick and warm" fashionable outdoor style, and has become one of *Bosideng*'s most well-known theme products. 600+ high-loft quality goose down, with a generous fluffy large fur collar satisfies consumers' rigid needs for keeping warm from the cold; a variety of silhouettes and lengths are available to suit different consumer body types and wearing preferences; brilliant and colorful color palettes matching with classic camouflage prints satisfies consumers' demand for fashionable appearance. The entire series adopts *Bosideng*'s upgraded velvet-locking process to solve consumers' worries about cluster sticking out of needle holes and make consumers wear more comfortable and at ease.

High-end Outdoor Collection

The High-end Outdoor Collection with urban elites and middle-level and high-level government enterprises as the core consumer groups, satisfies consumers' daily business commuting needs, with the function of resisting the harsh outdoor climate environment. The main function, fashion and quality positioning, in addition to the use of uncommon 800+ European imported goose down, the Group is in close cooperation with Gore-tex – "cloth of the century" in terms of fabric, which brings consumers long-lasting windproof and rainproof, highly breathable wearing experience. The 3D cut version and laser laminated details not only show the wearer's luxurious and simple style, but also present highlight high-quality details; the iconic WIFI logo adds technological attributes to the entire series.

City Sport Collection

Led by Italian designers, the design of this collection gives a visual impression of vigor and energy with dazzling and comforting color to create workwear products with brand-new sense by combining the stylish silhouette suitable for young consumers in Asia. Meanwhile, this collection was made of high-quality goose down with 600+ fill power, which provides a warmer and more comfortable wearing experience to consumers. Yang Mi and William Chan were the spokespersons for the theme products, which attracted the attention and love of the young consumer base.

Stylish Sport Collection

With the dynamic coastline "Protecting the Blue Sea" as the design inspiration, this collection injects young and vigorous elements into the theme products by combining stylish colors and 3D streamline models. Meanwhile, it upgrades the process that tightly locks down the craftsmanship spirit to offer downproof and more comfortable apparel to the consumers. Yang Mi and William Chan were also the spokespersons for the theme products, which attracted the attention and love of the young consumer base.

Puff Collection

Developed by a senior domestic/foreign design team, this collection returns to the most classic comfort experience of down apparels. Lightweight light-sensitive materials were used, with fashionable and advanced tailoring, and high-quality goose down to create a fashionable puff down apparels with "lightness | fluffy | warmth" to meet consumers' different styles of dressing demands. Products of the collection are promoted by celebrities, and are concerned and loved by consumer groups.

Bosideng X Gaultier Joint Series

Bosideng once again joined hands with Mr. Jean Paul Gaultier, the creator of the golden age of Hermes, in interpreting a new generation of down apparels. The joint series is designed by Mr. Gaultier himself. With the help of *Bosideng*'s professional craftsmanship, the classic elements of Gaultier, such as navy style and fish-bone girdle, are displayed and re-innovated on down apparels, breaking the traditional design of down apparels. The unparalleled fashion pioneering concept and *Bosideng*'s 45 years of professional accumulation in the down apparel field have merged into the "new generation down apparel".

Classic Business Collection

This series adopts neat silhouettes, high-end fabrics, exquisite craftsmanship and versatile styles, which can easily cope with multiple scenes such as urban commuting, social interaction and business travel.

Light Down Apparel Collection

The down apparel of this collection is as light as 330g per piece, making it the lightest down apparel ever in the history of *Bosideng*. In terms of materials, it is made of ultra-soft skin fabric, and the skin-friendly cotton feels smooth and soft. In terms of technology, anti-lint technology is adopted and the fabric was first quilted before down was filled to prevent the down cluster from sticking out of needle holes.

Multi-brand Strategies

While emphasizing the development of *Bosideng* brand and reshaping *Bosideng* as a mid-to-high-end functional brand in the era, the Group maintained the strategy of "Down apparel +" to continuously develop and position its branded down apparel business under its mid-end brand *Snow Flying* and cost-effective brand *Bengen*, as part of its efforts in gaining more market share in the industry.

Snow Flying

In FY2020/21, the *Snow Flying* brand recorded revenue of approximately RMB551.7 million, representing a year-on-year increase of 10.7%. In FY2020/21, the *Snow Flying* brand launched its online distribution business, optimized offline sales business, and achieved the steady development of the brand.

During the Year, the *Snow Flying* brand further optimized the innovative era business model and made efforts online, achieving rapid development of the brand and a year-on-year growth higher than the industry. In terms of traffic, the *Snow Flying* brand had reached strategic cooperation with top traffic platforms such as Tmall and Vipshop to obtain top traffic resources. Meanwhile, it recorded new retail traffic through the promotion of new models such as member marketing, live broadcast, short video, Internet celebrity and community. In terms of category extension, through the deep exploration and innovation of down fist categories, the creation of explosive collections, extending T-shirts, sweaters, children's clothing and other categories, careful products selection, functional selling points refinement, this brand focused on sinking mainstream young user groups in the market and making breakthroughs in inclusive categories. In terms of authorization model innovation, the high-quality resources of the superior original design manufacturing (i.e. ODM) suppliers in the industry were integrated to achieve asset-light operations, and seize mainstream sales channels in collaboration with high-quality distribution operators in the industry. In terms of channel construction, this Year, the *Snow Flying* brand had been operating smoothly through the innovative online distribution model, the online omni-channel sales share had increased significantly, and the online retail flow had also increased by more than 100% this Year as compared with that of the same period of last year.

Bengen

During FY2020/21, the *Bengen* brand recorded revenue of approximately RMB146.8 million, representing a year-on-year decrease of 28.6%. Compared with *Bosideng* and *Snow Flying* brands of the Group, the transformation of the *Bengen* brand has been relatively slow. Coupled with the impact of the epidemic, *Bengen*'s traditional business model, which was based on wholesale agents, no longer has market competitiveness. Therefore, in the Year, *Bengen* has made great efforts in reducing offline agency channels and begin to transform and develop online channels. In FY2020/21, the offline revenue of the *Bengen* brand fell by 80.7% compared with that of the same period of last year due to the full contraction of offline stores and the full return of the original agent inventory. Meanwhile, the *Bengen* brand increased product coverage and crowd coverage through online distribution, and recorded online distribution authorization revenue of approximately RMB14.9 million, representing a significant increase of online sales of more than 50% on a year-on-year basis.

Revenue from branded down apparel business by brand

	For the year ended March 31,				
	2021		2020		
Brands	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Bosideng	**9,993.7**	**91.8%**	8,403.3	88.3%	18.9%
Snow Flying	**551.7**	**5.1%**	498.2	5.2%	10.7%
Bengen	**146.8**	**1.3%**	205.5	2.2%	-28.6%
Others	**196.9**	**1.8%**	405.7	4.3%	-51.5%
Total revenue from branded down apparel business	**10,889.1**	**100.0%**	9,512.7	100.0%	14.5%

Revenue from branded down apparel business by sales category

	For the year ended March 31,				
	2021		2020		
Sales categories	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Self-operated	**8,229.4**	**75.6%**	5,628.3	59.1%	46.2%
Wholesale	**2,462.8**	**22.6%**	3,478.7	36.6%	-29.2%
Others*	**196.9**	**1.8%**	405.7	4.3%	-51.5%
Total revenue from branded down apparel business	**10,889.1**	**100.0%**	9,512.7	100.0%	14.5%

* *Represents revenue from sales of raw materials, promotion products, etc., which are related to down apparel products*

In FY2020/21, the Group's channel construction was relatively cautious. In terms of offline channel construction, the Group mainly focused on optimizing the existing channel structure and migrating to the mainstream channels of the times as the main construction ideas, which include opening large-scale stores and image stores in mainstream business circles and core areas, and closing low-efficiency stores. Newly opened large-scale stores and image stores in this Year were mainly self-operated stores. The Group hoped to further promote consumer awareness of our brand and increase the efficiency of single store output by strengthening refined retail operations. At the same time, the dealer team of the Group was relatively stable this Year, and the distribution channels also actively collaborated with the Group under the influence of the epidemic and achieved satisfactory results. In terms of online channel construction, the Group actively promoted new retail operations and digital transformation, and achieved breakthroughs in precision marketing and integrated operation of goods. As at March 31, 2021, the total number of selling points of the Group's down apparel business (net) decreased by 716 to 4,150; self-operated selling points (net) decreased by 54 to 1,807 and selling points operated by third party distributors (net) decreased by 662 to 2,343. The self-operated and third party distributor-operated selling points as a percentage of the overall selling points were 43.5% and 56.5%, respectively. Among the total selling points of the Group's branded down apparel business, approximately 28.0% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 72.0% were located in the third- and lower-tier cities.

Retail network breakdown by down apparel brand

	Bosideng		***Snow Flying***		***Bengen***		***Total***	
As at March 31, 2021	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	1,075	49	4	-9	5	-16	1,084	24
Operated by third party distributors	1,759	-142	101	-90	70	-159	1,930	-391
Subtotal	2,834	-93	105	-99	75	-175	3,014	-367
Concessionary retail outlets								
Operated by the Group	566	-32	131	-51	26	5	723	-78
Operated by third party distributors	286	–	71	-42	56	-229	413	-271
Subtotal	852	-32	202	-93	82	-224	1,136	-349
Total	**3,686**	**-125**	**307**	**-192**	**157**	**-399**	**4,150**	**-716**

Change: Compared with that as at March 31, 2020

Retail network of branded down apparel business by region

	As at March 31, 2021	As at March 31, 2020	Change
Eastern China	**1,412**	1,708	-296
Central China	**949**	1,050	-101
Northern China	**380**	455	-75
Northeast China	**465**	511	-46
Northwest China	**448**	561	-113
Southwest China	**496**	581	-85
Total	**4,150**	4,866	-716

Region

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

OEM Management Business:

During FY2020/21, revenue from the Group's OEM management business amounted to approximately RMB1,536.1 million, representing 11.4% of the Group's revenue and slightly decreasing by 4.7% as compared to that of the corresponding period of last year. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 86.5% of its total revenue.

At the beginning of 2020, affected by the COVID-19 pandemic in Europe and the United States, major apparel brand stores have closed and some customers had to cancel or delay their orders in batches, coupled with the influence of Sino-US trade war frictions and various uncertain factors, the development of the OEM management business faced unprecedented challenges. In the face of dilemma, the OEM management business team endeavored to maintain the stickiness of core customers, rapidly expanded new customer resources and increased some orders correspondingly. At the same time, we seized the opportunity arising from the pandemic and exported some anti-pandemic supplies. Therefore, the overall decline in the OEM management business was much better as compared to the overall decline in the industry. Through various measures to strictly control costs and expenses, the gross profit margin of the OEM management business increased by 1.1 percentage points to approximately 19.6%.

Meanwhile, in order to meet customers' demand for product mix, the OEM management business team continued to expand the production capacity in Vietnam and other Southeast Asian regions, leveraging on the Group's production management experience as the "down apparel expert", the quality management of the newly added production capacity and the control of the production process of orders were rapidly enhanced to effectively cope with the impact of uncertainties brought about by future policy changes, and to ensure the sustainable growth of the OEM management business in the future.

Ladieswear Business:

The Group operates four mid- to high-end ladieswear brands to cater to customers' dressing needs on different occasions. After 15 to 30 years of brand accumulation, the four brands present a rich product hierarchy and unique differentiated style positioning. *JESSIE* features simple and smooth products, highlighting the self-confidence and independence of intellectual women; *BUOU BUOU* features elegant, romantic and detail-oriented products, showing feminine charm, while each of *KOREANO* and *KLOVA* features artistic and understated-luxury products, bringing characteristic and ultimate wearing experience to customers. In the highly competitive and relatively low-concentration ladieswear market in the PRC, the Group's ladieswear business, relying on deep brand accumulation, mature marketing strategies and continuous optimization of design and development, has a large loyal and high-quality customer base.

During FY2020/21, revenue from the Group's ladieswear business was approximately RMB946.6 million, representing a decrease of 3.7% as compared to that of the corresponding period of last year. The contribution from the ladieswear business to the Group's total revenue was 7.0%. Revenue from the ladieswear brands were as follows:

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

	2021		2020		
Brands	***RMB million***	***% of ladieswear revenue***	*RMB million*	*% of ladieswear revenue*	*Change*
JESSIE	**302.8**	**32.0%**	333.5	33.9%	-9.2%
BUOU BUOU	**257.7**	**27.2%**	315.9	32.2%	-18.4%
KOREANO and KLOVA	**386.1**	**40.8%**	333.3	33.9%	15.8%
Total revenue from ladieswear business	**946.6**	**100.0%**	982.7	100.0%	-3.7%

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

	2021		2020		
Sales categories	***RMB million***	***% of ladieswear revenue***	*RMB million*	*% of ladieswear revenue*	*Change*
Self-operated	**881.9**	**93.2%**	906.2	92.2%	-2.7%
Wholesale	**64.7**	**6.8%**	76.5	7.8%	-15.4%
Total revenue from ladieswear business	**946.6**	**100.0%**	982.7	100.0%	-3.7%

Ladieswear – JESSIE

In FY2020/21, *JESSIE* actively responded to the impact of the COVID-19 pandemic. The brand promoted the effective connection with core consumer groups by strengthening new marketing and digital marketing layout, establishing community marketing and micro-mall platforms, so as to gradually increase brand-specific private domain traffic; meanwhile, it precisely guided customers experience in-store by strengthening online and offline interaction, and continued to increase the conversion rate of live broadcasts, thereby alleviating the adverse effects of the epidemic.

In terms of product marketing, *JESSIE* focused on key categories in autumn and winter, and actively carried out themed marketing activities of "Coat Festival, Fur/Nic Clothing Special", to create a good sales atmosphere with important nodes. In terms of terminal construction, through the close linkage of multiple operating departments such as direct operation, training, planning and promotion and display, the operation management system is optimized from the aspects of terminal picking and landing, product reorganization and integration, product value shaping and brand promotion, and precise member maintenance to form a joint force and further promote terminal implementation conversion. In terms of product innovation, by strengthening the close coordination between the design, merchandise, and marketing departments, the internal review of the design department and the joint review mechanism of marketing, merchandise, procurement and other departments were further improved. The frequency of version evaluation was increased to set up a quick response team, and achieve precise research and development, timely supplement, timely optimization and adjustments in response to the defects of product launches in the current season and the needs of some key stores.

In the face of the COVID-19 pandemic, the *JESSIE* brand established the "Enablement and Growth" project team, direct sales, training, planning and promotion, display and other departments were linked to further promote the implementation and conversion of terminals. At the same time, *JESSIE* also promoted close collaboration between the design department and marketing department to improve product innovation and marketability. However, in light of the huge impact of COVID-19 on the consumption industry, the annual revenue from *JESSIE* ladieswear business fell by 9.2% to approximately RMB302.8 million, among which, the revenue from self-operated and wholesale business decreased by 7.3% and 17.5%, to approximately RMB251.1 million and RMB51.7 million, respectively.

Ladieswear – BUOU BUOU

In FY2020/21, *BUOU BUOU* was also severely affected by the COVID-19 pandemic. On this basis, *BUOU BUOU* actively responded by means of refined management of existing online and offline sales platforms and sales outlets, increasing online sales channels and strengthening the designer team.

At the sales expansion front, the *BUOU BUOU* team has continuously strengthened online and offline interactive management in a timely manner to cater to customers. It has expanded its sales breadth by implementing measures such as shopping guide mobile WeChat, online sales in store live broadcasts, and delivery of goods to home; at the same time, the online "WeChat Mall" platform built through its own brand guided offline customers who do not go out to online consumption for precision marketing. For existing offline stores, it has effectively increased customer stickiness, especially the favorability of similar brands with overlapping customers, by improving the quality of terminal services and launching after-sales services such as apparel adjustment and laundry. For offline sales channel, *BUOU BUOU* readily responded by negotiating with shopping malls in terms of reduction in concessionaire fees, minimum guarantees and rental expenses to reduce operating costs, while for online sales channel, the recovery of the overall operating capabilities was promoted by expanding new platforms, enhancing existing customer stickness and the interaction between online and offline sales. On the product R&D front, the *BUOU BUOU* team was actively looking for breakthroughs in design inspiration by recruiting new design directors and introducing excellent talents to enhance product competitiveness and explicitly designed products which are exclusively offered online to cater to mainstream online customers through online big data analysis.

However, due to the impact of the COVID-19 pandemic, the sales of *BUOU BUOU* in the Year were affected to a certain extent. *BUOU BUOU*'s revenue during FY2020/21 was approximately RMB257.7 million, representing a decrease of 18.4% from the previous year, among which, the revenue from self-operated and wholesale business decreased by 19.0% and 5.6%, to approximately RMB244.7 million and RMB13.0 million, respectively.

Ladieswear – KOREANO and KLOVA

By virtue of over 30 years of brand accumulation, the stable and mature channel operation capabilities, the loyalty and recognition of a wide range of membership customer base and good product design and development capabilities and other advantages, the results of *KOREANO* and *KLOVA* showed a sound momentum of rapid recovery in performance after the outbreak of COVID-19. In FY2020/21, the performance of these two brands was relatively outstanding, and the overall growth rate was much better than the overall performance of ladieswear industry. Revenue from *KOREANO* and *KLOVA* during the FY2020/21 was approximately RMB386.1 million, representing an increase of 15.8% from the previous year.

KOREANO and *KLOVA* mainly supported the growth of annual performance by maintaining stable pricing, optimizing channels, controlling expenses, strengthening member interaction and improving the efficiency of single stores. In terms of maintaining stable pricing, the brands controlled discounts at regular-priced stores with a focus on buying discount and redemption of points for cash and gifts. At the same time, high-quality bonus products that conform to the concept of "health and beauty" were launched to continuously enhance customer experience and maintain brand image. In terms of channel construction, channel structures were further optimized, inefficient and loss-making stores were closed, and effective stores were opened as appropriate based on the actual condition of the epidemic, thereby consolidating the quality of existing channels. In terms of cost control, negotiations were organized with various guaranteed malls during the epidemic to exempt some stores from guarantees. In terms of strengthening member interaction, online and offline new retail and live broadcast interactive models were promoted vigorously to conduct broadcast live and display of new products on a per-session basis with the help of live broadcast accounts in various shopping malls, so as to attract VIPs in key shopping malls, increase the number of members, and invite new and old VIPs to experience and successfully bind effective customers. In terms of improving the efficiency of a single store, the "track" battle incentive scheme was optimized to promote healthy competition among regions, groups and stores, therefore, the sales of regular-priced stores have been comprehensively improved.

As of March 31, 2021, the total number of retail outlets of the Group's ladieswear business decreased by 22 to 477, self-operated retail outlets decreased by 19 to 354 and net retail outlets operated by third party distributors decreased by 3 to 123 as compared to the same period of last year, respectively. Self-operated retail outlets and those operated by third party distributors accounted for 74.2% and 25.8% of the entire retail network, respectively. Of the total retail outlets of the Group's ladieswear business, approximately 60.8% are located in first- and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 39.2% are located in third-tier cities or below.

Retail network breakdown by ladieswear brand

As at March 31, 2021	*JESSIE* Number of stores	*JESSIE* Change	*BUOU BUOU* Number of stores	*BUOU BUOU* Change	*KOREANO* Number of stores	*KOREANO* Change	*KLOVA* Number of stores	*KLOVA* Change	*Total* Number of stores	*Total* Change
Specialty stores										
Operated by the Group	1	-2	12	-3	–	–	–	–	13	-5
Operated by third party distributors	19	-1	10	1	–	–	–	–	29	–
Subtotal	20	-3	22	-2	–	–	–	–	42	-5
Concessionary retail outlets										
Operated by the Group	105	-2	105	-7	75	-6	56	1	341	-14
Operated by third party distributors	73	-2	21	-1	–	–	–	–	94	-3
Subtotal	178	-4	126	-8	75	-6	56	1	435	-17
Total	**198**	**-7**	**148**	**-10**	**75**	**-6**	**56**	**1**	**477**	**-22**

Change: Compared with those as at March 31, 2020

Retail network of ladieswear business by region

	As at March 31, 2021	As at March 31, 2020	Change
Eastern China	**60**	64	-4
Central China	**158**	156	2
Northern China	**47**	50	-3
Northeast China	**59**	64	-5
Northwest China	**90**	100	-10
Southwest China	**63**	65	-2
Total	**477**	499	-22

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

Diversified apparels business

During FY2020/21, revenue from our diversified apparels business was approximately RMB144.7 million, representing an increase of 72.7% as compared to that of the corresponding period of last year. As the Group adhered to the overall strategy of "focusing on our principal business and shrinking diversification", the contribution from the diversified apparels business such as *Bosideng MAN* and *Bosideng HOME* brands to the Group's total revenue further dropped. However, the school uniform business developed by the Group in 2016 recorded significant growth in the Year. Therefore, the proportion of the overall diversified apparels business in the Group's total revenue increased slightly to 1.1% from the previous financial year. Revenue from diversified apparels brands during the Year were as follows:

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

	2021		2020		
Brands	***RMB million***	***% of diversified apparels business revenue***	*RMB million*	*% of diversified apparels business revenue*	*Change*
Sameite	**88.8**	**61.4%**	36.5	43.6%	143.3%
Other brands and others	**55.9**	**38.6%**	47.3	56.4%	18.2%
Total revenue from diversified apparels business	**144.7**	**100.0%**	83.8	100.0%	72.7%

	Revenue from diversified apparels business by sales category For the year ended March 31,				
	2021		2020		
Sales categories	***RMB million***	***% of diversified apparels business revenue***	*RMB million*	*% of diversified apparels business revenue*	*Change*
Self-operated	**90.5**	**62.5%**	37.9	45.2%	138.8%
Wholesale	**47.3**	**32.7%**	33.0	39.4%	43.3%
Others*	**6.9**	**4.8%**	12.9	15.4%	-46.5%
Total revenue from diversified apparels business	**144.7**	**100.0%**	83.8	100.0%	72.7%

* *Represents rental income*

School uniform business – Sameite

During FY2020/21, the school uniform business under the diversified business segment remained in operation under *Sameite*. Adhering to the clothing design concept of "carrying education with clothes and inheriting culture with clothes", *Sameite* brand insists on providing students with safe, comfortable, fashionable and functional school uniform products, and expects to dress every child in the uniform of his or her dream as its mission. Currently, *Sameite* serves more than 300 schools, with an annual supply of over one million pieces.

During the epidemic, *Sameite* brand adopted project integration to increase revenue and expand market coverage, increase brand influence with education groups so as to gain external market depth, and increase the market share of benchmark schools with synergistic franchise to increase the depth of the regional market. The innovative independent digital system, online retail and cross-regional distribution, and the launch of the independent campus apparel have received unanimous praise. At the same time, *Sameite* brand appeared at the Shanghai School Uniform Exhibition (上海校服展) during the COVID-19 pandemic to showcase future school uniform styles with high-tech attributes.

In FY2020/21, *Sameite* brand won the title of National Quality Leading Brand of School Uniform Industry (全國校服行業質量領先品牌), China's Top Ten Popular School Uniform Brand Awards (中國十佳人氣校服品牌獎), and won the first prize of the 2020 China School Uniform Design Competition High School Student Standard Series (2020 中國校服設計大賽高中生制式系列一等獎), the 2020 China School Uniform Design Competition Primary School Student Standard Series Special Award (2020中國校服設計大賽小學生制式系列特等獎) and the 2021 China School Uniform Design Competition High School Student Sports Series First Prize (2021中國校服設計大賽高中生運動系列一等獎) and other awards.

During FY2020/21, contract orders for school uniform business of *Sameite* represented an increase of 146.0% as compared to that of the corresponding period of last year, and revenue amounted to approximately RMB88.8 million, representing an increase of 143.3% as compared to that of the corresponding period of last year.

Children's wear business

During FY2020/21, the Group mainly cooperated with the Japanese brand of *Petit main* and conducted business expansion with a focus on prioritizing the development of online platforms. *Petit main* has achieved a certain industry ranking since its residence in the Tmall flagship store in August 2018, and has received widespread attention.

Bosideng MAN and Bosideng HOME

Since FY2018/19, the Group started to downsize the *Bosideng MAN* and *Bosideng HOME* brands under the diversified apparels business segment comprehensively. This resulted in the significant reduction in size of these two business divisions during the past three financial years.

Retail network of diversified apparels business by region

	As at March 31, 2021	As at March 31, 2020	Change
Eastern China	**–**	7	-7
Central China	**–**	–	–
Northern China	**–**	–	–
Northeast China	**–**	–	–
Northwest China	**–**	–	–
Southwest China	**–**	26	-26
Total	**–**	**33**	**-33**

Region

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

ONLINE SALES

During the Year, the Group's online sales business continued to develop vigorously and achieved outstanding results. In particular, the online direct sales channels performed well, and the sales on Tmall and Vipshop continued to show rapid growth.

Meanwhile, during the first half of FY2020/21, the Group strengthened its strategic cooperation with Alibaba. Through cooperation, in terms of consumer development, the high-quality products of the brand had more opportunities to be exhibited to the platforms' high-quality consumers. In terms of data support, through access to multi-dimensional data support and market trend analysis, we could provide more timely and reliable data support for sales decisions. In terms of priority application of innovative tools, through the Tmall brand innovation and marketing centers and live-streaming virtual hosts, the Group's online business development was further diversified and enriched by such application of innovative tools. Meanwhile, the data platform established together with Alibaba also provided assistance and support for precise marketing of online business team.

The expansion of live broadcast channels is one of the innovative breakthroughs in online sales this Year. First, through the omni-channel live broadcast layout, we established a Tmall-based live broadcast matrix covering multiple platforms; second, through live broadcast content upgrades, we innovated dissemination content, integrated platform resources, and amplified brand dissemination; thirdly, we achieved rapid new products procurement and promotion through cooperation with major live broadcast KOL.

The Group also attached significant emphasis on online brand building, integration between online and offline new retail and the maintenance and expansion of members. In terms of brand building, the Group jointly made online and offline announcements through the brand's significant public relations events. In terms of member maintenance and expansion, the flagship store at Tmall attracted more than 3 million new members, with more than 5 million members in total, and had more than 11 million fans as of March 31, 2021, and the proportion of young and new consumer groups under the age of 30 had steadily increased.

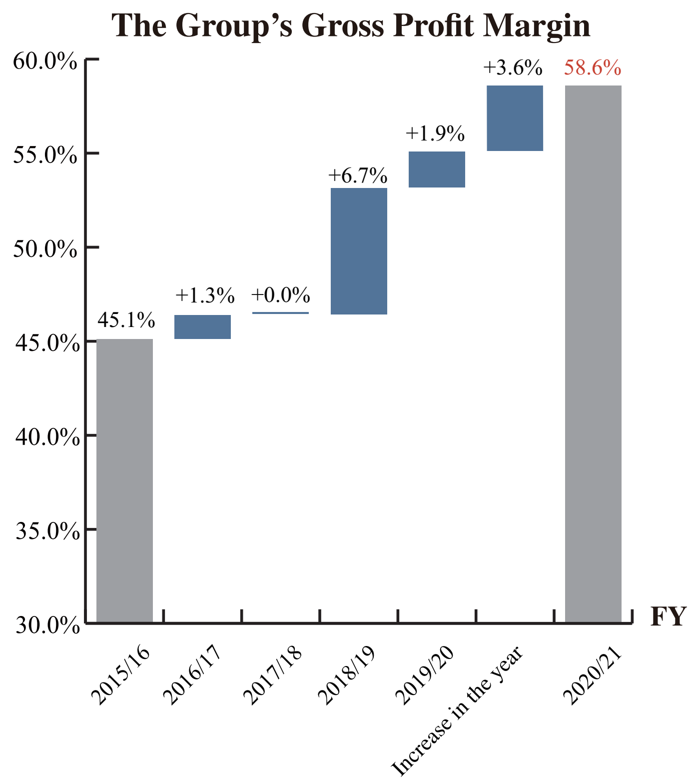
During FY2020/21, revenue from the total online sales of the Group's brands was RMB3,582.9 million, representing a year-on-year increase of 52.8%. Revenue from the online sales of branded down apparels business and ladieswear business for the Year was approximately RMB3,488.9 million and RMB77.2 million, accounting for 32.0% and 8.2% of the revenue of each business, respectively. By sales categories, revenue from the self-operated and wholesale businesses through the Group's online sales amounted to approximately RMB2,836.8 million and RMB746.1 million, respectively.

In particular for *Bosideng*, the Group's major brand, during the past three consecutive financial years, online sales revenue continuously shifted to middle and high price ranges according to the proportion of the transaction amount of various price ranges. For the unit price exceeding RMB1,000 and RMB1,800, their proportions of online sales revenue continued to increase. In FY2020/21, amid the online sales revenue of the *Bosideng* branded down apparel, the proportion of sales revenue whose unit price exceeds RMB1,800 amounted to 31.8%, representing a year-on-year increase of 4.3 percentage points.

GROSS PROFIT

During FY2020/21, gross profit of the Group increased by 18.1% as compared to that of the corresponding period of last year, from approximately RMB6,708.6 million to approximately RMB7,924.3 million. With the success brand reshaping and product expansion, the gross profit margin increased by 3.6 percentage points as compared to that of the corresponding period of last year, from 55.0% to 58.6%.

The gross profit margin of the Group has continued to increase steadily year by year, surpassing the highest level in history.



Gross profit margin of the branded down apparel business increased by 3.9 percentage points to 63.7%, mainly because after the pandemic, the Group enhanced the cost control of raw materials; on the other hand, with the continuous improvement of *Bosideng*'s brand potential in the past year, consumers are more inclined to purchase high-unit price products, resulting in a corresponding increase in the average selling price of branded down apparel products; at the same time, the significantly increased proportion of sales from *Bosideng* brand self-operated retail stores made a relatively significant contribution to the improvement of gross profit margin of the branded down apparel business. These achievements are inseparable from the Group's continued strategic policy of "focusing on its principal business and key brands", adherence to the reshaping and upgrading of *Bosideng* brand, and adherence to the strategic line of building "the world's leading down apparel expert". The gross profit margin of the OEM management business recorded an increase of 1.1 percentage points to 19.6% through various measures to strictly control costs and expenses. The gross profit margin of the ladieswear business slightly decreased by 1.8 percentage points to 72.6% as compared to that of the corresponding period of last year, which was mainly due to product sales for destocking during the post-pandemic period.

The table below sets out the analysis on the gross profit margin of each brand:

Brands	**For the year ended March 31, 2021**	**2020**	Change percentage points
Bosideng	**66.2%**	63.4%	+2.8
Snow Flying	**38.9%**	40.8%	-1.9
Bengen	**35.2%**	34.2%	+1.0
Branded down apparel business	**63.7%**	59.8%	+3.9
OEM management business	**19.6%**	18.5%	+1.1
JESSIE	**68.5%**	71.3%	-2.8
BUOU BUOU	**70.1%**	70.3%	-0.2
KOREANO and *KLOVA*	**77.4%**	81.6%	-4.2
Ladieswear business	**72.6%**	74.4%	-1.8
Diversified apparels business	**0.1%**	-16.4%	+16.5
The Group	**58.6%**	55.0%	+3.6

OPERATING PROFIT

During FY2020/21, the Group's operating profit increased by 39.2% to approximately RMB2,224.6 million. Operating profit margin was 16.5%, representing an increase of 3.4 percentage points as compared to 13.1% of the corresponding period of last year, mainly due to the contribution from the branded down apparel business and the OEM management business.

DISTRIBUTION EXPENSES

During FY2020/21, the Group's distribution expenses, mainly comprising advertising and promotion expenses, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB4,807.4 million, representing an increase of 12.4% as compared to approximately RMB4,276.4 million of the corresponding period of last year. The Group's distribution expenses accounted for 35.6% of its total revenue, representing a slight increase of 0.5 percentage point as compared to 35.1% of the corresponding period of last year. The increase in distribution expenses was mainly due to the Group's efforts in the construction of direct sales channels for the branded down apparel business, as well as the rise in wages due to the increase in headcounts of sales personnel for direct sales channels during the Year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses, mainly comprising of salary and welfare, amortization of equity settled share-based payments expenses, depreciation and consultancy expenses, amounted to approximately RMB1,026.2 million for the Year, representing an increase of 20.3% as compared to approximately RMB853.0 million of last year, mainly due to the share-based payments incurred from the options newly granted to the employees and a third party during the Year. The proportion of administrative expenses to the Group's total revenue increased by 0.6 percentage points to 7.6% as compared to 7.0% of last year. Excluding the cost of employee option incentives and the cost of granting third-party share options, the proportion of administrative expenses to the total revenue of the Group this Year was basically the same as the same period of last year.

FINANCE INCOME

During FY2020/21, the Group's finance income increased by 10.7% to approximately RMB213.5 million from approximately RMB192.8 million. The increase was mainly due to the increase in the Group's financial asset interest income.

FINANCE COST

During FY2020/21, the Group's finance cost was approximately RMB195.8 million, representing an increase of approximately 2.2% as compared to that of the corresponding period of last year. The increase was mainly due to the impact of the exchange losses on the OEM management business due to the appreciation of RMB in the Year.

TAXATION

During FY2020/21, income tax expenses increased from approximately RMB404.6 million to approximately RMB537.3 million. The effective tax rate was approximately 24.0%, which approximated to the standard PRC income tax rate of 25%.

DIVIDENDS

The Board recommended the payment of a final dividend of HKD10.0 cents (equivalent to approximately RMB8.3 cents) per share for the Year. The proposed dividend shall be subject to approval at the annual general meeting (the "**AGM**") to be held on or about August 20, 2021. Upon approval, the proposed dividend will be paid on or around September 15, 2021 to shareholders whose names appear on the register of members of the Company on August 25, 2021.

LIQUIDITY AND FINANCIAL RESOURCES

In the Year, the Group's net cash generated from operating activities amounted to approximately RMB3,133.1 million. Cash and cash equivalents as at March 31, 2021 amounted to approximately RMB1,771.3 million.

As at March 31, 2021, the distribution of cash and cash equivalents by currency was as follows:

	RMB'000
Renminbi	**1,225,417**
US dollar	**317,908**
Pound sterling	**7,549**
Hong Kong dollar	**216,791**
Japanese yen	**92**
European dollar	**3,573**
Total	**1,771,330**

In order to obtain higher returns on the Group's available cash reserves, the Group has invested in the other financial assets, including capital protected short-term investments with banks in China and other financial securities. The expected but unguaranteed returns of the short-term investments with banks ranged from 1.0% to 5.4% per annum. The other financial securities referred to tradable stocks and bonds held by Shuo Ming De Investment Co., Ltd. As at March 31, 2021, the bank borrowings of the Group amounted to approximately RMB670.9 million (March 31, 2020: approximately RMB817.8 million) and the carrying amount of liability component of the convertible bonds was approximately RMB1,609.5 million (March 31, 2020: approximately RMB1,676.5 million). The gearing ratio (being total borrowings/total equity) of the Group was 20.3% (March 31, 2020: 24.0%).

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

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

During the Year, save as disclosed below, the Group had no material investment, nor significant acquisitions or disposals of subsidiaries.

Acquisition of Entire Equity Interests of Suzhou Bosideng Logistics

On October 23, 2020, Bosideng Down Wear Limited (a wholly-owned subsidiary of the Company), as the purchaser (the "**Purchaser**"), and Bosideng Corporation Limited (a company ultimately beneficially and solely owned by Mr. Gao Dekang, the chairman of the Board (the "**Chairman**"), chief executive officer ("**CEO**") and controlling shareholder of the Company), as the vendor (the "**Vendor**"), entered into the equity transfer agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire equity interest in Suzhou Bosideng Logistics at the consideration of RMB559,817,100 (the "**Acquisition**").

For further details of the Acquisition, please refer to the announcements of the Company dated October 23, 2020 and November 2, 2020, respectively.

CONTINGENT LIABILITIES

As at March 31, 2021, the Group had no material contingent liabilities (March 31, 2020: Nil).

CAPITAL COMMITMENTS

As at March 31, 2021, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB12.9 million (March 31, 2020: approximately RMB32.3 million).

PLEDGE OF ASSETS

As at March 31, 2021, bank deposits amounting to approximately RMB657.3 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2020: approximately RMB414.4 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 prioritizing risk prevention and maintaining a sound cash management strategy. The Group's source of funding in the Year was primarily raised by cash generated from operating activities, bank borrowings and/or bond issuance. The major objectives of the Group's treasury policies is to appropriately improve the comprehensive income level of funds on the basis of ensuring liquidity.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in China with revenue and expenses of the Group's subsidiaries denominated in Renminbi, and therefore, the Group has chosen Renminbi as the reporting currency. 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 fluctuations of Hong Kong dollars, US dollars and Pound sterling or against each entity's respective functional currency may have a material impact on the Group.

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

HUMAN RESOURCES

As of March 31, 2021, the Group had 9,028 full-time employees (March 31, 2020: 7,801 full-time employees), representing a year-on-year increase of 1,227 employees. Staff costs for the year ended March 31, 2021 (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB1,613.7 million (for the year ended March 31, 2020: approximately RMB1,308.4 million).

Despite the challenges posed by COVID-19, based on long-term strategic goals set and social responsibility in the future, in the Year, the Group recruited diversified and professional talents and new generation forces. Regarding the campus recruitment project carried out every year, the Group has been iteratively upgraded in recent years to mainly focus on domestic 985 and 211 colleges and universities. The design of talent selection tends to be graduate students and reserve forces with high-quality overseas study backgrounds, with a view to gradually cultivate a group of outstanding reserve forces through large-scale training and personalized teaching.

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

CORPORATE CULTURE

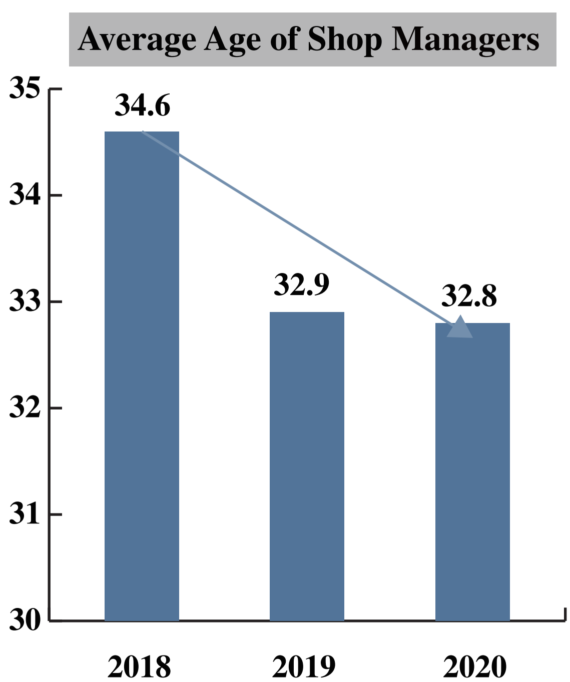
The Group attaches great importance to the construction and inheritance of corporate culture. We firmly believe that corporate culture is the foundation for the Group to realize the "100-year brand, 100 billion dream". It is the gene and essence of the corporate and brand in the entrepreneurial process, the soul and bloodline that runs through the development of the corporate, and the driving force, spiritual pillar and guiding direction of development. In the course of the development of the Group, the excellent corporate culture with *Bosideng*'s characteristics has been condensed, and a large number of outstanding backbones with *Bosideng* genes have emerged. It is precisely because of the strong cultural traction that the Group has successfully completed the strategy transformation of the past three years and laid the foundation for future strategy implementation. The Group advocates the practice of corporate culture, and unites the team's efforts with excellent corporate culture, to form highly consistent team ideas and concepts and highly consistent goals and actions and ensure efficient achievement of strategic goals.

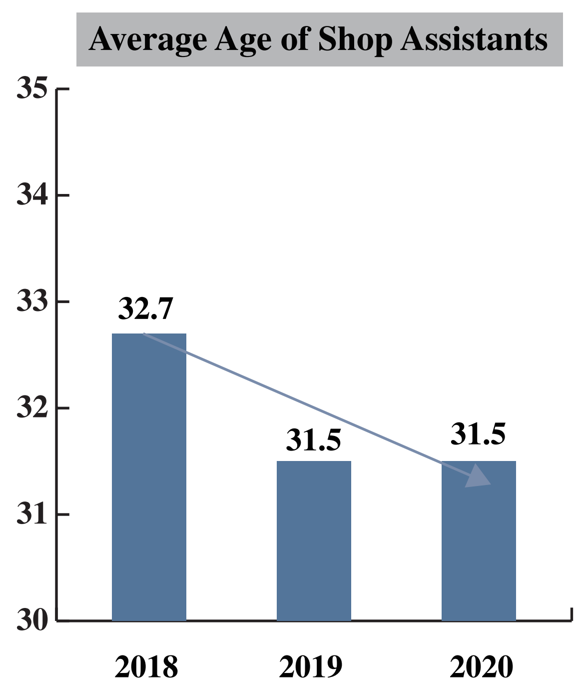
TALENT DEVELOPMENT

In order to better support the achievement of the Group's talent training goals and undertake the strategic implementation of the next three years, the Group also attaches great importance to the cultivation of talents. The competence standards, evaluation standards, evaluation process and other aspects involved in the talent training process are further clarified. On the one hand, the Group insists on introducing leading talents from the outside. On the other hand, the Group will continue to develop outstanding cadres, experts and strategic reserve talents internally.

In the training of the designer team, the Group believes that talents are the cornerstone of brand development, and designers are the creators of core competitive products. Focusing on the brand positioning of "the world's leading down apparel expert", the product design team always takes the long-term goal of the talent strategy to create a leading, diversified and professional organization. While actively introducing outstanding talents, the Group also focuses on helping the core team grow, establishing leading indicators in the process, using motivational scores to inspire team passion, and adopting a regular accountability system to allow the continuous innovation and creation of the team.

In the training of the store staff team, the Group has gradually established a retail model with stores as the core force in the strategic deployment and development of the past three years, and a younger store team with strong learning ability is the priority for achieving the strategy. In the past three years, the average age of *Bosideng* employees has been decreasing year by year, gradually achieving the goal of youthfulness.





FUTURE OUTLOOK

The year 2021 marks the 45th anniversary of *Bosideng*'s business, and it is also the beginning of a new three-year struggle to become the "world's leading down apparel expert". The world today is undergoing major changes unseen in a century. A new round of technological revolution, especially the development of digital technology, is bringing about the reconstruction of the global economic and social order. In the post-epidemic era, with the strong recovery of China's economy, China's international voice and the influence of Chinese brands in the world are increasing day by day, and Chinese brands have ushered in unprecedented development opportunities. From the perspective of the transformation of the apparel industry, China's apparel industry is advancing the high-end development of the industry supported by technological innovation, shaping a new ecosystem for industrial development guiding by collaborative innovation, and enhancing the value and creativity of the industry leading by cultural innovation. It is striding forward from the "manufacturing hero" to the "brand era". From the perspective of the development of the down industry, with the accelerated pace of consumption upgrading, the scale of China's down apparel market has grown significantly, the brand concentration is getting higher and higher, the trend of high-end down apparel is obvious, and the siphon effect of head brands has become more apparent. *Bosideng* will assess and take advantage of the environment, see the future from the perspective of passing through the times, apply future resources and methods to the current operation and management, continue to build the core competitiveness of the corporate, and strive to enhance its global leading position.

Down apparel business: By focusing on positioning itself as the "the world's leading down apparel expert", the Group took its customer-value-oriented approach and the "brand-led" development model, and used its brand power to lead the products, channels, retail, supply chain and other aspects to work together, which gained favor by mainstream consumers. At the same time, we deployed out mid-end *Snow Flying* and cost-effective and affordable brand *Bengen* down apparel, and took the initiative to strive for online channels through model innovation to stabilize and expand market share.

Channel Synergy

By sorting out the direction and goals of channel construction, targeting core cities and mainstream business districts, the Group achieved structural upgrades in channel quality and efficiency focusing on core stores. The Group continuously upgraded store image, enhanced professional shopping guide capabilities, and improved store sales efficiency. At the same time, we innovated digital retail operations, strengthened precise customer expansion and membership operations, and built omni-channel operating capabilities.

Product Leadership

In terms of product development, the Group attached importance to product structure upgrading taking its customer-value-oriented approach, and established an end-to-end product development model centered on user value. It integrated global superior resources, with a focus on innovative R&D and fashion design, and delivered brand genes with original designs to enhanced product value with leading technology. In terms of product operation, based on the profiles of different store types, the products are accurately delivered to customers. Besides, digital operation is strengthened, and the integrated operation mode of goods and the high-quality quick response supply mode are innovated and optimized, so as to maximize sales and rationalize inventory.

Spread Innovation

The Group explored in-depth the brand connotation to well interpret the brand story and establish a deeper emotional resonance with consumers. The Group continuously enhances its brands potential and influence in consumer and the industry by focusing on the target group, optimizing the brand communication structure and upgrading the communication content and visual image.

OEM management business: Deepening the strategic partnership with core customers. The Group improved its service capabilities by integrating overseas production resources, while further expanding the share of down products taking use of its advantages in down apparel production, and expanded related functional apparel business cooperation, in order to strengthen the long-term and stable strategic cooperation relationship with core customers.

Fashionable ladieswear business: The Group will actively encourage various ladieswear brands to take advantage of their unique advantages to expand their businesses. The Group also intends to expand synergy among brands through resource sharing among the ladieswear brands. Through the gradual improvement of the product, channel and brand power and other aspects of the ladieswear brands, the operational and management efficiency of the ladieswear business unit will be boosted, thereby achieving the healthy growth of the ladieswear business.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 17, 2021 to August 20, 2021 and (ii) August 26, 2021 to August 30, 2021, both days inclusive, during which periods no transfer of shares will be effected. In order to (i) determine the eligibility of the members who are entitled to attend and vote at the AGM and (ii) qualify for the proposed dividend payable on or around September 15, 2021, 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 16, 2021 and (ii) August 25, 2021, respectively.

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

During the Year, pursuant to the terms of the rules and deed of settlement of the share award scheme of the Company adopted on April 23, 2020 (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 52,900,000 shares at an aggregate consideration of approximately HKD158.9 million.

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

CORPORATE GOVERNANCE CODE

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

Mr. Gao Dekang is the founder of the Group, the Chairman and CEO. The Board believes that it is necessary to vest the roles of the Chairman and CEO in the same person due to Mr. Gao Dekang's unique role, his experience and well-established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

AUDIT COMMITTEE

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

AUDITOR

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

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

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

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

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

Hong Kong, June 23, 2021

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