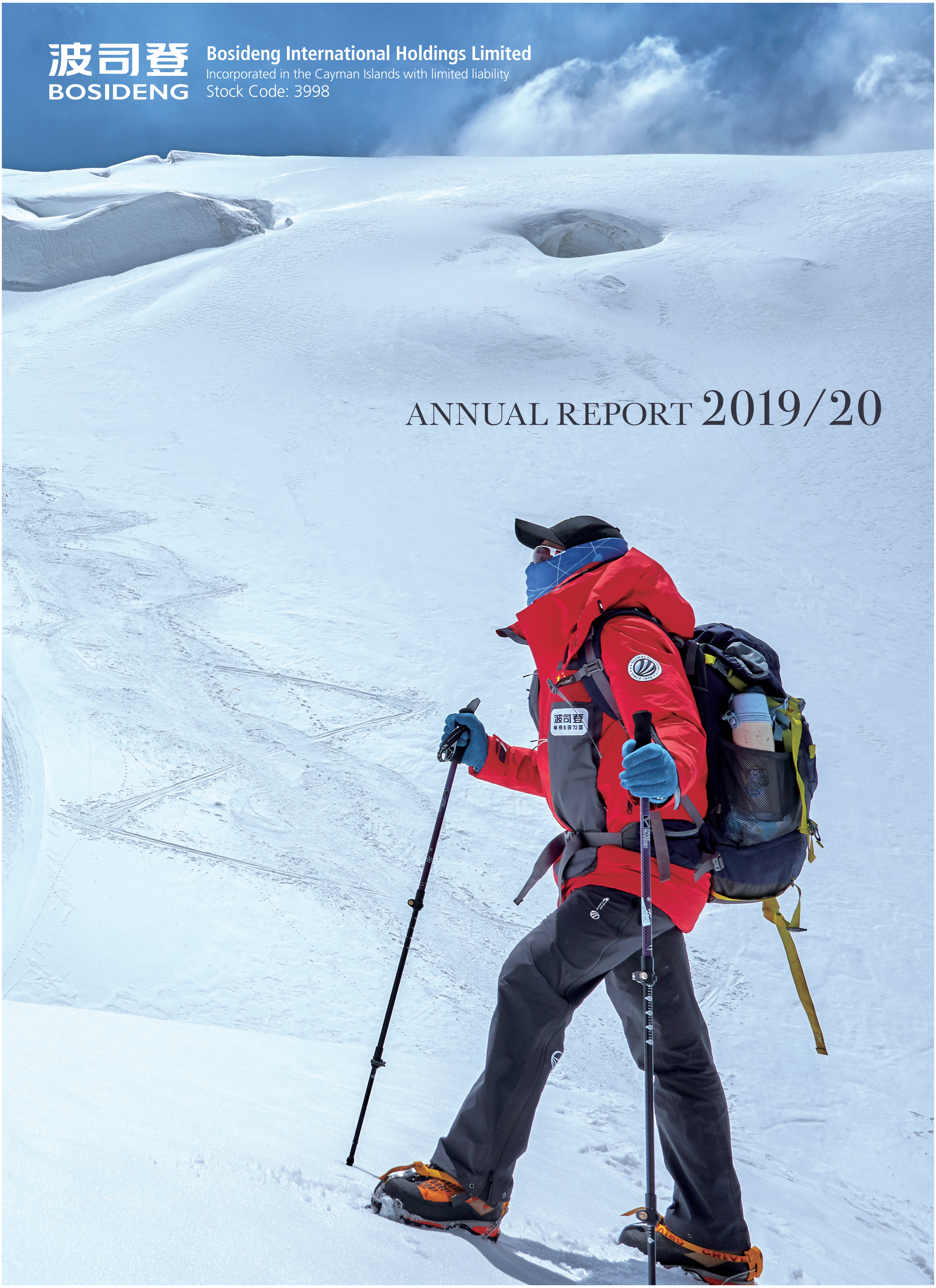
波司登
BOSIDENG

Bosideng International Holdings Limited
Incorporated in the Cayman Islands with limited liability
Stock Code: 3998

ANNUAL REPORT 2019/20



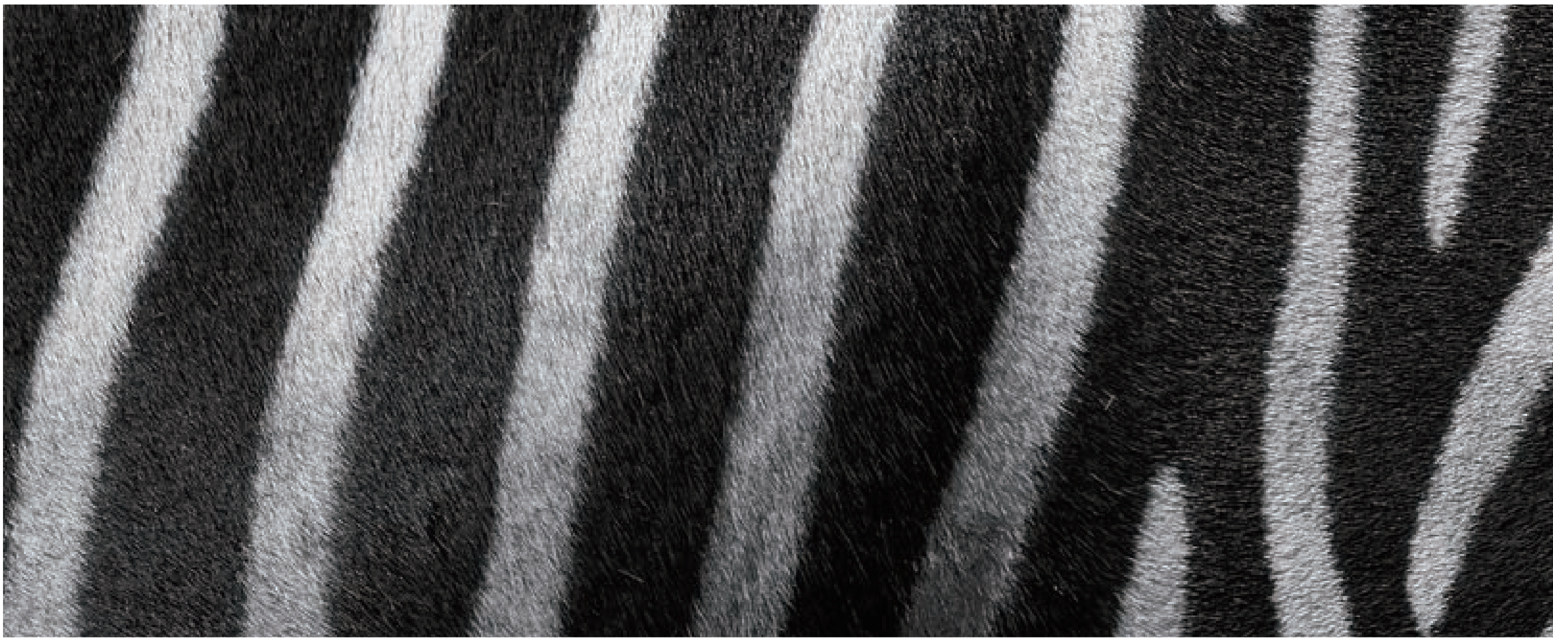
MISSION AND PASSION

WE EMBRACE



LOVE AND CARE


CONQUERORS
BOSIDENG
WE SHARE




INSPIRATION AND TALENT

WE CREATE

WE WARM THE WORLD

WE ARE BOSIDENG

COMPANY PROFILE

Bosideng International Holdings Limited is a renowned operator in the PRC with down apparel brands. Founded in 1976, the Group commenced its operation in extremely difficult conditions under the leadership of Mr. Gao Dekang. On October 11, 2007, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3998).

With a focus on down apparel business, the Group has developed into an expert in down apparel which has been widely recognized by the consumers and a leader in the development of the industry. Currently, the Group's down apparel brands include *Bosideng*, *Snow Flying*, *Bengen*, etc. These brands have been supporting the Group in meeting the needs of different groups of customers and enhancing its position as a leader in the PRC market. Among them, the down apparel business under the *Bosideng* brand maintained a significant lead in the industry for consecutive 25 years (1995 -2019) in terms of sales volume in the PRC.

Currently, the Group's ladieswear brands include *JESSIE, BUOU BUOU, KOREANO, KLOVA*; and the school uniform brand is *Sameite*.

The Group has been proactively implementing its strategies of brand development, which brought it a number of honours, including "China's World Famous Brand" (中國世界名牌產品) and "Leading Textile Clothing Brand in China" (中國紡織服裝領軍品牌). Looking forward, the Group will maintain the focus on its core down apparel business, upgrade its products and channels under the strategies of brand development, stay true to the mission of warm the world, and strive for the goal of becoming the most respected multi-functional apparel group in the world.

CONTENTS

MISSION

Bosideng warms the world

CORE VALUES

Customer Foremost, Integrity, Motivation, Innovation, Cooperation, Responsibility

SPIRIT

Overcome difficulties, No complaints, Self-discipline, Embrace innovation, Pursue excellence, Strive for the best

BOSIDENG BRAND POSITIONING

The top-selling down apparel expert in the world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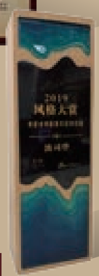
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Bosideng Brand Awards:

1 Awarded the "Top Ten Dominant Brands of China's Textile and Apparel Industry in 2019" in the "2019 China Textile and Apparel Industry Annual Elite Cloud Conference" hosted by Journal of China National Textile and Apparel Council and Textile Apparel Weekly

2 Awarded "The Most Influential Chinese Independent Brand" by China Advertising Association Reform and Opening Up and China Advertising 40 in terms of advertising and brand

3 Awarded "The World's Most Popular Down Apparel of the Year" in Multiverse by Sina Fashion in 2019

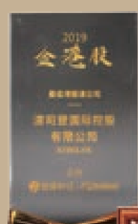
Listed Company Awards:

4 Awarded "The Best Enterprise of the Hong Kong Stock Connect" in the Golden HK Stocks co-hosted by Zhitong Finance (智通財經) and RoyalFlush Finance (同花順財經) in 2019

5 Awarded the "Annual Excellent Enterprise Award" in the 2019 China Good Company Awards organized by Shanghai United Media Group and Jiemian News

6 Awarded "The Best Listed Enterprise of Craftsmanship" under Golden Horse Award in Chinese Securities Market hosted by Securities Daily in 2019

7 Awarded the "2019 Outstanding Brand Award of China's Listed Companies" under the "Golden Intelligence Award" by JRJ.com (金融界) in 2019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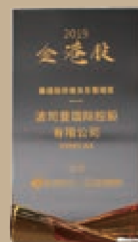
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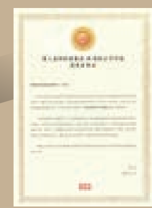
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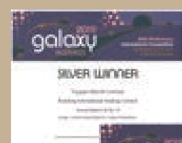
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Investor Relations Team Awards:

8 Awarded the "Best Investor Relations Management" under the Golden HK Stocks co-hosted by Zhitong Finance (智通財經) and RoyalFlush Finance (同花順財經) in 2019

9 Awarded the honorary title of the "New Fortune HK Listed Company with the Best IR" in the third session of the "New Fortune HK Listed Company with the Best IR"

10 Granted Silver Award of "Annual Reports – Unique Presentation" Category in the "2019 Galaxy Awards"

11 Granted Bronze Award of "Annual Reports – Special Treatment" Category in the "2019 Galaxy Awards"

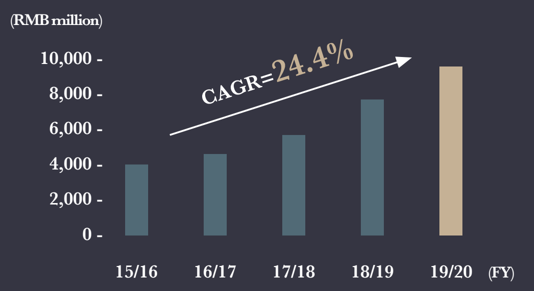
FINANCIAL HIGHLIGHTS

(All amounts in RMB thousands unless otherwise stated)

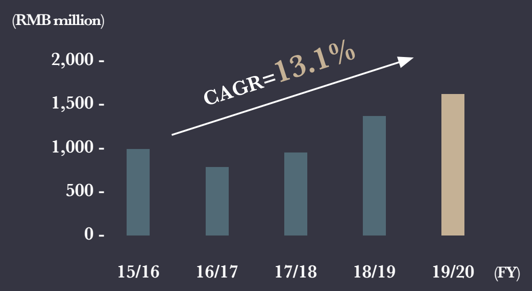
	For the year ended March 31,				
	2020	2019	2018	2017	2016
Revenue	**12,190,535**	10,383,453	8,880,792	6,816,599	5,787,321
Gross profit	**6,708,646**	5,513,514	4,119,102	3,163,204	2,609,218
Profit from operations	**1,598,678**	1,370,765	923,410	660,007	337,679
Profit attributable to:					
Equity shareholders of the Company	**1,203,184**	981,316	615,478	391,844	280,942
Non-controlling interests	**(7,908)**	24,244	24,043	(22,723)	(19,109)
Dividends per share (HKD cents):					
Interim	**3.0**	2.0	1.5	1.0	–
Final	**6.0**	6.0	3.5	0.5	2.6
Special	**–**	–	2.5	–	–
Total	**9.0**	8.0	7.5	1.5	2.6
Non-current assets	**4,909,115**	3,944,547	3,484,607	3,635,768	2,698,105
Current assets	**12,469,638**	11,138,157	10,958,555	10,482,633	9,457,503
Current liabilities	**4,690,139**	4,795,859	4,337,362	4,382,897	4,550,876
Non-current liabilities	**2,285,989**	177,959	323,032	380,277	152,427
Net current assets	**7,779,499**	6,342,298	6,621,193	6,099,736	4,906,627
Total assets	**17,378,753**	15,082,704	14,443,162	14,118,401	12,155,608
Total assets less current liabilities	**12,688,614**	10,286,845	10,105,800	9,735,504	7,604,732
Total equity	**10,402,625**	10,108,886	9,782,768	9,355,227	7,452,305
Gross profit margin (%)	**55.0**	53.1	46.4	46.4	45.1
Operating margin (%)	**13.1**	13.2	10.4	9.7	5.8
Net profit margin (%)*	**9.9**	9.5	6.9	5.7	4.9
Earnings per share					
– basic (RMB cents)	**11.27**	9.32	5.82	4.22	3.54
– diluted (RMB cents)	**11.06**	9.17	5.80	4.22	3.54
Current ratio (x)	**2.7**	2.3	2.5	2.4	2.1
Gearing ratio (%)	**24.0**	16.1	23.9	31.9	45.5

* Net profit margin is calculated by profit attributable to equity shareholders of the Company as a percentage of revenue

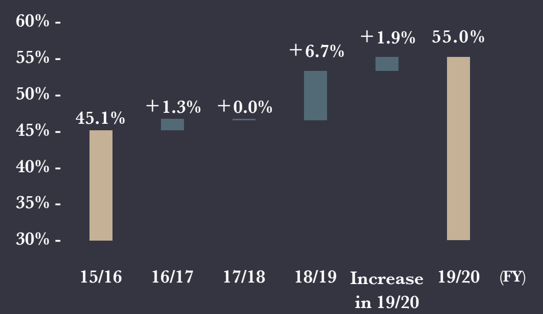
REVENUE OF BRANDED DOWN APPAREL BUSINESS



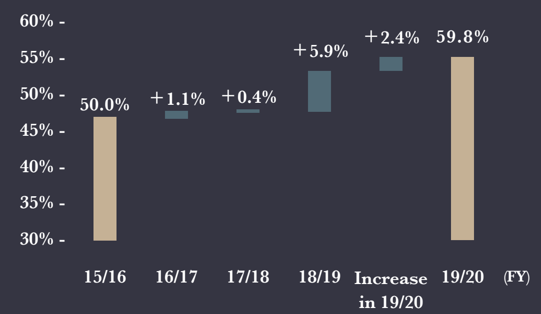
REVENUE OF OEM MANAGEMENT BUSINESS



GROSS PROFIT MARGIN OF THE GROUP



GROSS PROFIT MARGIN OF BRANDED DOWN APPAREL BUSINESS



BOSIDENG, FOREVER CLIMBING THE HIGHEST PEAK

Dear shareholders,

On behalf of the Board, I am pleased to present the Group's annual results for the Year.

FY2019/20 marks the second year of the Group's strategic transformation and brand reshaping. Following the first time that the revenue exceeded RMB10 billion during the year ended March 31, 2019, the revenue again hit a record high of RMB12.19 billion during the Year, representing a year-on-year increase of 17.4%. Net profit attributable to shareholders was approximately RMB1.20 billion, representing a year-on-year increase of 22.6%. The Group achieved double-digit growth in revenue and profit for four consecutive years. The Board recommended the distribution of a final dividend of HKD6.0 cents per Share.

DEVELOPING IN AN UNFAVORABLE SITUATION AND MARCHING FORWARD AGAINST ALL ODDS

Such fruitful results achieved are hard-won and deserve to be cherished. In 2019, the global trade situation was volatile, the growth rate of total retail sales of consumer goods in China slowed down, and certain weather factors such as "warm winter" also affected the sales of down apparel to some extent. The COVID-19 outbreak since early 2020 has caused the apparel industry to experience a thrilling "big test". Faced with extremely severe external challenges, the people working in the Group adhered to their original mission and confidence in development, stuck to the overall strategy of "focusing on principal business and key brands", and used the power of the brand to facilitate the comprehensive upgrade of products and channels, achieving excellent results and steady growth that outperformed the industry. Such results also made us profoundly recognized that the brand is the highest leadership in a company and the most powerful immunity of the company to overcome all difficulties and obstacles!

The Group continued to maintain steady growth in its principal business, with double-digit growth in revenue and profit.

As the biggest revenue contributor of the Group, the branded down apparel business recorded revenue of approximately RMB9.51 billion, representing a year-on-year increase of 24.2%. Among them, the down apparel business under the *Bosideng* brand has maintained a leading position in the Chinese market for 25 consecutive years in terms of sales volume, facilitating the improvement of quality and efficiency as well as growth recovery in the domestic apparel industry with such rising performance. OEM management business recorded revenue of approximately RMB1.61 billion, representing a year-on-year increase of 17.8%, realizing growth in an export recession and taking the lead.

Brand recognition and influence have been greatly improved, which has significantly driven the principal business.

As the first Chinese down apparel brand to successively enter the Milan Fashion Week and the London Fashion Week to show the charm of Chinese fashion, the overseas recognition and influence of the *Bosideng* brand have significantly improved. It sponsored China's height measurement activity of Mount Everest in 2020, helping to measure the highest point in the world with "Chinese temperature". The brand has been selected as a constituent stock of the MSCI China Index and the Hang Seng Composite LargeCap & MidCap Index, respectively, and the investment value has been recognized by the capital market. The brand reputation and recognition among down apparel experts have continued to improve. According to the survey data from Ipsos, "*Bosideng* has a brand recognition of 97% among consumers, becoming the No. 1 down apparel brand among Chinese consumers". The "2019 Overseas Market Research White Papers" jointly released by Tmall World and CBNData showed that *Bosideng* has become the best-selling Chinese down apparel brand in the United States.

The Group offered products effectively through structure innovation, and the sales proportion of products with high potential continued to increase.

The Group focused on its core down apparel business, deepened strategic cooperation with international high-end supply chain resources, and strengthened the competitiveness of its products in terms of "fashion + function". For the first time in the world, the Group released the Mountaineering collection, a down apparel collection using various cutting-edge technologies in the industry, to create professional-quality and ultimate experience. The Group integrated international innovation resources and released collaboration collections by joining hands with Gaultier, a prestigious French designer and the creator of the golden age for Hermès, Kenzo Takada, a fashion design master and Ennio Capasa, a world-renowned fashion designer. Such transformation into mid- to high-end apparel was widely recognized by consumers. Our industrial design center was selected as one of the fourth batch of "National Industrial Design Centers" by the Ministry of Industry and Information Technology (MIIT), inspiring new energy for product upgrades.

Channels and new retail operations have been optimized and upgraded, and the integration of online and offline platforms has accelerated.

In terms of offline platform, the Group penetrated the core business circle and mainstream channels, enhanced end image, strengthened refined operations, and established a professional team of high-quality store managers. The channel structure, channel quality and store image have been significantly improved. In terms of online platform, the Group fully integrated resources and deepened its strategic cooperation with Alibaba, conducted channel upgrade and developed overseas supply chain. In 2019, the sales of our Tmall outlet on "double 11" and "double 12" ranked first among the apparel brands in China. The Group promoted the upgrade and transformation of the second phase of the intelligent central distribution center project and the intelligent manufacturing production base to cultivate the core competitiveness of the quality and fast-responding supply chain, thus enabling the enterprise to conduct digital transformation and development.

What makes me proud and gratified is that at the most critical time of epidemic prevention and control, the people working in the Group launched a charity activity themed "300 million down apparel from Bosideng to front-line personnel in epidemic prevention" with a high sense of social responsibility, donating a total of more than 151,000 quality down apparel with a total market value of more than RMB300 million to 438 hospitals and entities nationwide to give warmth to our most respectable and lovely people. Meanwhile, the Group quickly organized equipment, raw materials and employees to produce protective clothing to support the front-line personnel in epidemic prevention. The Group also overcame all difficulties to enter the London Fashion Week as scheduled to release a great fashion show, conveying the confidence and hope of Chinese fashion. This demonstrates the responsibility and duty of *Bosideng* as a national brand and is also a loyal practice of the corporate mission of "*Bosideng* warms the world"!

STRIVING FOR THE PEAK TO SHOW THE TRUE QUALITY OF THE MOUNTAINEER

People who are afraid of climbing the peak will always hover at the mountain foot, while the real mountaineer will be determined to climb the peak without fear.

COVID-19 has brought unprecedented impacts and challenges to the world, however, the Chinese economy has enormous resilience, potential and room for manoeuvre, and the scale and competitive landscape of the down apparel industry are relatively stable, which makes us fully confident about expanding domestic demand and accelerating the recovery of the economy. Under the compound influence of certain factors, such as the concentration of market demand towards leading enterprises and branded commodities and the entering of an off-season for the sales of down apparel, the current impact of the epidemic on the Group's operations is far weaker than the average level of the apparel industry. Confidence is more important than gold. We believe that the fundamentals of the long-term economic growth in China have not changed. COVID-19 will eventually pass, and victory will come!

All adverse situations are tests, and gold can only be achieved after refinement. The Group has been dedicated to making down apparel for 44 years, and always keeps pace with the trend, never forgets its original mission, focuses on the industry, sticks to the principal business, dares to be the first to take the lead and strives to be No. 1. 2020 is the last year for building a moderately prosperous society in all respects, and is also a critical year for the Group to overcome difficulties in implementing brand upgrading strategy. Currently, the domestic COVID-19 prevention and control has become normal. We will be prudent and cautious from beginning to end to coordinate and conduct the tasks in the course of the COVID-19 prevention and control and group development, and use its best endeavour to win the tough battle of brand upgrade and quality development under unfavorable situations.

We will adhere to the development model of brand leadership to "reach new heights". "Brand Leadership" is *Bosideng's* magic key to success. We will focus on the principal business, adhere to brand leadership, position the brand from a global perspective, benchmark to bridge the gaps and dig deeper into the warmth gene, establish stronger emotional links with consumers, and continue to improve the brand potential to win consumers of the era. While enhancing the brand image and enriching the connotation of the brand, we will integrate global innovation resources and use the power of the brand to lead the comprehensive upgrade and integration of retail, commodities, image, supply chain and other aspects, so as to reshape the brand value, industry structure and supply chain ecosystem and lead the down apparel industry in China to enter a new journey of quality development.

We will focus on the market and "do solid work" to improve quality and efficiency. Flourishing development can only be achieved based on a solid foundation. By positioning this year as a "Year of Benefits", we will conduct comprehensive upgrade to meet domestic demand, precisely understand consumer demand, improve the quality and efficiency systematically from retail, products, operations, customers and other aspects, and dig deep to lay a solid foundation. At the same time, we will put more efforts into the digital and intelligent transformation of Company to promote the new retail transformation of the brand. We will reach and link the consumers of the era via live streaming, private traffic, community, off-store sales and other channels, offering good products to online and offline consumers with "quality" and "worthy" experience to consolidate our leading position in the market.

We will inherit corporate culture and spirit to "strengthen faith". Rapid development with firm confidence is the key to solving all problems. For any hardworking team or enterprise, the more difficulties it faces, the greater efforts it should make to firm its ideals and faiths, maintain internal stability and seek for external cooperation. We have implemented a new round of share- and option-based incentive plans to transform the mechanism of compensation incentives, and strive to build a heroic team that can win battles and achieve results by strongly aligning the performance of our management team with company performance. By promoting the entrepreneurial spirit of perseverance and inheriting the mountaineering spirit of "climbing the peak and striving to be No. 1" as well as the excellent corporate culture, we will move forward despite difficulties, take on any challenge, dare to be the first to overcome difficulties without fear, practice our mission of "Bosideng warms the world" with hard work and responsibilities, and work together to create a better future for the brand!

On behalf of the Board, I would like to sincerely thank all shareholders, business partners and consumers around the world for their long-term support and trust, and at the same time thank the members of the Board, the management team and the people working in the Group for their dedication! Looking forward, we are confident in overcoming difficulties, and will forge ahead to achieve new achievements in brand and performance, thus creating greater value for our shareholders, users and society!

Gao Dekang
Chairman and President
June 23, 2020

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

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

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

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

FY2019/20 was the second year of the Group's strategic transformation and rebranding. Despite the withered economy, warm winter, outbreak of COVID-19 and other unfavorable factors, the management and all employees were determined to develop our entrepreneurial spirit of working arduously and innovatively to pursue excellence and attain the best result under concerted efforts. They persisted in upgrading brand, optimizing channel, innovating products and reshaping terminals and achieved excellent results.

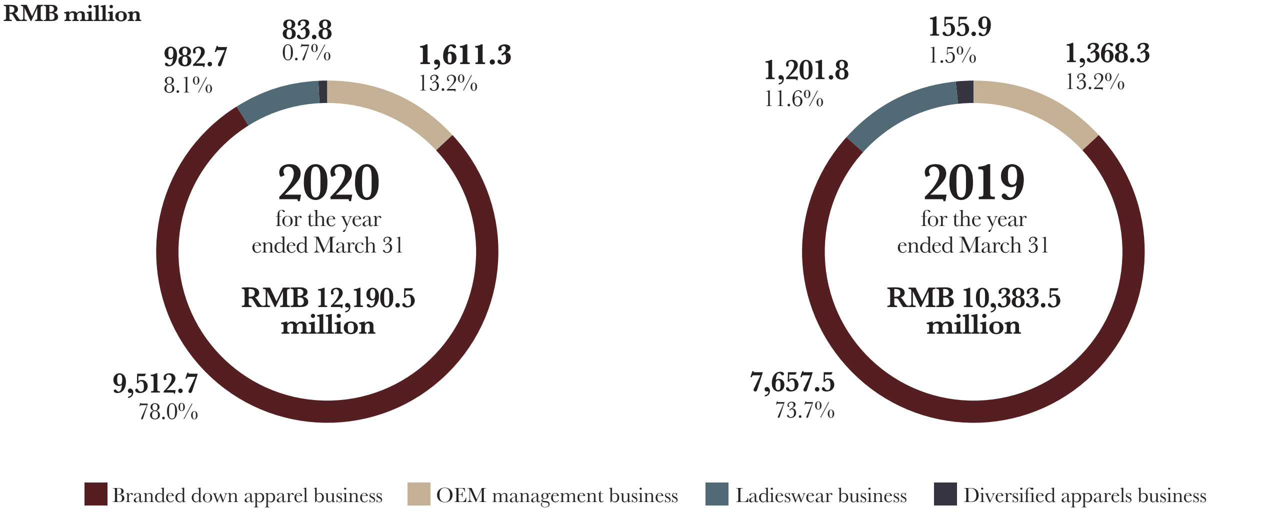
REVENUE ANALYSIS

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

During the Year, revenue of the Group amounted to approximately RMB12,190.5 million, representing an increase of approximately 17.4% as compared to that of the corresponding period of last year. Since exceeding RMB10 billion and hitting a record high in the previous financial year, another record high was achieved in FY2019/20. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group's four main businesses.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB9,512.7 million, accounting for 78.0% of the total revenue, representing a year-on-year increase of 24.2%. The OEM management business recorded revenue of approximately RMB1,611.3 million, accounting for 13.2% of the total revenue, representing a year-on-year increase of 17.8%. The ladieswear business recorded revenue of approximately RMB982.7 million, accounting for 8.1% of the total revenue, representing a year-on-year decrease of 18.2%. The diversified apparels business recorded revenue of approximately RMB 83.8 million, accounting for 0.7% of the total revenue, representing a year-on-year decrease of 46.2%.

REVENUE BY BUSINESS



Branded Down Apparel Business:

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

Brand Building

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

In terms of brand publicity and promotion, *Bosideng* conducted a series of brand activities throughout the Year, including high profile brand public relations and integrated marketing events such as being officially invited to participate in Milan Fashion Week, the release of "Mountaineering" high-end series, the release of crossover product series with international designers, cooperating with Tmall to launch the Bosideng Super Brand Day and participating in London Fashion Week. This attracted great attention from consumers and the whole textile and apparel industry and yielded fruitful achievements.

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

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

According to the 7th batch of 2019 "China Top 10 Apparel Brands" released by the iiMedia Ranking, *Bosideng* entered the list along with other apparel brands, including *Youngor*, *ANTA* and *Li-Ning*, ranking first with an index of 92.9. The list is based on iiMeval's big data evaluation model unique to iiMedia, which comprehensively evaluates and ranks brands in terms of brand sales volume, online word-of-mouth index, online popularity, brand status in the industry, development potential, national recognition, analyst evaluation index and other factors.

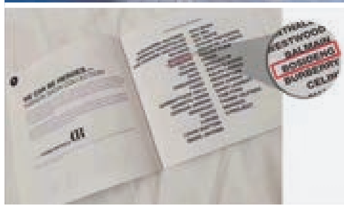
CONSUMERS RECOGNITION

Ipsos report *Bosideng* brand
unaided awareness score **60%**

Aided awareness score **94%**

"iiMedia Ranking
7th Batch of 2019
China Top 10 Apparel Brands"
No. 1

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



2019 | APR

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

2019 | MAY

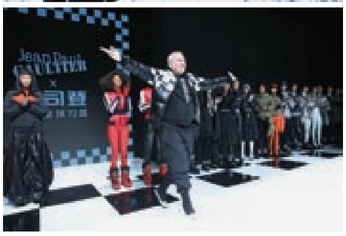
Participated in the "China Brand Day" and the amfAR Gala at Cannes Film Festival.

2019 | AUG

Visited Canada's International Fashion Show in August 2019, thereby further consolidating its position in the industry.

2019 | SEP

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



2019 | OCT

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

2019 | NOV

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

2019 | DEC

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

2019 | DEC

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

2020 | FEB

On February 4, 2020, in view of the changes in situation with COVID-19, the Group, as a Chinese enterprise actively fulfilling its social responsibilities, donated more than 151,000 pieces of *Bosideng's* high-quality down apparel with a total market value of approximately RMB300 million to the frontline medical staff in an effort to support the fight against COVID-19, which earned extensive compliments and sparked highly popular discussions across the media, and was reported on CCTV newscast .

2020 | FEB

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

Order Management

During FY2019/20, the Group continued to completely separate order placements of direct sales and wholesale. Single-store orders are applied to self-operated stores, which mean products for sales in single stores will match the demand for orders and products will be produced with reference to the actual demand. Meanwhile, distributors adopt different flexible modes of order placement and rebate based on their respective scales of operation. The system has optimized the mix of orders placed at self-operated stores and those placed by distributors, and hence the Group managed to maintain stability in order placement. Since 2018, the Group has managed and controlled the proportion of orders placed at the first winter down trade fair each year. In general, the proportion of the first order placed at the trade fair shall not exceed 40%, and the remaining orders shall be replenished based on actual market feedback and demand in the peak seasons. As the Group's business does not have very long peak seasons, more than 60% of the product replenishment orders require the support of sufficiently efficient supply chains and quick response capabilities. In the winter of 2019, in addition to the first order, the *Bosideng* brand completed a total of 6 replenishment orders during the peak season, with an average replenishment period ranging from around 7-12 days.

High Product Quality and Quick Response

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

Logistics and Delivery

Riding on the concept of nationwide inventory management and the integration and sharing of data across online and offline operations, the Group's smart central delivery centre ("CDC") serves all offline direct stores, franchised stores and e-commerce O2O businesses throughout the country. CDC is not only responsible for warehousing, replenishment, returns and transfer, transportation and distribution, but is also responsible for data management. It is able to effectively allocate commodity resources ahead of time based on market changes, so as to respond to consumers' demand more quickly and accurately. A unique warehouse management system was adopted to manage all the inventories. At the same time, the CDC adopted distributed deployment, and set up nine regional warehouses in Eastern China, Northern China, Qingdao, Central China, Northwest China, Southwest China, Northeast China, Harbin and Urumqi. A one-tier distribution channel has continuously been adopted in FY2019/20 "where goods are delivered directly from the CDC to the stores", achieving direct distribution of goods through all stores nationwide. Not only does it respond to market demands more quickly, but also allows it to realize sharing of goods throughout the nation. Moreover, by capitalizing on our own smart replenishment system to achieve demand-pull restocking

in the stores, we were able to ensure that the bestsellers would not go out of stock. Sales were improved as a result. Direct distribution of goods through all the stores nationwide was therefore achieved. It is hoped that this would reduce inventory warehousing costs and enable more effective management and control over buffer stock.

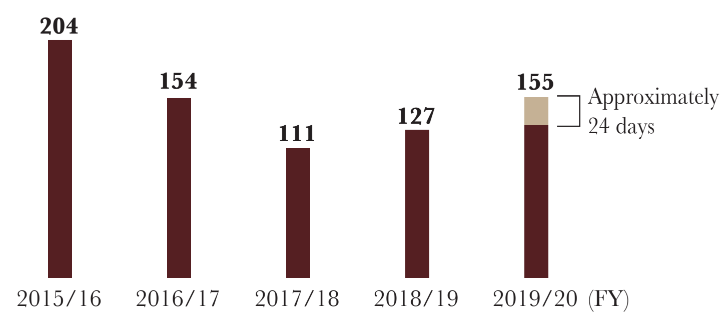
During FY2019/20 peak season sales, nearly 80% of orders could be delivered on the next day of the placement, and the delivery efficiency maintained at a stable level. Among the warehouses, the Eastern China regional warehouse is the largest distribution center of the CDC. As of March 31, 2020, the degree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

Inventory Management

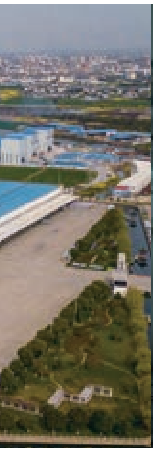
The Group is committed to optimizing inventory management and maintaining inventory at a healthy level. Through stringent production and product planning, the Group has maintained the demand-pull mechanism in all sales regions to realize the combination of production and marketing. Through enhancement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

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

ANALYSIS OF INVENTORY TURNOVER DAYS



Represents the impact on inventory turnover days arising from the estimated revenue, which mainly included the impact from the revenue of down apparel business and ladieswear business, based on the statistics from after the Chinese New Year to March 31 of the past 5 financial years



Digital Operations

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

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

New Retail Operations

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

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

R&D of Products

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

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

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

Milan Fashion Week Collection

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

Mountaineering Collection

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

Designer Collaboration Collection

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

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

Conqueror Collection

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

Legendary Collection

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

London Fashion Week Products

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

Light Down Apparel Collection

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

Multi-brand Strategies

While focusing on the development of the *Bosideng* brand and reshaping it as a mid-to-high-end functional brand, the Group maintained the strategy of "Down apparel +" to continuously develop and position its down apparel business under its mid-end brand *Snow Flying* and high price-performance ratio brand *Bengen*, as part of its efforts in gaining more market shares.

Snow Flying

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

Bengen

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

Revenue from down apparel business by brand

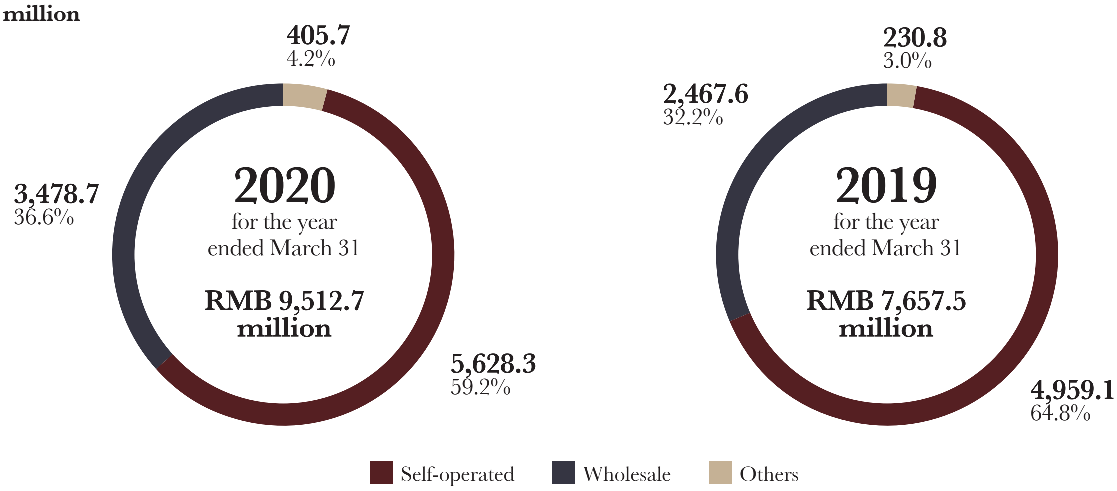
	For the year ended March 31,				
	2020		2019		
Brands	**RMB million**	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Changes
Bosideng	**8,403.3**	**88.3%**	6,849.2	89.5%	22.7%
Snow Flying	**498.2**	**5.2%**	361.5	4.7%	37.8%
Bengen	**205.5**	**2.2%**	213.4	2.8%	-3.7%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

Revenue from branded down apparel business by sales category

	For the year ended March 31,				
	2020		2019		
Sales categories	**RMB million**	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Changes
Self-operated	**5,628.3**	**59.1%**	4,959.1	64.8%	13.5%
Wholesale	**3,478.7**	**36.6%**	2,467.6	32.2%	41.0%
Others*	**405.7**	**4.3%**	230.8	3.0%	75.8%
Total revenue from branded down apparel business	**9,512.7**	**100.0%**	7,657.5	100.0%	24.2%

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

RMB million

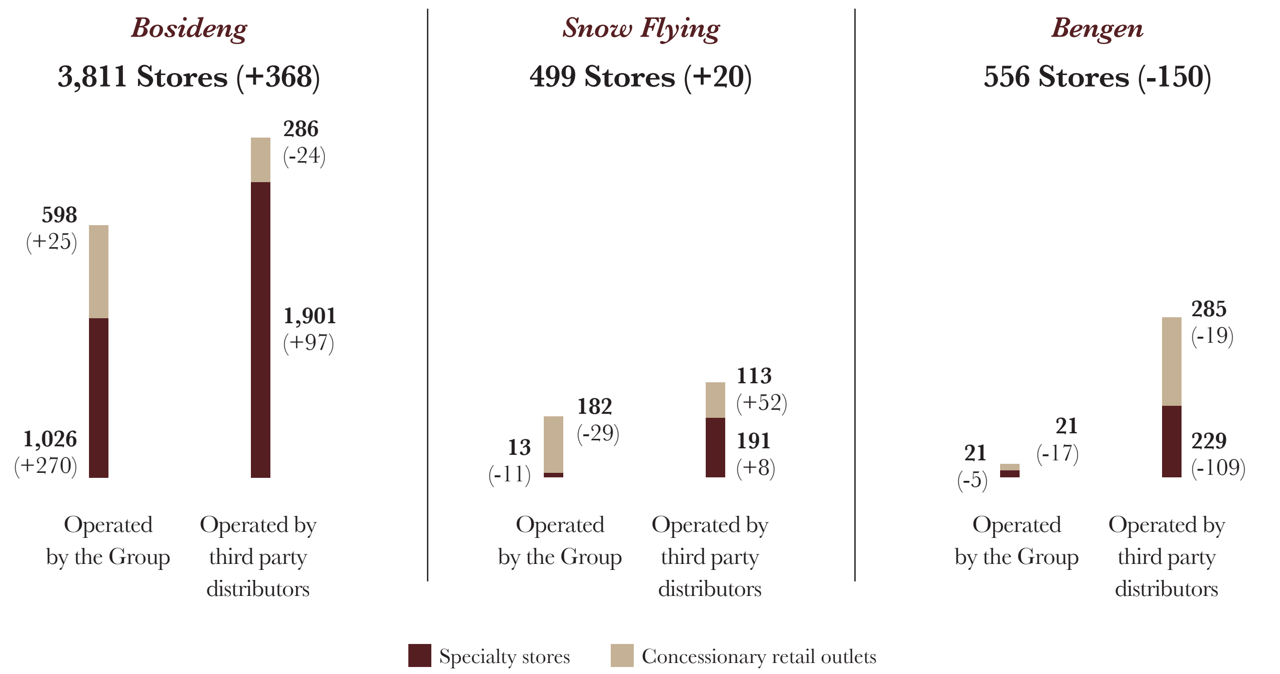


FY2019/20 was the year in which the channel scale of the Group significantly expanded and the channel structure continued to be further optimized. On the one hand, the Group significantly increased the number of stores by reducing underperforming stores and opening new stores in line with the positioning of the brand potential. On the other hand, the Group continued to optimize the channel structure to make the stores more in line with the mainstream consumer channel, and the number of terminal stores in core commercial districts, such as shopping malls and department stores, increased significantly. Meanwhile, the Group enhanced the motivation of sales staff in terminal sales points through several flexible measures, including continuously strengthening and improving the renovation of terminal sales points, improving the display of goods and optimizing the incentive mechanism for sales staff. As at March 31, 2020, the total number of selling points of the Group's down apparel business (net) increased by 238 to 4,866 compared to that of the corresponding period of last year. Self-operated selling points (net) increased by 233 to 1,861, and selling points operated by third party distributors (net) increased by 5 to 3,005. The self-operated and third-party distributor-operated selling points as a percentage of the overall selling points were 38.2% and 61.8%, respectively. Among total selling points of the Group's branded down apparel business, approximately 26.8% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capitals in China) and approximately 73.2% were located in the third- and lower-tier cities.

Retail network breakdown by down apparel brand

As at March 31, 2020	*Bosideng* Number of stores	*Bosideng* Change	*Snow Flying* Number of stores	*Snow Flying* Change	*Bengen* Number of stores	*Bengen* Change	*Total* Number of stores	*Total* Change
Specialty stores								
Operated by the Group	1,026	+270	13	-11	21	-5	1,060	+254
Operated by third party distributors	1,901	+97	191	+8	229	-109	2,321	-4
Subtotal	2,927	+367	204	-3	250	-114	3,381	+250
Concessionary retail outlets								
Operated by the Group	598	+25	182	-29	21	-17	801	-21
Operated by third party distributors	286	-24	113	+52	285	-19	684	+9
Subtotal	884	+1	295	+23	306	-36	1,485	-12
Total	**3,811**	**+368**	**499**	**+20**	**556**	**-150**	**4,866**	**+238**

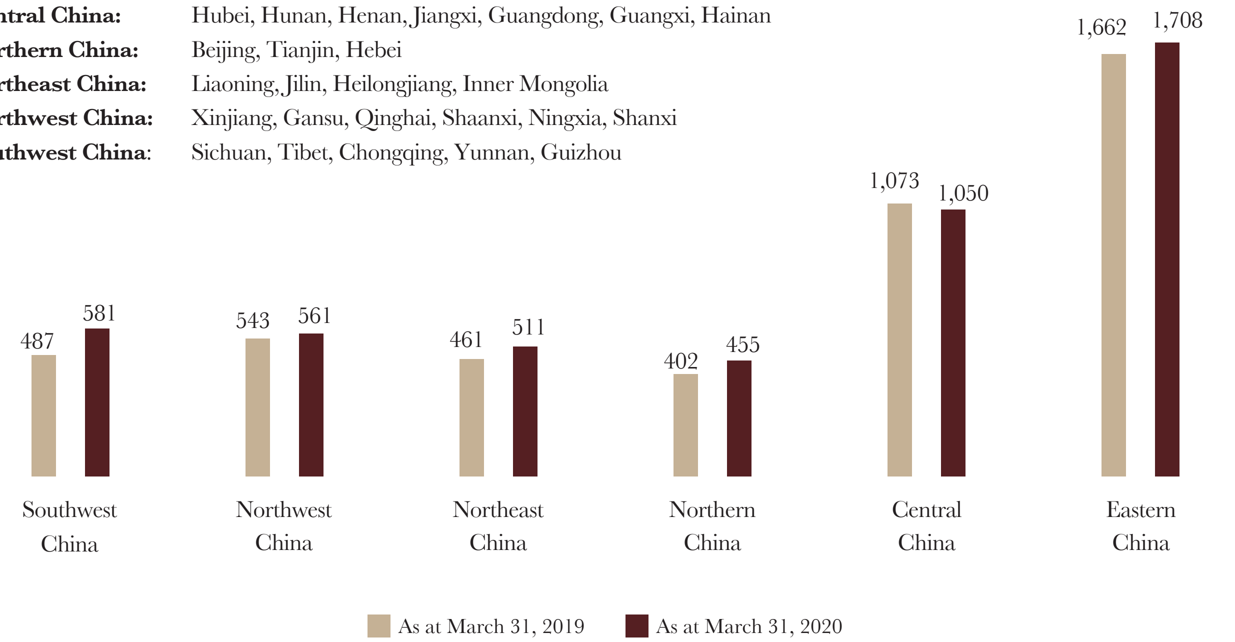
Change: Compared with that as at March 31, 2019



Retail network of down apparel business by region

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

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



WARM THE WORLD

OEM Management Business:

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

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

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

Ladieswear Business:

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

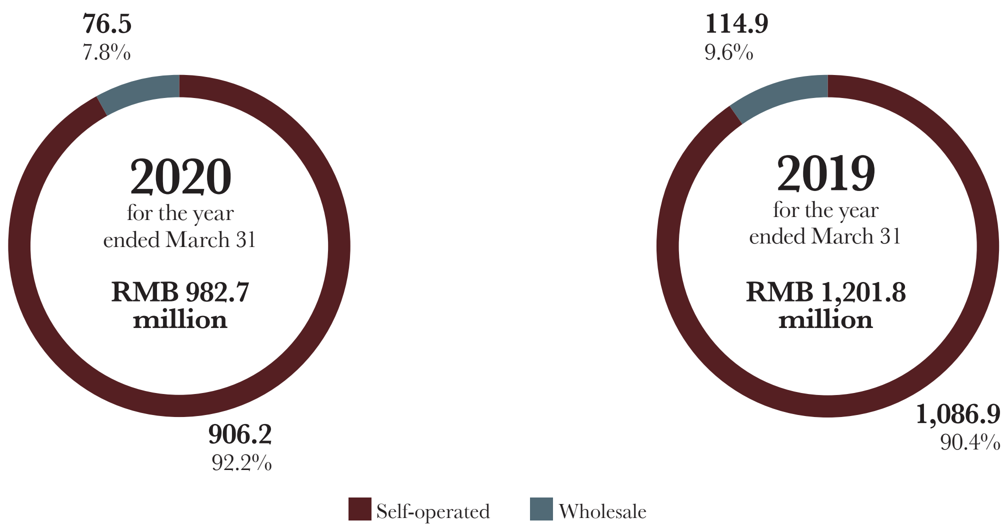
Revenue from ladieswear business by brand

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

Revenue from ladieswear business by sales category

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

RMB million



JESSIE

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

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

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

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

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

BUOU BUOU

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

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

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

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

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

KOREANO AND KLOVA

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

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

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

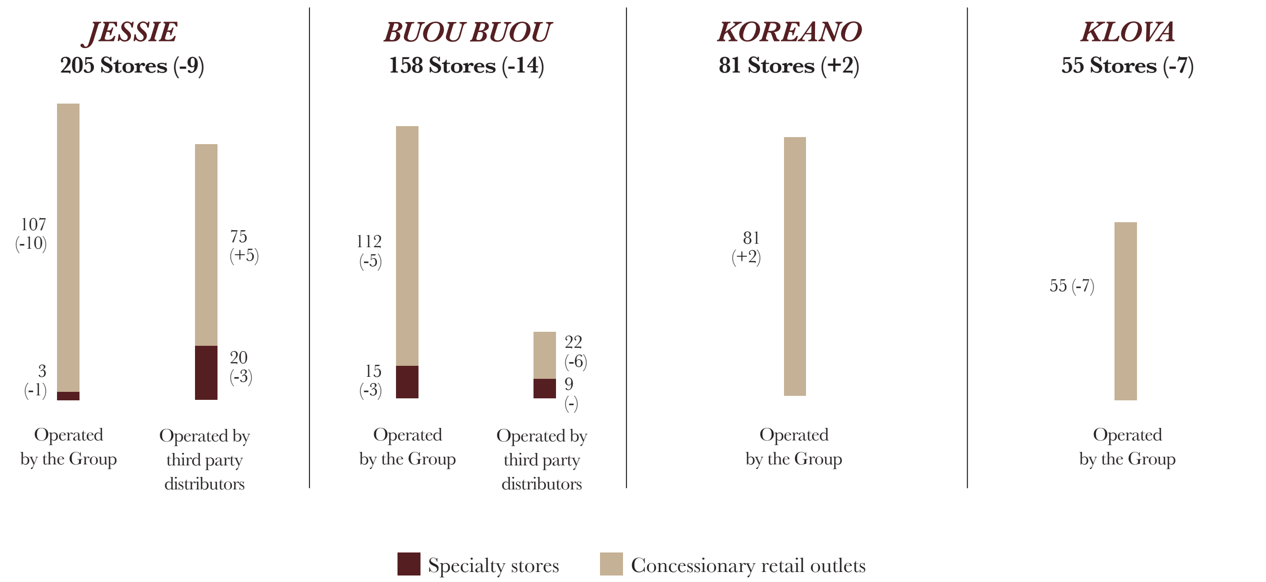
With efficient cooperation and coordination of various measures, sales of *KOREANO* and *KLOVA* have started to recover since March 2020 while still adhering to the consistent and stable price strategy. By making use of the VIP live-streaming platforms of various malls to expand coverage of each store,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

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

Retail network breakdown by ladieswear brand

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

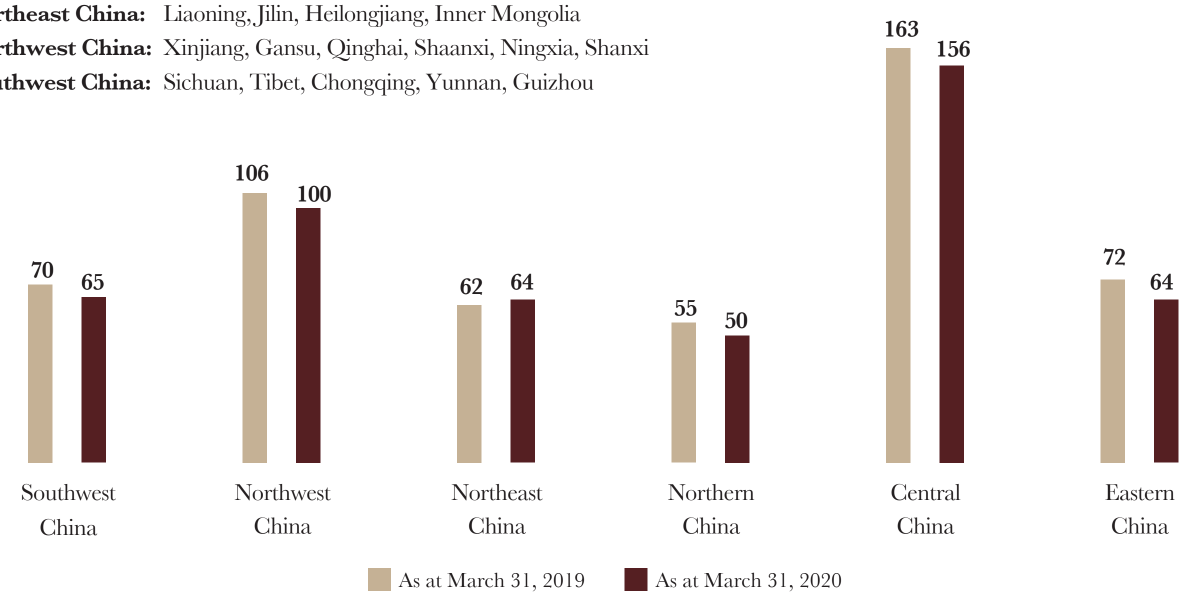
Change: Compared with that as at March 31, 2019



Retail network of ladieswear business by region

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

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



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

Revenue from diversified apparels business by brands

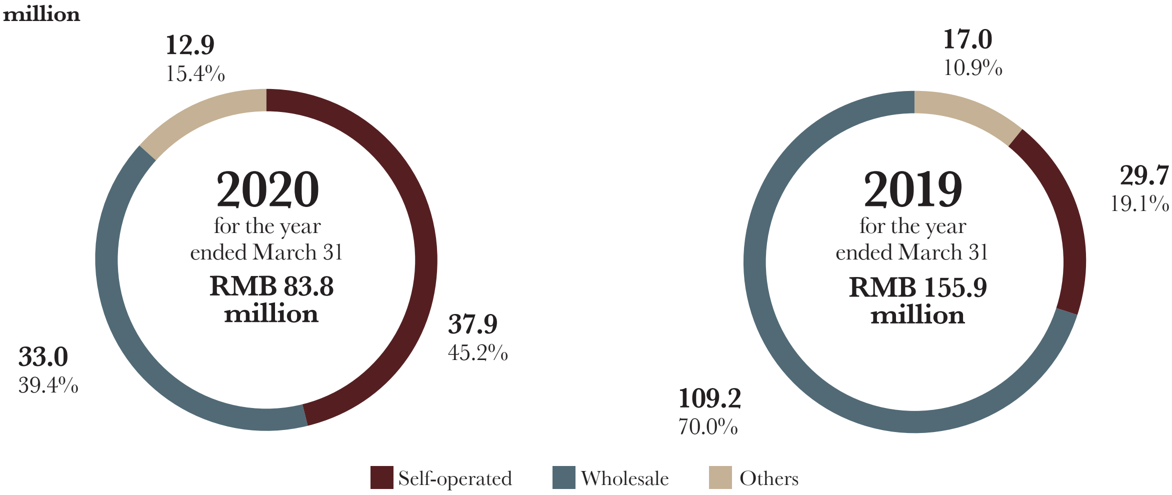
	For the year ended March 31,				
	2020		2019		
Brands	**RMB million**	**% of diversified apparels business revenue**	RMB million	% of diversified apparels business revenue	Changes
Sameite	**36.5**	**43.6%**	22.7	14.6%	60.8%
Other brands	**47.3**	**56.4%**	133.2	85.4%	-64.5%
Total revenue from diversified apparels business	**83.8**	**100.0%**	155.9	100.0%	-46.2%

Revenue from diversified apparels business by sales category

	For the year ended March 31,				
	2020		2019		
Sales categories	**RMB million**	**% of diversified apparels business revenue**	RMB million	% of diversified apparels business revenue	Changes
Self-operated	**37.9**	**45.2%**	29.7	19.1%	27.6%
Wholesale	**33.0**	**39.4%**	109.2	70.0%	-69.8%
Others*	**12.9**	**15.4%**	17.0	10.9%	-24.1%
Total revenue from diversified apparels business	**83.8**	**100.0%**	155.9	100.0%	-46.2%

* Represents rental income

RMB million



School uniform business – Sameite

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

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

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

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

Children's wear business

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

Bosideng MAN and Bosideng HOME

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

Retail network of diversified apparels business by region

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

Region

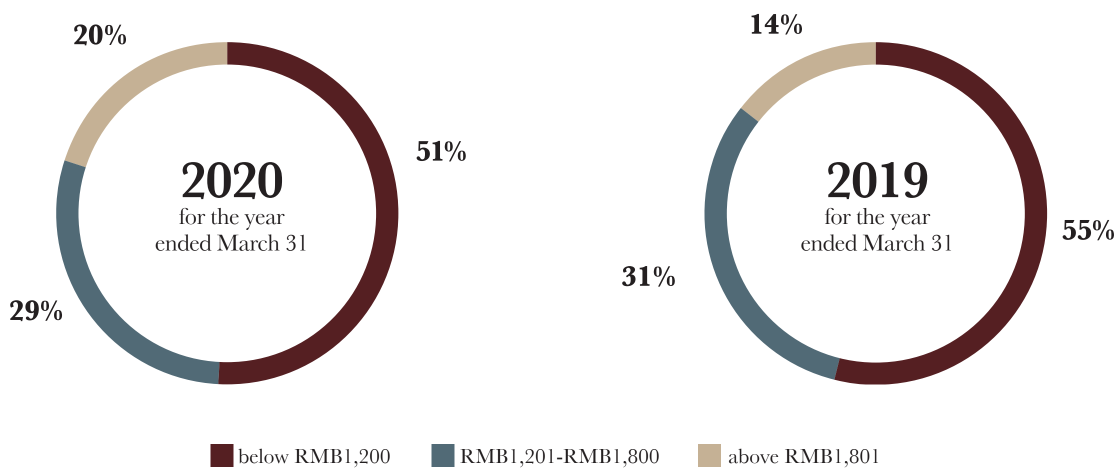
Eastern China: Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong
Central China: Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan
Northern China: Beijing, Tianjin, Hebei
Northeast China: Liaoning, Jilin, Heilongjiang, Inner Mongolia
Northwest China: Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia,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

ONLINE SALES

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

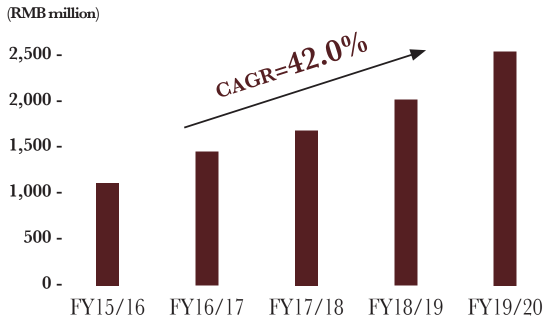
During FY2019/20, the Group placed significant emphasis on online brand building, integration between online and offline new retail and the maintenance and expansion of members. As to brand building, the Group made online and offline joint announcements on the brand's significant public relations events,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

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



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

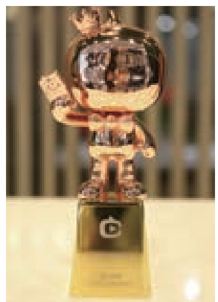
REVENUE OF ONLINE SALES



Tmall the Most Innovative Technology Brand Award

2019 Golden Wheat Award – Gold Award in Ladieswear

2019 Golden Wheat Award – Bronze Award in Men's wear



2019 The Best Live Streaming Seller

Tmall Merchant Service Award in Ladieswear

GROSS PROFIT

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

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

DOWN APPAREL EXPERT

OPERATING PROFIT

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

DISTRIBUTION EXPENSES

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

ADMINISTRATIVE EXPENSES

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

FINANCE INCOME

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

FINANCE COST

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

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

In December 2019, the Group issued the Convertible Bonds. As the "IAS 32 Financial Instruments: Presentation" requires the interest expense of the Convertible Bonds to be calculated according to the effective interest rate method, the effective interest rate shall be determined on the basis of the market interest rate of corporate bonds similar to those in the market at the time of issuance of the Convertible Bonds but without conversion. Therefore, according to the effective interest rate of 4.3%, the Company confirmed that the interest expense of the Convertible Bonds that should be borne from the date of issue to March 31, 2020 was approximately RMB19.9 million.

In order to capture investment opportunities arising from the fashion and apparel industry, we applied our unutilised cash asset to investments with high liquidity. During the year ended March 31, 2018, the Group invested USD98 million in the industrial fund so as to enhance short-to-medium term investment income. Due to the impact of the market risks, certain losses were incurred in bonds, stocks and other financial assets held by the industrial fund. The Group began the redemption of the fund during the year ended March 31, 2019. As of September 30, 2019, the Group had fully redeemed the fund.

TAXATION

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

DIVIDENDS

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

In order to obtain higher returns on the Group's available cash reserves, the Group has invested in the other financial assets, including capital protected short-term investments with banks in China and other financial securities. The expected but unguaranteed returns of the short-term investments with banks ranged from 1.3% to 6.1% per annum. The other financial securities referred to trading stocks and bonds held by Shuo Ming De Investment Co., Ltd.

As at March 31, 2020, the other debt and equity securities were the non-public shares of Jinhong Fashion Group Co., Ltd. (a company listed on Shanghai Stock Exchange; SSE, Stock Code: 603518) ("Jinhong Group"), held by Shuo Ming De Investment Co., Ltd.

As at March 31, 2020, the changes in fair value of the other debt and equity securities of approximately RMB34.3 million were recognised as losses in the profit or loss and approximately RMB89.3 million (before tax) as losses in other comprehensive income. The details are set out as follows:

	As at March 31, 2019	As at March 31, 2020		For the year ended March 31, 2020				
Nature of Investment	Fair value/ carrying amount RMB million	Fair value/ carrying amount RMB million	Fair value/ carrying amount as a percentage of net assets of the Group	Purchase RMB million	Proceeds from disposal RMB million	Realized gains/(losses) at fair value through profit or loss RMB million	Unrealized losses at fair value through profit or loss RMB million	Losses at fair value through other comprehensive income RMB million
Jinhong Group	207.5	118.2	1.1%	–	–	–	–	(89.3)
Bonds [Note]	700.3	–	–	–	642.8	(57.5)	–	–
Stocks	26.4	–	–	71.4	121.0	23.2	–	–
Total	934.2	118.2	1.1%	71.4	763.8	(34.3)	–	(89.3)

Note: During the Year, the interest income received was approximately RMB11.9 million.

As at March 31, 2020, the bank borrowings of the Group amounted to approximately RMB817.8 million (March 31, 2019: approximately RMB1,627.7 million) and the carrying amount of liability component of the Convertible Bonds was approximately RMB1,676.5 million (March 31, 2019: Nil). The gearing ratio (being total borrowings/total equity) of the Group was 24.0% (March 31, 2019: 16.1%).

As at March 31, 2020, the distribution of borrowings by currency unit and types of interest rate adopted were as follows:

	US dollars RMB million	HK dollars RMB million	Japanese yen RMB million	Total RMB million
Floating interest rate	–	321.3	298.1	619.4
Fixed interest rate	198.4	–	–	198.4
Total	198.4	321.3	298.1	817.8

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

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

PLEDGE OF ASSETS

As at March 31, 2020, bank deposits amounting to approximately RMB414.4 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2019: approximately RMB679.3 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES

As of March 31, 2020, the Group had 7,801 full-time employees (March 31, 2019: 6,409 full-time employees), representing a year-on-year increase of 1,392 employees. Staff costs for the Year (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB1,308.4 million (March 31, 2019: approximately RMB1,193.4 million). During the Year, the Group had strengthened the marketing team and expanded staff of terminal stores of the branded down apparel to increase the number of its quality staff.

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

FUTURE OUTLOOK

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

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

Down apparel business:

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

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

OEM management business:

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

Fashionable ladieswear business:

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

CLIMB THE SUMMIT

CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices. The corporate governance principles of the Company emphasize accountability and transparency and are adopted in the best interests of the Company and its shareholders. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of its shareholders and to fulfil its commitment to excellence in corporate governance.

The Group has complied with the applicable code provisions set out in the Code for the Year, except for code provision A.2.1 of the Code, the details of which are disclosed below.

BOARD OF DIRECTORS

The Board is charged with providing effective and responsible leadership for the Company. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of the Group's overall objectives and strategies, internal control and risk management systems, monitoring its operating and financial performance and evaluating the performance of the senior management of the Group. The Directors, individually and collectively, have to make decisions objectively in the best interests of the Company and its shareholders.

As at July 16, 2020 (being the Latest Practicable Date), the Board consisted of eight Directors, of whom five are executive Directors and three are independent non-executive Directors. The executive Directors are responsible for implementing business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including but not limited to, the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate Directors' and officers' liabilities insurance.

The role of the Board includes convening shareholders' meetings and reporting their work to shareholders in shareholders' meetings, implementing the resolutions of the shareholders' meetings, determining the Group's business plans and investment plans, preparing the Group's annual budget and final accounts, putting forward proposals for dividend and bonus distributions and for the increase or reduction of registered or issued share capital, formulating proposals for share repurchase in accordance with any repurchase mandate granted by the shareholders as well as exercising other powers, functions and duties as conferred by the Articles. The Board is also responsible for performing the corporate governance duties set out in code provision D.3.1 of the Code. The Directors are continually embraced with the most up-to-date regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities through regular Board meetings and acting in good faith and with due diligence and care. During the Year, the following was discussed during the Board meetings: (i) developing and reviewing the Group's policies and practices on corporate governance and make recommendations; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Group; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Group; and (v) reviewing the Group's compliance with the Code and disclosure in this annual report.

During the Year, the Board convened a total of five Board meetings based on the needs of the operation and business development of the Group. The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the Year, as well as at the annual general meeting and the extraordinary general meeting held on August 26, 2019, respectively, are as follows:

	No. of meetings attended/held					
	Board Meetings	**Audit Committee Meetings**	**Remuneration Committee Meeting**	**Nomination Committee Meetings**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors						
Mr. Gao Dekang *(Chairman and CEO)*	5/5	N/A	1/1	3/3	1/1	1/1
Ms. Mei Dong	5/5	N/A	N/A	N/A	0/1	0/1
Ms. Huang Qiaolian	4/5*	N/A	N/A	N/A	0/1	0/1
Mr. Rui Jinsong	5/5	N/A	N/A	N/A	0/1	0/1
Mr. Gao Xiaodong	5/5	N/A	N/A	N/A	0/1	0/1
Mr. Mak Yun Kuen *(Resigned with effect from May 1, 2019)*	1/1	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors						
Mr. Dong Binggen	5/5	1/2*	1/1	3/3	0/1	0/1
Mr. Wang Yao	5/5	2/2	1/1	3/3	1/1	1/1
Dr. Ngai Wai Fung	5/5	2/2	N/A	N/A	1/1	1/1

* Directors unable to attend Board meetings had arranged their alternate Directors to attend Board meetings, but the attendance of their alternate Directors were excluded in the attendance records.

Throughout the Year, the Board had met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having at least three independent non-executive Directors (representing at least one-third of the Board) with one of them (namely, Dr. Ngai Wai Fung) possessing the appropriate accounting professional qualifications.

The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive Directors has confirmed his independence in writing pursuant to Rule 3.13 of the Listing Rules. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

The appointment of each of the Directors may be terminated by either the Company or the Director by giving a three-month written notice and the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

Minutes of the Board meetings are kept by the Company Secretary and are available for inspection by the Directors and the auditor of the Company.

Save as disclosed in the section headed "Directors and Senior Management" in this annual report, there is no relationship (including financial, business, family or other material or relevant relationship) between each Director (including the independent non-executive Directors) and the other members of the Board or the senior management of the Group and between the Chairman and the CEO.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors receive comprehensive, formal and tailored induction on appointment, so as to ensure their understanding of the business and operations of the Group and Directors' responsibilities and obligations under the Listing Rules, the SFO and other relevant regulatory requirements.

All Directors are continually updated on developments in the relevant statutory and regulatory regimes, and the latest business and market changes to facilitate the discharge of their responsibilities and obligations under the Listing Rules and the relevant statutory requirements. Briefings and professional development for Directors will be arranged when necessary.

Pursuant to the requirements of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide their training records to the Company. According to the training records provided by the Directors, the trainings attended by them during the Year are summarized as follows:

Directors	**Corporate Governance, Regulatory Development and Trainings on other relevant topics**
Executive Directors	
Mr. Gao Dekang	√
Ms. Mei Dong	√
Ms. Huang Qiaolian	√
Mr. Rui Jinsong	√
Mr. Gao Xiaodong	√
Mr. Mak Yun Kuen *(Resigned with effect from May 1, 2019)*	√
Independent non-executive Directors	
Mr. Dong Binggen	√
Mr. Wang Yao	√
Dr. Ngai Wai Fung	√

THE ROLES OF THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Code provides that the roles of the 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 the CEO for the Year. The Board believes that it is necessary to vest the roles of the Chairman and the CEO in the same person due to Mr. Gao Dekang's unique role, his experience and well-established 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 decision-making of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the Year and up to the date of this annual report. No incident of non-compliance in relation to the guidelines of the Model Code by the Directors and relevant employees was noted by the Company during the Year.

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor the external auditor, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 16, 2020 (being the Latest Practicable Date), the Audit Committee comprised three independent non-executive Directors (i.e. Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

Major works performed by the Audit Committee during the Year are summarized as follows:

- review of and recommendation for the Board's approval of the 2018/19 annual report and 2019/20 interim financial information with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the continuing connected transactions of the Group;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the efficiency of the financial reporting procedures, and systems of internal control and risk management;

- approval of the audit fees and terms of engagement of the external auditor; and

- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

During the two meetings held in the Year, the Audit Committee had considered the 2019/20 interim results and 2018/19 annual results of the Group as well as the report prepared by the external auditor relating to accounting matters and other major findings identified during the course of the interim review and annual audit. During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the Company's external auditor.

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Company on September 15, 2007, whose primary duties are to determine the remuneration packages of individual executive Directors and senior management of the Group based on the Company's operating results, individual performance and comparable market statistics. Please refer to the terms of reference of the Remuneration Committee published on the websites of the Stock Exchange and the Company for the principal roles and functions of the Remuneration Committee.

As at July 16, 2020 (being the Latest Practicable Date), the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors (i.e. Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen).

During the Year, the Remuneration Committee held one meeting and reviewed the Group's policy on remuneration of all the Directors and senior management of the Group. During the Year, the Remuneration Committee had determined the remuneration packages of all executive Directors and senior management of the Group and made recommendation to the Board of the remuneration of the independent non-executive Directors (i.e. the model disclosed in code provision B.1.2(c)(ii) of the Code was adopted). The Remuneration Committee noted that the Board has not resolved to approve any remuneration or cooperation arrangements with which the Remuneration Committee has disagreed with.

Pursuant to code provision B.1.5 of the Code, the annual remuneration of the members of the senior management of the Group by band for the Year are set out below:

Remuneration band	Number of persons
RMB5,000,001 to RMB5,500,000	1
RMB6,000,001 to RMB6,500,000	2
RMB7,000,001 to RMB7,500,000	2
RMB8,500,001 to RMB9,000,000	1

Note: The members of the senior management of the Group disclosed above refer to those employees other than Directors.

NOMINATION COMMITTEE

The Nomination Committee was established by the Company on September 15, 2007, whose primary functions are to review the structure, size, diversity and composition of the Board, identify individuals suitably qualified to become Board members with reference to the candidates' experience and qualifications and the Company's corporate strategy and diversity policy, assess the independence of independent non-executive Directors and make recommendations to the Board regarding candidates to fill vacancies on the Board. The Board is ultimately responsible for the selection and appointment of new Directors. Please refer to the terms of reference of the Nomination Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Nomination Committee.

As at July 16, 2020 (being the Latest Practicable Date), the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors (i.e. Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

The Board adopted the Board Diversity Policy setting out the approach to diversity of members of the Board, and embedded within the Board Diversity Policy is the nomination policy for the Directors. The Company recognises and embraces the benefit of diversity of Board members and strives to have high transparency in the selection process of the Board. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives that are appropriate to the requirements of the Company's business. All Board appointments are made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. During the Year, the Nomination Committee held three meetings and reviewed the compositions of the Board and its senior management, including but not limited to the recommendation of the appointment of the vice president of the Group.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company, and each of the independent non-executive Directors has entered into an appointment letter with the Company, for a fixed term of three years, renewable automatically for successive terms of one year, until terminated by either party by giving a three-month written notice. Each Director is subject to re-election by the Company at the annual general meeting of the Company upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has an overall responsibility for maintaining sound and effective internal control and risk management systems of the Group. The Board has conducted reviews of its systems of internal control and risk management periodically to ensure the effectiveness and adequacy of the systems. The Board convened meetings with the Audit Committee periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing systems of internal control and risk management are effective and adequate to the Group.

Further, stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest. All Directors and those employees who could have access to, or monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit. The Board is also vested with the responsibility to disseminate to the shareholders and the public any inside information in the form of announcements, in accordance with the Listing Rules.

MANAGEMENT FUNCTION

The Articles set out matters which are specifically reserved to the Board for its decision. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the senior management of the Group under the supervision of the Board. The management team meets regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure that the management of the Group is carrying out the directions and strategies set by the Board properly.

DIRECTORS AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to oversee the preparation of the financial statements for each financial period to ensure that they give a true and fair view of the state of affairs, results and cash flow of the Group.

In preparing the Financial Statements, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, made prudent and reasonable judgments and estimates, and prepared the Financial Statements on a going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditor of the Group about their reporting responsibilities on the Financial Statements is set out in the section headed "Independent Auditor's Report" on page 87 to page 92 of this annual report.

AUDITOR'S REMUNERATION

During the Year, the fees charged by the Company's external auditor, KPMG, for audit and non-audit services are set out below:

	RMB' 000
Audit services (including interim financial report review)	5,300
Non-audit services (including advisory for tax and compliance services)	1,672
	6,972

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which are subject to the approval by the Board and at the annual general meetings of the Company by its shareholders.

Certain factors that the Audit Committee will take into account when assessing the external auditor include the audit performance, quality and objectivity and independence of the auditor.

COMPANY SECRETARY

Ms. Liang Shuang was appointed as the Company Secretary on May 1, 2019 in replacement of Mr. Mak Yun Kuen. During the Year, Ms. Liang had taken no less than 15 hours of professional training. The biography of Ms. Liang is set out in the section headed "Directors and Senior Management" of this annual report.

DIVIDEND POLICY

The Board has adopted the Dividend Policy setting out the appropriate procedure on recommending and declaring the dividend payment of the Company. The Dividend Policy aims to allow the shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities. The dividend distribution decision of the Company will depend on, among other factors, the financial results, the cashflow, the current and future operations and the liquidity and capital requirements. In addition to the declaration of dividend based on the foregoing, the Board may also declare special dividends from time to time. The Dividend Policy will be reviewed by the Board on a regular basis.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

In light of the good faith principle, the Company strictly complies with and implements the provisions of the Listing Rules to disclose information on a true, accurate, complete and timely basis and all other information that might have a significant impact on the decisions of shareholders and other relevant parties in an active and timely manner. Also, the Company makes an effort in ensuring that all shareholders have equal access to such information. As such, the Company has duly performed its statutory obligations in respect of information disclosure.

The management of the Group believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the executive Directors (including the CEO) and the senior management of the Group held regular briefings and results presentations, attended investors' forums and responded to investors' call-in enquiries, arranged store visits and participated in roadshows to communicate with institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the latest updates on the Company's business and development as well as its operating strategies and prospects. In delivering information to its investors, the Company also listens to their advice and collects feedback from them, in the interests of developing an interactive and mutually beneficial relationship with the Company's investors.

Shareholders may send written enquiries, either by post, by facsimile or by email, addressing to the Company's principal place of business in Hong Kong at the following address or facsimile number or email address:

Address:	Unit 5709, 57/F., The Center, 99 Queen's Road Central, Central, Hong Kong
Email:	bosideng_ir@bosideng.com
Tel:	(852) 2866 6918
Fax:	(852) 2866 6930

SHAREHOLDERS' RIGHTS

Shareholders of the Company may request to convene extraordinary general meetings. Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to hold the meeting shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals at general meetings of the Company by sending the same to the Company, either by post, by facsimile or by email (the contact details are set out in the section headed "Communications with Shareholders and Investor Relations" above), specifying his/her information, contact details and the proposal(s) he/she intends to put forward at the general meeting regarding any specified transaction/business and the supporting documents.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

During the Year, no amendment was made by the Company to the memorandum and association and the Articles of the Company.

EXECUTIVE DIRECTORS

Mr. Gao Dekang, aged 68, is the Chairman and the CEO and a director of certain subsidiaries of the Group. He is a representative of the 10th to 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and was appointed as an executive Director in July 2006. He is responsible for the overall strategic development of the Group and has over 40 years of experience in the apparel industry. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002, and obtained a Master's degree in business management from Victoria University in Switzerland in 2012.

Mr. Gao has held the following public offices:

Year	Public Offices
2013	Vice President of the 6th Council of China National Garment Association
2015	Director of the 6th Down Apparel and Related Products Committee of China National Garment Association
2016	President of Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce
2016	The 4th Invited Vice Chairman of China National Textile and Apparel Council
2016	Invited Vice President of the 4th Council of China National Light Industry Council
2017	Member of the Executive Committee of China Federation of Industry and Commerce
2018	Honorary Chairman of the 7th Council of China National Garment Association
2019	Vice President of the 8th Council of China Commerce Association for General Merchandise
2019	Vice Chairman and President of the Chairmen Board of the 6th Council of China Federation of Industrial Economics

Mr. Gao has been widely recognized throughout the years:

Year	Award
1993	Special Contributor to the Development of China's Apparel Industry
1997	Special Contribution Award by Chinese Young Volunteers Association
1998	Outstanding factory manager (manager and chairman) of China
2000	Merit in the Apparel Industry in the PRC
2001	Special Contribution Award for the Mother River Protection Operation
2005	Palmery Contribution and Exploit Award in China Feather and Down Garments Industry
2005	Down apparel expert in China
2005	Outstanding Persons of the Textile Brand Culture Development of the PRC
2006	National Title of "Outstanding Staff Caring Private Entrepreneur"
2006	2006 Brand China Person of the Year
2006	2006 CCTV China Economic Person of the Year
2007	Top ten business leaders in China
2008	Global Leader of Chinese Entrepreneurs
2009	Excellent Contributor of Chinese Socialism
2009	Outstanding Administrator of the 30th Anniversary for Total Quality Control in the PRC
2011	Leader of Textile and Apparel Industry in China
2011	2011 Forbes 25 Influential Chinese in Global Fashion
2012	The 7th China Charity Award
2012	China's Outstanding Quality People

Year	Award
2013	Special Contributor to the Textile Enterprises Culture Construction in the PRC
2015	2014-2015 Outstanding Persons in the Enterprises Culture Construction in the PRC
2015	Most Respected Entrepreneur of China in 2015 by Hurun Report
2017	Person of the Year in Innovation for Textile Industry in the PRC
2017	CCTV's Charitable Person of the Year
2018	The Pioneer of China Feather and Down industry
2018	Outstanding Persons in Textile Industry of 40 years of Reform and Opening up
2018	Craftsman of the Nation in Light Industry
2019	Commemorative Medal Celebrating the 70th Anniversary of the Founding of the People's Republic of China

Mr. Gao is the spouse of Ms. Mei Dong (an executive Director and the Executive President of the Company) and father of Mr. Gao Xiaodong (an executive Director and the Vice President of the Company).

Ms. Mei Dong, aged 52, is an executive Director and the Executive President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the overall operational management of the Group. Ms. Mei is a director and/or legal representative of certain subsidiaries of the Group. She has over 20 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation Limited ("Bosideng Corporation") in June 1994, and remained with the Group after the reorganisation of the businesses of the Group prior to its listing. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the spouse of Mr. Gao Dekang (the Chairman, the CEO, a controlling shareholder of the Company and an executive Director) and the mother of Mr. Gao Xiaodong (an executive Director).

Ms. Huang Qiaolian, aged 55, is an executive Director, the Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company). Ms. Huang was appointed as an executive Director in June 2007 and is responsible for conducting the monographic study on the fashion trend of down apparel, unveiling the fashion trend and designing apparel products. Her works have been displayed in numerous exhibitions in countries such as Korea, Canada and Russia. She received various honours such as contemporary renowned designer, one of the top ten fashion designers in China and the contributing designer in publishing the research on the garment trend in China. She has over 20 years experience in the fashion industry. She serves various positions in different associations and organizations, such as the Council Member of the Fashion Art Committee of China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the special researcher for the fashion trend of China Fashion. Ms. Huang joined Bosideng Corporation in March 1997 and remained with the Group after the reorganization of the businesses of the Group prior to its listing. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987 and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.

Mr. Rui Jinsong, aged 47, is an executive Director and the Senior Vice President of the Company. He is also a director and general manager of Bosideng Down Wear Limited (a subsidiary of the Company) and a director of certain other subsidiaries of the Group. He was appointed as an executive Director with effect from May 2013. Mr. Rui is fully responsible for the overall management of the operational management business of the Group's core *Bosideng* brand. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile Engineering in 1994. He joined Bosideng Corporation in May 2004 and remained with the Group after the reorganisation of the businesses of the Group prior to its listing, from which he acquired practical experience in brand positioning strategy, core competitiveness building and brand operating management.

Mr. Gao Xiaodong, aged 44, is the Vice President of the Company and was appointed as an executive Director in March 2017. Mr. Gao is fully in charge of the Group's diversified businesses. He is a qualified senior economist and has obtained a master's degree in business administration from Centenary College in 2009. He joined Bosideng Corporation in 2002 and has been the Senior Vice President of the Company since 2018. Mr. Gao joined the Group in 2013, from which he accumulated tremendous experience in apparel, highway, real estate and hotel segments. Mr. Gao is the son of Mr. Gao Dekang (the Chairman, the CEO, an executive Director and a controlling shareholder of the Company) and Ms. Mei Dong (an executive Director and the Executive President of the Company).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 70, a senior engineer, was appointed as an independent non-executive Director in September 2007. He graduated from Eastern China Textile Institute (currently known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman and President, Secretary of the Communist Party Committee. Mr. Dong was the Chairman of a PRC company listed on the Shenzhen Stock Exchange ("SZSE"), namely China Union Holdings Ltd. (SZSE, Stock Code: 000036) from June 2004 to June 2019. He had also been the Chairman of the Shenzhen Textile Industry Association and the President of the Shenzhen Textile Engineering Association. He is currently the member of the Standing Committee and the Invited Vice Chairman of China Textile Industry Association.

Mr. Wang Yao, aged 61, was appointed as an independent non-executive Director in September 2007. In the past, he had served as the director of the China National Commercial Information Center and Vice President of the China General Chamber of Commerce. He received a Ph.D. in Engineering from Harbin Institute of Technology in 1989. He also obtained the qualification as a professor-grade senior engineer.

Dr. Ngai Wai Fung, aged 58, was appointed as an independent non-executive Director in September 2007. He is currently the director and group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as "SW Corporate Services Group Limited"), a specialty company secretarial, compliance and investor relations, specialist consultancy, corporate governance and risk management services provider to listed and unlisted companies. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 30 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control, regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is a member of the General Committee of the Chamber of Hong Kong Listed Companies, and was also appointed by Ministry of Finance of the People's Republic of China as Finance Expert Consultant in 2016. He had been the President of the Hong Kong Institute of Chartered Secretaries (2014-2015) and a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants (2013-2018), and a member of Working Group on Professional Services under the Economic Development Commission of the Hong Kong Special Administrative Region (2013-2018). He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators), a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of the Hong Kong Institute of Directors, a member of Hong Kong Securities and Investment Institute and a member of The Chartered Institute of Arbitrators. Dr. Ngai obtained a Doctoral degree in Finance at Shanghai University of Finance and Economics in 2011 and received a Master's degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master's degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's degree in Law at University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of two dual-listing companies whose shares are listed on the Stock Exchange (SEHK) and Shanghai Stock Exchange ("SSE"), namely BBMG Corporation (SEHK, Stock Code: 02009; SSE, Stock Code: 601992) and China Communications Construction Company Limited (SEHK, Stock Code: 01800; SSE, Stock Code: 601800). In addition, Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338), Beijing Capital Grand Limited (SEHK, Stock Code: 01329), Powerlong Real Estate Holdings Limited (SEHK, Stock Code: 01238), SITC International Holdings Company Limited (SEHK, Stock Code: 01308) and TravelSky Technology Limited (SEHK, Stock Code: 00696). Dr. Ngai is also an independent director of SPI Energy Co., Ltd. (listed on the Nasdaq Stock Market, Stock Code: SPI). He was the independent non-executive director of China Coal Energy Company Limited (SEHK, Stock Code: 01898; SSE, Stock Code: 601898) from December 2010 to June 2017, the independent non-executive director of China Railway Group Limited (SEHK, Stock Code: 00390; SSE, Stock Code: 601390) from June 2014 to June 2017, the independent non-executive director of HKBridge Financial Holdings Limited (formerly known as "China HKBridge Holdings Limited") (SEHK, Stock Code: 02323) from March 2016 to April 2018, the independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company (SEHK, Stock Code: 06869; SSE, Stock Code: 601869) from September 2014 to January 2020, the independent non-executive director of Health and Happiness (H&H) International Holdings Limited (SEHK, Stock Code: 01112) from July 2010 to May 2020 and the independent director of LDK Solar Co., Ltd. (OTC Pink Limited Information, Stock Code: LDKYQ) from July 2011 to April 2020.

SENIOR MANAGEMENT

Mr. Zhu Gaofeng, aged 45, is the Chief Financial Officer and Vice President of the Group. Mr. Zhu is qualified as an internationally certified internal auditor and a China certified public accountant. He graduated from Yancheng Commerce School (鹽城商業學校) in Jiangsu Province in 1993, obtained a professional degree in finance and accounting from Anhui College of Finance and Trading (安徽財貿學院) in 1998 and obtained a Bachelor's degree in accounting from Yancheng Teachers University (鹽城師範學院) in 2008. Mr. Zhu joined Bosideng Corporation in 2005. Prior to joining the Group, he had worked in management positions relating to finance in Jiangsu Yueda Investment Co., Ltd. (SSE, Stock Code: 600805) for 12 years. Mr. Zhu has previously served as the auditing manager, vice-financial officer, financial controller and assistant to the president of the Group, and has extensive experience in internal auditing, risk management and control and financial management, etc.

Mr. Wang Lijun, aged 41, is the General Manager of the Foreign Trade Division of the Group. Mr. Wang graduated from Changshu College (常熟高等專科學校) (currently known as "Changshu Institute of Technology") majoring in Foreign Trade English in June 2000 and graduated from Nanjing University of Science and Technology with a Master's degree in business administration in June 2014. Mr. Wang joined Bosideng Corporation in July 2000 and successively served as the business supervisor, business manager, business director and Deputy General Manager of the Foreign Trade Division. In April 2017, he was appointed as the General Manager of the Foreign Trade Division, responsible for the overall foreign trade business of the Group. Mr. Wang has extensive experience in apparel development, technological management, production management and international expansion.

Mr. Zhou Daming, aged 36, is the Deputy General Manager of Bosideng Down Wear Limited, (a subsidiary of the Company). Mr. Zhou graduated from Shanghai Urban Engineering College (上海城市工程學院) majoring in municipal administration in 2005. He joined Bosideng Corporation in April 2006 and successively served as the retail supervisor of Chongqing Branch, General Manager of retail companies in Liaoning and General Manager of North China region. In April 2017, he was appointed as the Deputy General Manager of the *Bosideng* Brand Division. Mr. Zhou is currently responsible for the offline sales of the *Bosideng* brand of the Group and has many years of practical experience in channel transformation, retail promotion and team building.

Mr. Zhao Xiang, aged 35, is the General Manager of the E-Commerce Center of Bosideng Down Wear Limited (a subsidiary of the Company). Mr. Zhao graduated from Tianjin Foreign Studies University in 2007 with a major in information management. He joined Bosideng Corporation in 2010 and successively served as the Marketing Director of the Central China region, Assistant General Manager of Changsha Retail Company, Brand Manager of the East China region, General Manager of Changsha Retail Company and other retail companies as well as the director of the retail support center, and was appointed as the General Manager of the E-Commerce Center under the Bosideng Brand Division in April 2020. He is currently responsible for the online platform operation and sales management of the *Bosideng* brand. Mr. Zhao has many years of practical experience in comprehensive resource allocation, team talents cultivation and retail business operation.

Mr. He Maosheng, aged 42, is an assistant to the Executive President of the Company and the General Manager of the Supply Chain Management Center of the Group. Mr. He graduated from Jiangxi Institute of Fashion Technology majoring in design and engineering in 1998. He joined Bosideng Corporation in December 2010 and successively served as the assistant to the director and director of the supply chain of the Group. He was appointed as the assistant to the Executive President of the Company and the general manager of the Supply Chain Management Center of the Group in 2017. He is currently responsible for the management and operation of the supply chain business of the Group. Mr. He has been dedicated to apparel management for nearly 20 years and has solid theoretical and practical experience in resource allocation and integration, closed-loop management and control for quality, flexible and quick-response production, comprehensive cost control and talents training.

Mr. Dai Jianguo, aged 50, is an assistant to the Executive President of the Company and the director of the Logistics Management Center of the Group. He also possesses the qualification of Professional (Recognized) Senior Economist Specialized in Economic Field of Jiangsu Province (江蘇省經濟專業（認定）高級經濟師) and the title of Engineer (Apparel Profession) approved by Suzhou Textile and Silk Intermediate Professional Technical Qualification Evaluation Committee (蘇州市紡織絲綢中級專業技術資格評審委員會). Mr. Dai graduated from Wuhan Polytechnic University with a Bachelor's degree in engineering in 1991. He joined Bosideng Corporation in February 2002 as an assistant to the factory director and was appointed as an assistant to the Executive President and the director of the Logistics Management Center in April 2019. Mr. Dai has long been committed to apparel technique, production and manufacturing, procurement and supply, foreign trade management, logistics management as well as research and development of manufacturing, retail, logistics and supply chain information systems. He is currently responsible for the intelligent construction and daily operational management of distribution centers as well as the intelligent construction of garment factories of the Group.

Mr. Wu Xiaoming, aged 35, is the Director of the Human Resources Center of the Group. Mr. Wu graduated from Hefei University of Technology in 2008 with a major in information management and information system. He joined the Group in December 2018 and is currently responsible for the full module management of the Group's human resources affairs. Prior to joining the Group, Mr. Wu mainly worked in Midea Group's human resources management department for 10 years. He has solid theoretical knowledge and practical experience in strategic human resource management, organizational design, talent development, performance-based incentives and other fields.

COMPANY SECRETARY

Ms. Liang Shuang, aged 31, joined the Group in December 2018 and was appointed as the Company Secretary in May 2019. She graduated from Hong Kong Baptist University with a Bachelor of Business Administration (Honours) in Accounting in 2011 and from The University of Warwick in the United Kingdom with a Master of Science in Accounting and Finance in 2012. Ms. Liang is a member of each of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the 2nd Accounting Professional Committee under the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation. Prior to joining the Company, she worked at KPMG Hong Kong, responsible for the audit of several Hong Kong listed companies, and worked at China Everbright Limited (SEHK, Stock Code: 00165), managing private equity funds regulated under the Securities and Futures Commission.

CHANGES OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

Below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2019 interim report:

- Mr. Ngai Wai Fung, an independent non-executive Director, has resigned as (i) an independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company (SEHK, Stock Code: 06869; SSE, Stock Code: 601869), with effect from January 2020; (ii) an independent non-executive director of Health and Happiness (H&H) International Holdings Limited (SEHK, Stock Code: 01112), with effect from May 2020; and (iii) an independent director of LDK Solar Co., Ltd. (OTC Pink Limited Information, Stock Code: LDKYQ), with effect from April 2020.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF DIRECTORS

The Board presents this report, together with the Financial Statements set out in the Auditor's Report contained in this annual report.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability. The Group's operations are substantially conducted through its direct or indirect subsidiaries in the PRC. The Group primarily focuses on developing and managing the portfolio of its down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products, OEM products and non-down apparel products in the PRC.

The Group's revenue and net profits attributable to the shareholders during the Year are set out in the consolidated statement of comprehensive income on pages 93 to 95 and Note 6 to the Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the Year, the material factors underlying its results and financial position, the future development of the Group's business, and principal business risks and uncertainties are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" and "Subsequent Events" on pages 12 to 15 and on pages 16 to 55 and page 86 of this annual report, respectively. Additionally, the financial risk management objectives and policies of the Company can be found in Note 37 to the Financial Statements. These discussions form part of this Report of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. During the Year, the Group was in compliance, in all material respects, with the relevant laws and regulations.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year and up to the date of this annual report, the Group has complied with all the relevant laws and regulations in the places where the Group operates in all material respects.

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group adopts market remuneration practices by reference to market terms, company performance, and individual qualifications and performance with well and organized management structure, no key and specific employee would materially and significantly affect the Group's success. Meanwhile, no major customers are accounted for more than 5% of the Group's income and no major suppliers cannot be replaced by other appropriate suppliers. In this connection, no customer or supplier would have any material impact on the success of the Group's business performance.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 10 of this annual report.

RESULTS AND DISTRIBUTION

The results of the Group for the Year are set out in the Financial Statements. The Board has resolved to recommend the payment of a final dividend of HKD6.0 cents (equivalent to approximately RMB5.5 cents) per Share in respect of the Year.

NON-CURRENT ASSETS

Details of acquisition and other movements of the non-current assets during the Year are set out in Notes 15 to 20 and Note 24 to the Financial Statements.

SHARE CAPITAL

Details of the movement in the Group's share capital during the Year are set out in Note 35 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the Year are set out in Note 35 to the Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2020 are set out in Note 28 to the Financial Statements.

DONATIONS

The Group's charitable and other donations during the Year amounted to approximately RMB69,215,000 (2019: approximately RMB21,635,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to July 16, 2020 (being the Latest Practicable Date) are as follows:

Executive Directors:

Mr. Gao Dekang (*Chairman and CEO)*
Ms. Mei Dong
Ms. Huang Qiaolian
Mr. Rui Jinsong
Mr. Gao Xiaodong
Mr. Mak Yun Kuen *(Resigned with effect from May 1, 2019)*

Independent non-executive Directors:

Mr. Dong Binggen
Mr. Wang Yao
Dr. Ngai Wai Fung

All of the Directors were appointed for a fixed term of three years under their respective service contracts or appointment letters entered into with the Company, renewable automatically for successive terms of one year, until terminated by either party by giving a three-month notice. In accordance with Article 87 of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and these retiring Directors shall be eligible for re-election at that annual general meeting. Accordingly, Mr. Gao Dekang, Ms. Mei Dong and Mr. Dong Binggen shall retire by rotation at the AGM.

Pursuant to code provision A.4.3 of the Code, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Dong Binggen was appointed as an independent non-executive Director in September 2007 and therefore would have served for more than nine years as at the date of the AGM. Mr. Dong Binggen has confirmed his independence with reference to the factors as set out in Rule 3.13 of the Listing Rules. Notwithstanding his years of service as an independent non-executive Director, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that Mr. Dong Binggen remains independent; (ii) the Nomination Committee has assessed and is satisfied of the independence of Mr. Dong Binggen; and (iii) the Board is satisfied that through exercising scrutinising and monitoring functions as an independent non-executive Director, Mr. Dong Binggen has continued to provide independent and objective judgement and advice to the Board to safeguard the interests of the Group and the shareholders. As such, the Board believes that Mr. Dong Binggen has the character, integrity, independence and expertise to continue to fulfill his role as an independent non-executive Director effectively and will continue to bring valuable experience, knowledge and professionalism to the Board and would recommend Mr. Dong Binggen for re-election as an independent non-executive Director at the AGM.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors the confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers the independent non-executive Directors to be independent.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at March 31, 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company *(Note 1)*
Mr. Gao Dekang	Controlled corporation *(Note 2)*	3,198,791,201	29.81%
	Deemed interest *(Note 3)*	2,763,697	0.03%
	Founder of discretionary trust *(Note 4)*	3,844,862,385	35.83%
	Founder of discretionary trust *(Note 5)*	611,656,857	5.70%
Ms. Mei Dong	Deemed interest *(Note 2)*	3,198,791,201	29.81%
	Beneficial owner *(Note 3)*	2,763,697	0.03%
	Beneficiary of discretionary trust *(Note 4)*	3,844,862,385	35.83%
	Beneficiary of discretionary trust *(Note 5)*	611,656,857	5.70%
Ms. Huang Qiaolian	Beneficial owner *(Note 6)*	17,063,697	0.16%
Mr. Rui Jinsong	Beneficial owner *(Note 6)*	88,520,242	0.82%
Mr. Gao Xiaodong	Beneficiary of discretionary trust *(Note 4)*	3,844,862,385	35.83%
	Beneficiary of discretionary trust *(Note 5)*	611,656,857	5.70%

Notes:

1. The percentage represents the number of Shares interested divided by the total number of the issued Shares as at March 31, 2020 of 10,730,520,385.

2. These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn is owned as to 67.54% by Bosideng Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd. (a company wholly owned by Mr. Gao Dekang). Bosideng Holdings Group Co., Ltd. is owned as to 81.56% by Jiangsu Kangbo Investment Co., Ltd. and 18.44% by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.

3. Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.

4. These Shares were directly held by New Surplus, the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by ITC SPC. Topping Wealth Limited is wholly owned by Kova Group Limited, which is wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO. Further, Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited, which is wholly owned by Bosideng Corporation Limited which in turn is controlled by Bosideng Holdings Group Co., Ltd.. Bosideng Holdings Group Co., Ltd. is controlled by Mr. Gao Dekang. Accordingly, each of Kova Group Limited, Topping Wealth Limited, Bo Flying Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. is deemed to be interested in the 3,844,862,385 Shares held by New Surplus under the SFO. Mr. Gao Dekang is a director of each of New Surplus, Topping Wealth Limited, Bo Flying Limited, Kong Bo Investment Limited, Jiangsu Kangbo Investment Co., Ltd., Honway Enterprises Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. Mr. Gao Xiaodong is a director of Bosideng Corporation Limited and a general manager of Jiangsu Kangbo Investment Co., Ltd.

5. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.

6. Details of the Options and awarded Shares are set out in the section headed "Share Option Schemes" and "Share Award Scheme" of this annual report, respectively.

Save as disclosed above, as at March 31, 2020, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed in this annual report, for the Year, at no time did the Company or any of its subsidiaries enter into any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at March 31, 2020, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the number of the issued Shares carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	**Nature of interest**	**Number of Shares in long position**	**Approximate percentage of interest in the Company *(Note 9)***
Jiangsu Kangbo Investment Co., Ltd. *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.81%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.83%
Bosideng Holdings Group Co., Ltd. *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.81%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.83%
Bosideng Corporation Limited *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.81%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.83%
Bo Flying Limited *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.81%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.83%
Kong Bo Investment Limited *(Note 8)*	Beneficial interest *(Note 1)*	3,146,219,202	29.32%
Cititrust Private Trust (Cayman) Limited	Trustee *(Note 3)*	611,656,857	5.70%
	Trustee *(Note 2)*	3,844,862,385	35.83%
Kova Group Limited	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.83%

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company *(Note 9)*
Topping Wealth Limited *(Note 8)*	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.83%
	Party to section 317 agreement *(Note 4)*	3,813,211,755	35.54%
New Surplus *(Note 8)*	Beneficial interest *(Note 2)*	3,844,862,385	35.83%
	Party to section 317 agreement *(Note 4)*	3,813,211,755	35.54%
First-Win Enterprises Limited	Interest of controlled corporation *(Note 3)*	611,656,857	5.70%
Honway Enterprises Limited *(Note 8)*	Beneficial interest *(Note 3)*	611,656,857	5.70%
ITC SPC	Party to section 317 agreement *(Note 5)*	7,658,074,140	71.37%
ITOCHU Corporation	Interest of controlled corporation *(Note 5)*	7,658,074,140	71.37%
	Party to section 317 agreement *(Note 5)*	7,658,074,140	71.37%
ITOCHU Hong Kong Limited	Interest of controlled corporation *(Note 5)*	7,658,074,140	71.37%
	Party to section 317 agreement *(Note 5)*	7,658,074,140	71.37%
CITIC Group Corporation	Interest of controlled corporation *(Notes 6 & 7)*	7,658,074,140	71.37%
CITIC Limited	Interest of controlled corporation *(Notes 6 & 7)*	7,658,074,140	71.37%
CITIC International Financial Holdings Limited	Interest of controlled corporation *(Notes 6 & 7)*	7,658,074,140	71.37%
China CITIC Bank Corporation Limited	Interest of controlled corporation *(Notes 6 & 7)*	7,658,074,140	71.37%
CIAM	Party to section 317 agreement *(Notes 6 & 7)*	7,658,074,140	71.37%

Notes:

1. Same as the interests as disclosed in note (2) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

2. Same as the interests as disclosed in note (4) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

3. Same as the interests as disclosed in note (5) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

4. New Surplus and Topping Wealth Limited were parties acting in concert with Mr. Gao Dekang and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, New Surplus and Topping Wealth Limited were deemed to be interested in 3,813,211,755 Shares, in addition to the 3,844,862,385 Shares interested by them.

5. ITOCHU Corporation was deemed to be interested in a total of the 7,658,074,140 Shares by virtue of its control over ITOCHU Hong Kong Limited, which controlled ITC SPC, a party acting in concert with Mr. Gao Dekang, Topping Wealth Limited and New Surplus under section 317(a) of the SFO. By virtue of the SFO, each of ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC was deemed to be interested in the 7,658,074,140 Shares.

6. CIAM and Feather Shade Limited are parties acting in concert with ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, CIAM and Feather Shade Limited were deemed to be interested in the 7,658,074,140 Shares.

7. Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited and CIAM was deemed to be interested in a total of the 7,658,074,140 Shares by virtue of its control over several corporations, according to the disclosure forms filed by them on March 27, 2020, as the case maybe, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC Polaris Limited	CITIC Group Corporation	100.00	Nil	7,658,074,140
CITIC Limited	CITIC Polaris Limited	32.53	Nil	7,658,074,140
CITIC Glory Limited	CITIC Group Corporation	100.00	Nil	7,658,074,140
CITIC Limited	CITIC Glory Limited	25.60	Nil	7,658,074,140
CITIC Corporation Limited	CITIC Limited	100.00	Nil	7,658,074,140
China CITIC Bank Corporation Limited	CITIC Corporation Limited	65.37	Nil	7,658,074,140
CITIC Investment (HK) Limited	CITIC Corporation Limited	100.00	Nil	7,658,074,140
Fortune Class Investments Limited	CITIC Investment (HK) Limited	100.00	Nil	7,658,074,140
China CITIC Bank Corporation Limited	Fortune Class Investments Limited	0.02	Nil	7,658,074,140
Metal Link Limited	CITIC Limited	100.00	Nil	7,658,074,140
China CITIC Bank Corporation Limited	Metal Link Limited	0.58	Nil	7,658,074,140
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	Nil	7,658,074,140
CIAM	CITIC International Financial Holdings Limited	46.00	Nil	7,658,074,140
Feather Shade Limited	CIAM	100.00	Nil	7,658,074,140

8. Same as the directorships and/or positions as disclosed in note (4) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

9. The percentage represents the number of Shares interested divided by the total number of the issued Shares as at March 31, 2020 of 10,730,520,385.

Save as disclosed above, as at March 31, 2020, no person had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at general meeting of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, which competes or is likely to compete (either directly or indirectly) with the Group's business at any time during the Year and up to the date of this annual report.

As disclosed in the Prospectus, Mr. Gao Dekang has entered into a Non-competition Deed (as defined in the Prospectus) dated September 15, 2007 in favour of the Company. Mr. Gao Dekang has provided the Group with a written confirmation that the Parent Group had fully complied with the Non-competition Deed as at the date of this annual report.

The independent non-executive Directors have, based on the information available to them, including information and confirmation provided by or obtained from the Parent Group, for the Year, conducted a review of the compliance with the Non-competition Deed and are of the view that: (i) the Parent Group has complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by the Parent Group pursuant to the Non-competition Deed.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

The Parent Group has entered into certain transactions as further described below under the heading "Continuing Connected Transactions" and Note 39 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang and Mr. Gao Xiaodong is the son of Mr. Gao Dekang and Ms. Mei Dong. Save as disclosed, no Director or an entity connected with a Director had a material interest in any transaction, arrangement or contract of significance to the Group's business for the Year in which the Group was a party.

REMUNERATION POLICY

The remuneration policy of the Group to reward its employees is based on their performance, qualifications and competence displayed.

The remuneration of the Directors recommended by the Remuneration Committee to the Board was determined with regards to the Company's operating results, individual performance and comparable market statistics.

Details of the remuneration of the Directors and of the five highest paid individuals in the Group are set out in Notes 12 and 13 to the Financial Statements.

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

The Group's employees in the PRC participate in various defined contribution schemes provided by the relevant provincial and municipal governments under which the Group is required to make monthly contributions to these schemes. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary provided by the relevant provincial and municipal government.

The Group has arranged for its Hong Kong employees to join the MPF Scheme. Under the MPF Scheme, each member of the Group in Hong Kong (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The monthly contributions of each of the employer and the employee are subject to a maximum contribution of HKD1,500 per month (for periods from June 1, 2014) and thereafter contributions are voluntary.

The Group has arranged for its employees in the United Kingdom to join the National Insurance and the relevant pension scheme, respectively (collectively, the "UK Schemes"). Under the UK Schemes, each member of the Group in the United Kingdom (the employer) and its employees make monthly contributions to the UK Schemes pursuant to the relevant laws and regulations. The Group's subsidiaries in the United Kingdom contribute funds to the UK Schemes, which are calculated on a stipulated percentage of the average employee salary provided by the government of the United Kingdom.

The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the Year were approximately RMB139,028,000 (2019: approximately RMB101,360,000). As at March 31, 2020, the Group had no forfeited contributions available to reduce its contributions in future years (2019: nil).

Details of the Group's contributions to the retirement benefit schemes are shown in Note 8 to the Financial Statements.

MANAGEMENT CONTRACTS

Save as disclosed below under the section headed "Continuing Connected Transactions" and the employment contracts, no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions with the Parent Group, which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Certain related party transactions as disclosed in Note 39 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above-mentioned connected transactions.

Further details of these transactions are set out below, in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the Prospectus and in the Company's announcements dated March 11, 2010, January 9, 2012, April 22, 2013, June 26, 2014, December 23, 2014, March 23, 2016, March 28, 2017, March 22, 2019, May 27, 2019 and August 26, 2019, respectively, and circulars dated March 31, 2010, February 7, 2012, July 25, 2014, January 21, 2015, May 12, 2017 and July 26, 2019, respectively.

FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

The Group outsourced the manufacturing process of down apparel, OEM products and/or its down related materials to third party manufacturers and the Parent Group on a non-exclusive basis. Under the Framework Manufacturing Outsourcing and Agency Agreement and together with a supplemental agreement dated May 27, 2019, the Parent Group shall provide labour, factory, premises, necessary equipment, water and electricity for the processing of the down apparel products and/or down related materials of the Group. The processing fee is to be charged at the costs to be incurred for the processing services estimated by the Group and the applicable mark-up rate ranging from 5% to 10% (depending on location, quantity and the turnaround time of the processing services required) (the "Estimated Cost"), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Should the terms offered by independent manufacturers be lower than the Estimated Cost with other terms better than or similar to those offered by the Parent Group, the Group will then appoint the other outsourcing manufacturers for the processing of down apparel products and/or its down related materials.

The Framework Manufacturing Outsourcing and Agency Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and further extended to September 14, 2022. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Framework Manufacturing Outsourcing Agreement is renewable for another term of three years by giving at least three months' notice prior to the expiry of the term.

The annual caps of the Framework Manufacturing Outsourcing and Agency Agreement for the three financial years ending March 31, 2022, were RMB1,770,000,000, RMB2,470,000,000 and RMB3,270,000,000, respectively.

The actual amount of fees paid or payable by the Group to the Parent Group for the Year was RMB1,331,849,000 (2019: RMB1,106,840,000).

LEASE AGREEMENTS

As at March 31, 2020, the Parent Group leased 12 properties with a total area of approximately 269,470 square metres to the Group, which were mainly used as the Group's regional offices, warehouses, logistics centres and showrooms, pursuant to the property lease agreement dated September 15, 2007 and agreements supplemental to the property lease agreement entered into between the Company and Mr. Gao Dekang.

The term of each lease granted under the original property lease agreement shall be no more than 20 years. Under the property lease agreement, the Group may terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent.

On April 22, 2013, the Company and Mr. Gao Dekang entered into the supplemental lease agreement, pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 22, 2013 and has been renewed and further extended to April 21, 2022. The new leases to be entered into under the supplemental lease agreement shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the term. Under the property lease agreement and its supplemental agreements, the annual rental paid and expected to be paid by the Group to the Parent Group for the leasing of properties have been determined on an arm's length basis by reference to the prevailing market condition in the PRC and the market rates of comparable properties, which in any event are not higher than the rent applicable to a third party tenant at the relevant time.

The Board has approved the annual caps of RMB40,000,000, RMB50,000,000 and RMB60,000,000 for the three financial years ending March 31, 2022, respectively, on March 22, 2019.

The actual amount of rental payable by the Group to the Parent Group for the Year was RMB31,602,000 (2019: RMB21,621,000).

FRAMEWORK INTEGRATED SERVICE AGREEMENT

The Parent Group had also provided the Group with various ancillary services, which currently include the provisions of hotel accommodation and property management services, which include repair and maintenance, security and general cleaning, for the properties occupied by the Group in the PRC, pursuant to the Framework Integrated Service Agreement.

The Framework Integrated Service Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and further extended to September 14, 2022. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Framework Integrated Service Agreement is renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the term.

The service fees payable by the Group to the Parent Group under the Framework Integrated Service Agreement are determined by reference to (i) the rate set by the PRC Government, or (ii) the rate not higher than the rate recommended by the PRC Government (if the PRC Government has not fixed a rate), or (iii) the rate not higher than the market price for similar services or products provided in the vicinity or the market price for similar services or products provided in the PRC if no market price for similar services provided in the vicinity is available, or (iv) a fee agreed by the parties after taking into account the actual cost or reasonable cost (whichever is lower) plus reasonable profits for the provision of similar services or products if bases (i) to (iii) are not available.

The Board has approved the annual caps of RMB18,000,000, RMB20,000,000 and RMB22,000,000 for the three financial years ending March 31, 2022, respectively, on March 22, 2019.

The actual amount of service fees payable by the Group to the Parent Group for the Year was RMB15,814,000 (2019: RMB8,424,000).

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above and in Note 39 to the Financial Statements were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on better terms to the Group than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the Company's auditor to perform certain agreed-upon procedures in respect of the continuing connected transactions set out above on a sample basis. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board and has confirmed that the continuing connected transactions set out above have complied with the requirements under Rule 14A.56 of the Listing Rules.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Share Option Scheme", "Share Award Scheme" and "Issue of Convertible Bonds under General Mandate" below, no equity-linked agreement was entered into or renewed by the Company during the Year or subsisted as at March 31, 2020.

SHARE OPTION SCHEMES

2007 Share Option Scheme

The 2007 Share Option Scheme was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the Board on September 15, 2007, which was expired in October 2017.

The purpose of the 2007 Share Option Scheme was to attract skilled and experienced personnel, to incentivise them to remain with the Group, to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the Group's future development and expansion, by providing them with the opportunity to acquire equity interests in the Company. The Board may, at its absolute discretion, offer any employee, management member or Director of the Company, or any of the Group's subsidiaries and third-party service providers Options to subscribe for Shares on the terms set out in the 2007 Share Option Scheme. The amount payable on acceptance of an Option was HKD1.00. Details of the 2007 Share Option Scheme were provided in the Prospectus.

As the 2007 Share Option Scheme expired in October 2017, the adoption of the Share Option Scheme was proposed by the Board on July 26, 2017 and approved by the shareholders on August 25, 2017.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to replace the 2007 Share Option Scheme and to attract skilled and experienced personnel, to incentivise them to remain with the Company and to give effect to the customer-focused corporate culture of the Company, and to motivate them to strive for the future development and expansion of the Company, by providing them with the opportunity to acquire equity interests in the Company. The Board may, at its absolute discretion, offer any director (including independent non-executive director), employee (whether full-time or part-time), consultant or advisor of the Group (who in the sole discretion of the Board has contributed or will contribute to the Group) Options to subscribe for Shares on the terms set out in the Share Option Scheme. The amount payable on acceptance of an Option is HKD1.00. Details of the Share Option Scheme were provided in the Company's circular dated July 26, 2017.

Unless otherwise terminated by the Board or the Company's shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from August 25, 2017 (the "Adoption Date"), after which no further Option will be granted or offered, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Option granted prior to the expiry of this 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The remaining life of the Share Option Scheme is approximately seven years.

The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Adoption Date (being 1,068,256,038 Shares) without prior approval from the Company's shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time. No Option may be granted to any person such that the total number of Shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

The period within which the Options must be exercised will be specified by the Company at the time of grant, and must expire no later than 10 years from the date of grant of the Option (being the date on which the Board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains separate shareholders' approval in relation to such grant.

The amount payable for each Share to be subscribed for under an Option upon exercise shall be not less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares.

According to the scheme mandate limit of the Share Option Scheme, the Company may further grant 397,656,038 Options, representing approximately 3.70% of the issued share capital of the Company as at July 16, 2020, being the Latest Practicable Date.

Further information of the Options is set out in Note 36 to the Financial Statements and details of the movement of the Options during the Year are included in the table as follows:

	Number of Options							
Category of participants	**As at March 31, 2019**	**Granted during the Year**	**Exercised during the Year**	**Cancelled during the Year**	**Lapsed during the Year**	**As at March 31, 2020**	**Date of grant of Options *(Note 1)***	**Exercise price of share options per Share *(Note 2)***
Directors								
Rui Jinsong	*11,200,000*	–	*11,200,000*	–	–	–	*05/08/2016*	*HKD0.71*
	80,000,000	–	*2,680,000*	–	–	*77,320,000*	*26/10/2018*	*HKD1.07*
	91,200,000	**–**	**13,880,000**	**–**	**–**	**77,320,000**		
Huang Qiaolian	*5,600,000*	–	*3,300,000*	–	–	*2,300,000*	*05/08/2016*	*HKD0.71*
	3,400,000	–	*400,000*	–	–	*3,000,000*	*05/03/2018*	*HKD0.69*
	9,000,000	**–**	**3,700,000**	**–**	**–**	**5,300,000**		
Others								
Others *(Note 3)*	*142,404,000*	–	*115,116,000*	–	–	*27,288,000*	*05/08/2016*	*HKD0.71*
	75,200,000	–	*31,368,000*	–	–	*43,832,000*	*05/03/2018*	*HKD0.69*
	180,000,000	–	*1,000,000*	*1,750,000*	*8,000,000*	*169,250,000*	*26/10/2018*	*HKD1.07*
	397,604,000	**–**	**147,484,000**	**1,750,000**	**8,000,000**	**240,370,000**		
Total	**497,804,000**	**–**	**165,064,000**	**1,750,000**	**8,000,000**	**322,990,000**		

Notes:

1. As at March 31, 2020, the Company had a total of 322,990,000 outstanding Options, of which:

    1.1. 29,588,000 Options were granted on August 5, 2016 under the 2007 Share Option Scheme and had been fully vested;

    1.2. 46,832,000 Options were granted on March 5, 2018 under the Share Option Scheme, of which:

        1.2.1. 30,092,000 Options had been vested;

        1.2.2. 16,740,000 Options shall be vested during the period commencing from March 5, 2021 and ending on March 4, 2022;

    1.3. 246,570,000 Options were granted on October 26, 2018 under the Share Option Scheme, of which:

        1.3.1. 4,713,333 Options had been vested;

        1.3.2. 17,763,333 Options shall be vested during the period commencing from October 26, 2020 and ending on October 25, 2021;

        1.3.3. Each 32,013,333 Options shall be vested during each of the year ending on October 25, 2022, 2023, 2024, 2025, 2026 and 2027, respectively; and

        1.3.4. 32,013,336 Options shall be vested during the period commencing from October 26, 2027 and ending on October 25, 2028.

2. The closing price of the Shares immediately before the respective dates of grant was HKD0.69, HKD0.68 and HKD1.07 per Share, respectively.

3. Mr. Mak Yun Kuen resigned as an executive Director with effect from May 1, 2019. Accordingly, details of the movements of his Options have been classified into "Others" in the table above.

SHARE AWARD SCHEME

On September 23, 2011, the Company adopted the 2011 Share Award Scheme to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Shares. The 2011 Share Award Scheme expired on March 31, 2018, after which no further awarded Share was granted pursuant to the 2011 Share Award Scheme, but the provisions of the 2011 Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any outstanding awarded Shares granted prior its expiry or otherwise as may be required in accordance with the provisions of the 2011 Share Award Scheme.

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

Each of the 2011 Share Award Scheme and the Share Award Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.

Further information of the awarded Shares granted pursuant to the 2011 Share Award Scheme is set out in Note 36 to the Financial Statements and the details of the movement of the awarded Shares during the Year are included in the table as follows:

	Number of awarded Shares				
Category of participants	**As at March 31, 2019**	**Granted during the Year**	**Vested during the Year**	**Lapsed during the Year**	**As at March 31, 2020**
Directors					
Rui Jinsong	3,360,000	–	3,360,000	–	–
Huang Qiaolian	3,380,000	–	3,380,000	–	–
Others					
Others *(Note)*	87,670,000	–	70,930,000	–	**16,740,000**
Total	**94,410,000**	**–**	**77,670,000**	**–**	**16,740,000**

Note: Mr. Mak Yun Kuen resigned as an executive Director with effect from May 1, 2019. Accordingly, details of the movements of his awarded Shares have been classified into "Others" in the table above.

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On December 4, 2019, the Company, as issuer, and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers, entered into the Subscription Agreement in relation to the Subscription.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HKD4.91 per Share (the "Conversion Price"), the Convertible Bonds would be convertible into 438,470,977 Conversion Shares, representing approximately 4.05% of the issued share capital of the Company as at December 5, 2019 (the date of the Company's announcement), and approximately 3.89% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares resulting from the full conversion of the Convertible Bonds. The aggregate nominal value of the Conversion Shares is approximately USD4,384.7 and a market price of the Shares on the date when the issuance terms were determined was HKD3.85. The Conversion Shares would be issued under the general mandate granted to the Directors pursuant to ordinary resolutions passed by the shareholders of the Company on August 26, 2019. Subject to the terms and conditions of the Convertible Bonds, the interests of the Convertible Bonds would be payable semi-annually in arrear in equal instalments on 17 June and 17 December of each year, beginning on 17 June 2020.

The Subscription was completed on December 17, 2019. The aggregate issuance amount of the Convertible Bonds was USD275,000,000, and the net proceeds from the Subscription was approximately USD271,000,000. As a result, the net price per Conversion Share was approximately USD0.62. The Directors were of the view that the issue of the Convertible Bonds can provide the Company with additional funds at lower funding cost to repay its existing short-term debts in order to optimise its financing structure and to fund the Company's general corporate and business purposes.

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

For further details of the Convertible Bonds, please refer to Note 32 to the Financial Statements and the Company's announcements dated December 5, 2019 and December 17, 2019, respectively.

The intended and actual use of proceeds from the Subscription up to March 31, 2020 is set out as follows:

Net proceeds raised	Proposed use of proceeds	Actual use of proceeds up to March 31, 2020	Unutilised proceeds	Expected timeline for use of unutilised proceeds
Approximately USD271.00 million	(i) Repayment of existing debt	Approximately USD125.12 million had been applied towards repayment of existing debt	Approximately USD15.35 million will be applied towards repayment of existing debt	By 2021
	(ii) Funding general corporate and business purposes	Nil	Approximately USD130.53 million will be applied towards funding general corporate and business purposes, such as payment of dividends to shareholders of the Company	By 2021

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 2011 Share Award Scheme, the trustee of the 2011 Share Award Scheme purchased on the Stock Exchange a total of 25,200,000 Shares at an aggregate consideration of approximately HKD89.4 million.

Further, during the Year, the Company repurchased a total of 123,000,000 Shares on the Stock Exchange at an aggregate consideration of HKD291,164,920. All the Shares repurchased during the Year had been duly cancelled. Particulars of the Shares repurchased are as follows:

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total issued Shares were held by the public as at July 16, 2020 (being the Latest Practicable Date).

MAJOR SUPPLIERS AND CUSTOMERS

For the Year, the Group's five largest suppliers (comprising suppliers of down, fabric and ancillary materials) together accounted for less than 30% of the Group's total raw material purchases and none of the Directors, their associates or any shareholder of the Company (who or which, to the knowledge of the Directors, owns more than 5% of the Shares) had any equity interest in any of the Group's major suppliers.

For the Year, the Group's five largest customers accounted for less than 30% of the Group's revenue and none of the Directors, their associates or any shareholder of the Company (who or which to the knowledge of the Directors, owns more than 5% of the Shares) had any interest in any of the Group's major customers.

COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 38 to the Financial Statements.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors is currently in force and was in force throughout the Year.

SUBSEQUENT EVENTS

Further to the Share Award Scheme adopted as set out in the section headed "Share Award Scheme" of this annual report, on April 23, 2020, the Group had resolved to grant 87,000,000 awarded Shares and 330,000,000 Options under the Share Award Scheme and Share Option Scheme (collectively, the "New Grants"), respectively. Further details of the New Grants are set out in the Company's announcement dated April 23, 2020.

Save as disclosed above, no material events happened subsequent to the Year and up to the date of this annual report.

AUDITOR

The Financial Statements have been audited by KPMG. A resolution for the re-appointment of KPMG as the Company's auditor will be proposed at the AGM.

By order of the Board
Gao Dekang
Chairman of the Board of Directors

Hong Kong, June 23, 2020

KPMG

Independent auditor's report to the shareholders of
Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bosideng International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 93 to 198, which comprise the consolidated statement of financial position as at March 31, 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Assessment of impairment of goodwill	
Refer to note 17 to the consolidated financial statements and the accounting policies on page 111.	
The Key Audit Matter	**How the matter was addressed in our audit**
For the purpose of impairment testing, goodwill in the consolidated statement of financial position is allocated to three cash-generating units ("CGUs") which are derived from the Group's acquisitions of three ladieswear businesses (including JESSIE brand, BUOU BUOU brand and Tianjin ladieswear). An assessment of impairment of goodwill is performed by management annually. Management assesses impairment of goodwill by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in estimating future sales growth rates and the discount rates applied. We identified assessing impairment of goodwill as a key audit matter because assessing impairment involves forecasting future cash flows which is complex and inherently uncertain and could be subject to management bias.	Our audit procedures to assess the valuation of goodwill included the following: • assessing management's identification of CGUs and the allocation of assets and liabilities to each CGU with reference to the requirements of the prevailing accounting standards; • involving our internal valuation specialists to assist us in evaluating the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • comparing the most significant inputs in the discounted cash flow forecasts, including growth rates of future revenue, future margins and cost, with the latest financial budgets approved by the board of directors, historical performance, management's forecasts, industry reports and business developments subsequent to the reporting date and assessing the discount rates applied in the discounted cash flow forecasts by benchmarking against the discount rates of similar retailers; • obtaining sensitivity analyses of both the discount rates and future cash flows and considering the resulting impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and • considering the disclosures in the consolidated financial statements in respect of assessing impairment of goodwill with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

<table>
<tr><th colspan="2">Valuation of inventories</th></tr>
<tr><td colspan="2">Refer to note 21 to the consolidated financial statements and the accounting policies on page 121.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Sales of inventories in the apparel industry can be volatile with consumer demand changing according to current fashion trends.

The Group typically sells or disposes of off-season inventories at a markdown from the original price to make room for new season inventories. Accordingly, the actual future selling prices of some items of inventories may fall below their purchase costs.

Management calculates the inventory provision based on the forecast net realizable value of sales of inventories. The forecast quantities to be sold and the corresponding selling prices are prepared based on the Group's sales and marketing strategies, the current market conditions and the historical experience of distributing and selling products of a similar nature. Management also compares the subsequent sales quantities and selling prices with the forecast in each of the subsequent periods.

We identified the valuation of inventories as a key audit matter because of the significant management judgement exercised by the management in determining the appropriate level of inventory provisions which involves predicting the amounts of inventories which will be unsold at the end of each season and the markdowns necessary to sell such off-season inventories on a discounted basis in future years. Both of these factors can be inherently uncertain and could be subject to management bias.</td><td>Our audit procedures to assess the valuation of inventories included the following:
assessing whether the inventory provisions at the reporting date were consistent with the Group's inventory provision policy by recalculating the inventory provisions based on the mechanisms and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards;
attending the Group's inventory counts at the year end to assess, on a sample basis, the quantity and condition of inventories at that date;
assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the ageing of the sampled items with information relating to production dates on the labels of garments or receipt dates on the receipt notes of raw materials we inspected during our attendance at the Group's inventory counts;
assessing the Group's inventory provision policy by comparing management's forecasts of the quantities of inventories which are unlikely to be sold in the foreseeable future at current selling price and the corresponding forecast markdowns with the historical sales amounts and markdown data for the current and the prior years;
comparing inventory balances by season with respective balances in prior years and the movement by season with historical movements to identify inventories which were relatively slow moving;
comparing the carrying amounts of a sample of inventory items at the reporting date with the selling prices actually achieved subsequent to the reporting date; and
enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.</td></tr>
</table>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Kim Tak.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

June 23, 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

		For the year ended March 31,	
		2020	2019
		RMB'000	RMB'000
	Note		(Note)
Revenue	6	**12,190,535**	10,383,453
Cost of sales		**(5,481,889)**	(4,869,939)
Gross profit		**6,708,646**	5,513,514
Other income	7	**186,651**	90,806
Selling and distribution expenses		**(4,276,444)**	(3,439,852)
Administrative expenses		**(852,960)**	(729,068)
Impairment losses on goodwill and intangible assets	17	**(98,000)**	(43,000)
Other expenses		**(69,215)**	(21,635)
Profit from operations		**1,598,678**	1,370,765
Finance income		**192,790**	186,537
Finance costs		**(191,555)**	(162,824)
Net finance income	10	**1,235**	23,713
Profit before income tax		**1,599,913**	1,394,478
Income tax	11	**(404,637)**	(388,918)
Profit for the year		**1,195,276**	1,005,560

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 35(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
		(Note)
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income		
– net movement in fair value reserve (non-recycling)	**(66,964)**	(27,506)
	(66,964)	(27,506)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences		
– foreign operations	**(37,899)**	(30,482)
Other financial assets: net movement in fair value reserve (recycling)	**11,332**	7,470
	(26,567)	(23,012)
Other comprehensive income for the year, net of tax	**(93,531)**	(50,518)
Total comprehensive income for the year	**1,101,745**	955,042

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

		For the year ended March 31,	
		2020	2019
		RMB'000	RMB'000
	Note		(Note)
Profit attributable to:			
Equity shareholders of the Company		**1,203,184**	981,316
Non-controlling interests		**(7,908)**	24,244
Profit for the year		**1,195,276**	1,005,560
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,109,653**	931,065
Non-controlling interests		**(7,908)**	23,977
Total comprehensive income for the year		**1,101,745**	955,042
Earnings per share	14		
– basic (RMB cents)		**11.27**	9.32
– diluted (RMB cents)		**11.06**	9.17

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at March 31, 2020 (Expressed in Renminbi)

	Note	At March 31, 2020 RMB'000	2019 RMB'000 (Note)
Non-current assets			
Property, plant and equipment	15	**1,390,404**	1,023,660
Right-of-use assets	16	**782,686**	–
Lease prepayments		**–**	51,284
Intangible assets and goodwill	17	**1,654,290**	1,800,259
Investment properties	18	**271,203**	285,380
Prepayments	19	**99,152**	–
Other financial assets	24	**148,868**	207,497
Deferred tax assets	20	**562,512**	576,467
		4,909,115	3,944,547
Current assets			
Inventories	21	**2,725,914**	1,931,130
Trade and bills receivables	22	**1,196,743**	1,035,042
Deposits, prepayments and other receivables	23	**970,827**	919,887
Receivables due from related parties	39	**96,824**	178,843
Other financial assets	24	**3,272,759**	4,416,750
Pledged bank deposits	25	**414,391**	679,336
Time deposits with maturity over three months	26	**153,500**	222,902
Cash and cash equivalents	27	**3,638,680**	1,754,267
		12,469,638	11,138,157

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements.

at March 31, 2020 (Expressed in Renminbi)

	Note	At March 31, 2020 RMB'000	2019 RMB'000 (Note)
Current liabilities			
Current income tax liabilities	11(d)	**364,803**	462,551
Interest-bearing borrowings	28	**817,841**	1,627,720
Lease liabilities	29	**260,825**	–
Trade and other payables	30	**3,241,306**	2,699,661
Payables due to related parties	39	**4,831**	3,638
Derivative financial liabilities	31	**533**	2,289
		4,690,139	4,795,859
Net current assets		**7,779,499**	6,342,298
Total assets less current liabilities		**12,688,614**	10,286,845
Non-current liabilities			
Deferred tax liabilities	20	**139,807**	173,353
Lease liabilities	29	**475,287**	–
Convertible bonds	32	**1,670,895**	–
Non-current other payables	33	**–**	4,606
		2,285,989	177,959
Net assets		**10,402,625**	10,108,886

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at March 31, 2020 (Expressed in Renminbi)

		At March 31,	
		2020	2019
		RMB'000	RMB'000
	Note		(Note)
Capital and reserves			
Share capital	35(c)	**806**	803
Reserves		**10,212,707**	9,898,398
Equity attributable to equity shareholders of the Company		**10,213,513**	9,899,201
Non-controlling interests		**189,112**	209,685
Total equity		**10,402,625**	10,108,886

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

Approved and authorized for issue by the board of directors on June 23, 2020.

Gao Dekang
Chairman of the Board of Directors

Gao Xiaodong
Director

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	(note 35)		(note 34(b))	(note 35(d))	(note 35(d))	(note 35(d))					
Balance at April 1, 2018	803	1,956,903	(110,893)	97,467	841,591	(520,354)	(135,618)	7,465,894	9,595,793	186,975	9,782,768
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	981,316	981,316	24,244	1,005,560
Foreign currency translation differences – foreign operations	–	–	–	–	–	(30,432)	–	–	(30,432)	(50)	(30,482)
Net change in fair value of other financial assets, net of tax (recycling)	–	–	–	–	–	–	7,687	–	7,687	(217)	7,470
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	–	–	–	–	–	–	(27,506)	–	(27,506)	–	(27,506)
Total comprehensive income for the year	–	–	–	–	–	(30,432)	(19,819)	981,316	931,065	23,977	955,042
Transactions with owners, recorded directly in equity											
Equity-settled share-based transactions (note 36)	–	4,454	–	43,081	–	–	–	–	47,535	–	47,535
New establishment of subsidiaries	–	–	–	–	–	–	–	–	–	20,945	20,945
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(12)	(12)
Treasury shares held for Share Award Scheme	–	–	34,030	(38,405)	–	–	–	–	(4,375)	–	(4,375)
Appropriation to statutory reserves	–	–	–	–	11,482	–	–	(11,482)	–	–	–
Written put option to non-controlling interests (note 31)	–	–	–	–	–	–	68,181	–	68,181	–	68,181
Dividends (note 35(b))	–	(428,544)	–	–	–	–	–	(310,454)	(738,998)	(22,200)	(761,198)
	–	(424,090)	34,030	4,676	11,482	–	68,181	(321,936)	(627,657)	(1,267)	(628,924)
Balance at March 31, 2019	803	1,532,813	(76,863)	102,143	853,073	(550,786)	(87,256)	8,125,274	9,899,201	209,685	10,108,886

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	(note 35)		(note 34(b))	(note 35(d))	(note 35(d))	(note 35(d))					
Balance at March 31, 2019 (Note)	803	1,532,813	(76,863)	102,143	853,073	(550,786)	(87,256)	8,125,274	9,899,201	209,685	10,108,886
Impact on initial application of IFRS 16 (note 3)	–	–	–	–	–	–	–	(6,632)	(6,632)	(24)	(6,656)
Balance at April 1, 2019 (Note)	803	1,532,813	(76,863)	102,143	853,073	(550,786)	(87,256)	8,118,642	9,892,569	209,661	10,102,230
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	1,203,184	1,203,184	(7,908)	1,195,276
Foreign currency translation differences – foreign operations	–	–	–	–	–	(37,899)	–	–	(37,899)	–	(37,899)
Net change in fair value of debt instruments at FVOCI, net of tax (recycling)	–	–	–	–	–	–	11,332	–	11,332	–	11,332
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	–	–	–	–	–	–	(66,964)	–	(66,964)	–	(66,964)
Total comprehensive income for the year	–	–	–	–	–	(37,899)	(55,632)	1,203,184	1,109,653	(7,908)	1,101,745
Transactions with owners, recorded directly in equity											
Equity-settled share-based transactions (note 36)	12	132,682	–	(21,041)	–	–	–	–	111,653	–	111,653
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	757	757
Treasury shares held for Share Award Scheme	–	–	14,663	(19,619)	–	–	–	(53,685)	(58,641)	–	(58,641)
Appropriation to statutory reserves	–	–	–	–	4,537	–	–	(4,537)	–	–	–
Written put option to non-controlling interests (note 31)	–	–	–	–	–	–	9,876	–	9,876	–	9,876
Issuance of convertible bonds	–	–	–	–	–	–	260,576	–	260,576	–	260,576
Purchase of own shares	(9)	–	–	–	–	–	–	(262,304)	(262,313)	–	(262,313)
Dividends (note 35(b))	–	–	–	–	–	–	–	(849,860)	(849,860)	(13,398)	(863,258)
	3	132,682	14,663	(40,660)	4,537	–	270,452	(1,170,386)	(788,709)	(12,641)	(801,350)
Balance at March 31, 2020	806	1,665,495	(62,200)	61,483	857,610	(588,685)	127,564	8,151,440	10,213,513	189,112	10,402,625

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
		(Note)
Operating activities		
Profit for the year	**1,195,276**	1,005,560
Adjustments for:		
Income tax	**404,637**	388,918
Depreciation	**558,413**	170,092
Amortization	**47,969**	56,269
Impairment losses	**98,000**	43,000
Equity-settled share-based transactions	**11,343**	43,939
Change in fair value of derivative financial liabilities	**(1,756)**	2,289
Dividend income from other financial assets	**(2,766)**	(3,044)
Net loss on disposal of property, plant and equipment and right of use assets	**6,915**	12,122
Net interest income	**(1,750)**	(114,905)
Operating profit before changes in working capital	**2,316,281**	1,604,240
Increase in inventories	**(794,784)**	(476,290)
Increase in trade and bills receivables and deposits, prepayments and other receivables	**(318,265)**	(99,646)
Decrease in receivables due from related parties	**82,019**	21,891
(Increase)/decrease in pledged bank deposit for bills payable and letter of credit facilities	**(44,730)**	14,528
Increase in trade and other payables	**587,981**	804,102
Increase/(decrease) in payables due to related parties	**1,193**	(131)
Cash generated from operations	**1,829,695**	1,868,694
Interest paid	**(99,341)**	(64,596)
Income tax paid	**(497,436)**	(294,659)
Net cash generated from operating activities	**1,232,918**	1,509,439

The notes on pages 103 to 198 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

	For the year ended March 31, 2020 RMB'000	2019 RMB'000 (Note)
Investing activities		
Payments in relation to completion of acquisition of a subsidiary	–	(40,000)
Payments in relation to equity investment	(6,976)	–
Acquisition of property, plant and equipment and lease prepayments	(713,628)	(311,212)
Acquisition of other financial assets	(11,820,878)	(15,048,174)
Proceeds from disposal of other financial assets	12,945,544	14,908,576
Proceeds from maturity of time deposits with maturity over 3 months	69,402	48,709
Dividend income from other financial assets	2,766	3,044
Interest received	128,790	186,274
Proceeds from disposal of investment properties	7,000	–
Net cash generated from/(used in) investing activities	612,020	(252,783)
Financing activities		
Proceeds from interest-bearing borrowings	862,345	1,250,239
Repayment of interest-bearing borrowings	(1,724,445)	(2,050,203)
Decrease in bank deposits pledged for bank loans	125,812	11,805
Decrease in bank deposits pledged for issuing standby letters of credit for bank loans	183,863	198,939
Payment for purchase of shares in connection with the Share Award Scheme	(80,363)	(27,909)
Proceeds from shares issued under Share Award Scheme	100,310	–
Purchase of own shares	(262,313)	–
Capital element of lease rentals paid	(248,135)	–
Dividends paid	(862,968)	(738,998)
Proceeds from issuance of convertible bonds	1,898,262	–
Net cash used in financing activities	(7,632)	(1,356,127)
Net increase/(decrease) in cash and cash equivalents	1,837,306	(99,471)
Cash and cash equivalents at the beginning of the year	1,754,267	1,794,051
Effect of foreign currency exchange rate changes	47,107	59,687
Cash and cash equivalents at the end of the year	3,638,680	1,754,267

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 103 to 198 form part of these financial statements.

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. A summary of the significant accounting policies adopted by the Group is set out in note 4.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of measurement

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

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

– investments in debt and equity securities (see note 4(c)); and

– derivative financial instruments (see note 4(d)).

2 BASIS OF PREPARATION (continued)

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). These financial statements are presented in Renminbi ("RMB", the "presentation currency"). All financial information presented in RMB has been rounded to the nearest thousand except where otherwise stated. The functional currency of the Company is United States Dollars ("USD").

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

3 CHANGES IN ACCOUNTING POLICIES

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

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

3 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 16, *Leases*

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

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

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

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

(i) New definition of a lease

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

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

(ii) Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalize all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalized leases are primarily in relation to property, plant and equipment as disclosed in note 38(b). For an explanation of how the Group applies lessee accounting, see note 4(h)(i).

3 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 16, *Leases* (continued)

(ii) Lessee accounting and transitional impact (continued)

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

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

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

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

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

The following table reconciles the operating lease commitments as disclosed in note 38(b) as at March 31, 2019 to the opening balance for lease liabilities recognized as at April 1, 2019:

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

3 **CHANGES IN ACCOUNTING POLICIES (continued)**

IFRS 16, *Leases* (continued)

(ii) Lessee accounting and transitional impact (continued)

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

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

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

3 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 16, *Leases* (continued)

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

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

In the statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 27(b)). Capital element of lease rentals paid are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Similar to other interest payments of the Group, interest element of lease rentals paid are classified as operating activities in the consolidated cash flow statement. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows (see note 27(b)).

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

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

3 CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 16, *Leases* (continued)

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

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

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

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

(iv) Lessor accounting

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 4(n) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses (see note 4(i)(ii)).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 4(i)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(c) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 37(f). These investments are subsequently accounted for as follows, depending on their classification:

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– Amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 4(w)).

– fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Other investments in debt and equity securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income in accordance with the accounting policy set out in note 4(t)(v).

(d) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on the remeasurement to fair value is recognized immediately in profit or loss.

(e) Investment properties

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)). Cost includes expenditure that is directly attributable to the acquisition of the investment property. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of 20 to 60 years. Depreciation methods, useful lives and residual values are re-assessed at the end of each reporting period and adjusted if appropriate. Rental income from investment properties is accounted for as described in note 4(t)(iv).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 4(v)). Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained earnings and is not reclassified to profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property remains measured at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)).

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Freehold land with unlimited useful life is measured at cost and not depreciated.

Depreciation is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of an item of property, plant and equipment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

(iv) Depreciation (continued)

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

	Useful lives	Residual value
Land and buildings	20 – 50 years	0% ~ 10%
Machinery	5 – 10 years	4% ~ 10%
Motor vehicles and others	2 – 10 years	0% ~ 10%
Leasehold improvements	Over the shorter of the un-expired term of the lease and estimated useful lives	0%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(g) Intangible assets (other than goodwill)

(i) Customer relationships

Customer relationships acquired by the Group upon acquisition of subsidiaries are measured at fair value upon initial recognition. Subsequent to initial recognition, customer relationships are measured at cost less accumulated amortization and accumulated impairment losses (see note 4(i)(ii)). The estimated useful life of customer relationships is 3 to 15 years. The amortization method and useful lives are reviewed at the end of each reporting period.

(ii) Trademarks

Separately acquired trademarks are carried at cost less accumulated amortization and accumulated impairment losses (see note 4(i)(ii)). Trademarks acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and accumulated impairment losses. Amortization of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 10 to 20 years. The amortization method and useful lives are reviewed at the end of each reporting period.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and trademarks, is recognized in profit or loss as incurred.

(iv) Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from April 1, 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group, are primarily properties. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property and presents lease liabilities separately in the consolidated statement of financial position.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

(B) Policy applicable prior to April 1, 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Lease prepayments

Lease prepayments represented prepayments of land use rights paid to the various PRC land bureaus. Lease prepayments were carried at cost less amortization and accumulated impairment losses (see note 4(i)(ii)). Amortization was recognized in profit or loss on a straight-line basis over the period of the land use rights, which were 50 years from the respective dates that they were available for use.

(ii) Operating lease charges

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 4(t)(iv).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses ("ECLs") on the following items:

– financial assets measured at amortized cost (including cash and cash equivalents, pledged bank deposits, time deposits with maturity over 3 months, trade and bills receivables and deposits, prepayments and other receivables);

– debt securities measured at FVOCI (recycling).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof for fixed-rate financial assets, trade and bills receivables and deposits, prepayments and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

For trade and bills receivables, the Group has measured the loss allowance as an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

For deposits, prepayments and other receivables, cash and cash equivalents, pledged bank deposits, time deposits with maturity over 3 months and debt securities measured at FVOCI (recycling), the Group recognized a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 180 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– investment properties;

– intangible assets;

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 4(i)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(k) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 4(t)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 4(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 4(w)).

(l) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see note 4(i)(i)).

Bills receivable are derecognized if substantially all the risks and rewards of ownership of the bills receivable are transferred. If substantially all the risks and rewards of ownership of bills receivable are retained, the bills receivable are continued to be recognized in the statement of financial position.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 4(i)(i).

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Convertible bonds that contain an equity component

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured at fair value based on the future interest and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The equity component is the difference between the initial fair value of the convertible bonds as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortized cost. Interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognized in the other reserve until either the bonds are converted or redeemed.

If the bonds are converted, the other reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the other reserve is released directly to retained profits.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Share-based payment transactions

The fair values of the selected current employee services received in exchange for the grant of the restricted share is recognized as an expense. The fair value is measured at grant date using the Asian option model, taking into account the terms and conditions upon which the restricted share is granted. The total amount to be expensed is determined by reference to the fair value of the granted share measured as of the grant date less the proceeds received from the employees, and records in the capital reserve until each unlocking date. The proceeds received from the employees is firstly recorded as other payables.

The fair value of share option granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the option is granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the option, the total estimated fair value of the option is spread over the vesting period, taking into account the probability that the option will vest.

During the vesting period, the number of restricted share and share option that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of share option and restricted share that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's share. The equity amount is recognized in the capital reserve until either the share option or restricted share is exercised or released (when it is included in the amount recognized in share capital for the share issued) or the share option or restricted share expires or is forfeited or cancelled (when it is released directly to retained earnings) after the end of vesting period.

Share-based payment transactions in which the Company grants share to its subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's statement of financial position which is eliminated on consolidation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax expense for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(r) **Income tax (continued)**

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) **Provisions and contingent liabilities**

(i) ***Contingent liabilities assumed in business combinations***

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 4(s)(ii).

(ii) ***Other provisions and contingent liabilities***

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(t) **Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer or more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) ***Sale of goods***

Revenue is recognized when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) ***Government grants***

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iii) ***Royalty income***

Royalties arising from the use by others of the Group's brands are recognized in profit or loss as other income on an accrual basis in accordance with the substance of the relevant agreements.

(iv) ***Rental income from operating leases***

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue and other income (continued)

(v) Dividends

Dividend income from listed equity investments is recognized when the shareholder's right to receive payment is established.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated to the respective functional currencies of Group entities at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve ("translation reserve").

On disposed of a foreign operation, the cumulative amount in the translation reserve relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized directly in other comprehensive income, and presented in the translation reserve in equity.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the costs of the qualifying assets commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets ready for their intended use or sale are interrupted or complete.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI (recycling);
- the net gain or loss on financial assets at FVPL;
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5 ACCOUNTING JUDGMENT AND ESTIMATES

Sources of estimation uncertainty

Notes 11, 17, 22, 23, 24, 31 and 36 contain information about the assumptions and their risk factors relating to income tax, goodwill impairment, impairment for bad and doubtful debts, fair value of financial instruments and fair value of share options and restricted shares granted. Other key sources of estimation uncertainty are as follows:

(i) Net realizable value of inventories

The Group reviews the carrying amounts of inventories at each reporting date to determine whether the inventories are carried at lower of cost and net realizable value in accordance with the accounting policy set out in note 4(j). Management calculates the inventory provision based on the forecast net realizable value of sales of inventories. The forecast quantities to be sold and the corresponding selling prices are prepared based on the Group's sales and marketing strategies, the current market conditions, the historical experience of distributing and selling products of a similar nature and the aging information of the relevant inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's profit and net asset value.

(ii) Impairment for non-current assets

The management determines the impairment loss on non-current assets other than goodwill if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. Goodwill is tested annually for impairment. Management assesses impairment of goodwill by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(iii) Determining the lease term

As explained in policy note 4(h), the lease liability is initially recognized at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognized in future years.

6 REVENUE AND SEGMENT REPORTING

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

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

(a) Disaggregation of revenue

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

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Sales of apparels	**12,177,606**	10,368,538
Revenue from other sources		
Gross rentals from investment properties	**12,929**	14,915
Consolidated revenue	**12,190,535**	10,383,453

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 6(b) and 6(d) respectively.

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.

6 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment results

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

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

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended March 31, 2020 and 2019 is set out below.

	For the year ended March 31, 2020				
	Down apparels RMB'000	**OEM management RMB'000**	**Ladieswear apparels RMB'000**	**Diversified apparels RMB'000**	**Group RMB'000**
Disaggregated by timing of revenue recognition					
Point in time	9,512,730	1,611,354	982,661	83,790	12,190,535
Revenue from external customers	9,512,730	1,611,354	982,661	83,790	12,190,535
Inter-segment revenue	–	42,056	–	151,211	193,267
Reportable segment 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)

6 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment results (continued)

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

Note: The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

6 REVENUE AND SEGMENT REPORTING (continued)

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

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

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

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 3.

(d) Geographic information

Except for land and buildings and investment properties with the aggregate carrying amount of RMB251,615,000 (March 31, 2019: RMB253,376,000) located in the United Kingdom, all of the Group's property, plant and equipment and investment properties are located in mainland China at March 31, 2020.

The geographical location of an asset is based on the physical location of the asset, in the case of property, plant and equipment and investment property, and the location of the operation to which they are allocated, in the case of intangible assets.

For the year ended March 31, 2020, except for revenue of RMB9,230,000 derived from the Group's European operation (year ended March 31, 2019: RMB10,189,000), all revenue is derived from the People's Republic of China ("PRC").

7 OTHER INCOME

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

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

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

(iii) Dividend income for the year ended March 31, 2020 arose from the Group's equity investment in Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange, stock code: 603518) ("Jinhong Group") (note 24(b)). Dividend income for the year ended March 31, 2019 arose from the Group's equity investments in Jinhong Group (note 24(b)) and Bosideng Industry Investment Fund S.P. (note 24(d)), respectively.

8 PERSONNEL EXPENSES

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
Salaries, wages and other benefits	**1,157,988**	1,048,114
Equity-settled share-based payments (note 36)	**11,343**	43,939
Contributions to defined contribution plans	**139,028**	101,360
	1,308,359	1,193,413

Contributions made by the Group to pension funds are dealt with in profit or loss when incurred. The Group contributes to pension funds based on certain percentages of the average salary level according to the pension fund requirements of the various provinces in the PRC in which its operations are located. The Group remits all pension fund contributions to the respective social security offices, which are responsible for the payment and liabilities relating to the pension funds.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of 30,000 Hong Kong Dollars ("HKD"). Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of retirement benefits other than the contributions described above.

9 EXPENSE BY NATURE

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

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

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at April 1, 2019 to recognize right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at April 1, 2019, the Group as a lessee is required to recognize the depreciation of right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

10 NET FINANCE INCOME

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**30,731**	20,340
Interest income on financial assets measured at amortized cost	**78,410**	118,577
Interest income on debt instruments classified as FVOCI (recycling)	**11,869**	40,584
Changes in fair value of derivative financial liabilities (note 31)	**1,756**	–
Total interest income on financial assets not at fair value through profit or loss	**122,766**	179,501
Realized/unrealized net gain in financial assets classified as FVPL	**65,383**	–
Net foreign exchange gain	**4,641**	7,036
Finance income	**192,790**	186,537
Interest on interest-bearing borrowings and discounted bills	**(65,544)**	(64,596)
Interest on convertible bonds (note 32)	**(19,919)**	–
Disposal loss of debt instruments classified as FVOCI (recycling)	**(57,471)**	(69,134)
Bank charges	**(14,824)**	(16,711)
Net loss on forward exchange contract	**–**	(8,167)
Changes in fair value of derivative financial liabilities (note 31)	**–**	(2,289)
Realized/unrealized net loss in financial assets classified as FVPL	**–**	(1,927)
Interest expenses on lease liabilities	**(33,797)**	–
Finance costs	**(191,555)**	(162,824)
Net finance income recognized in profit or loss	**1,235**	23,713

11 INCOME TAX

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
Current tax expenses		
Provision for income tax	**399,688**	531,181
Deferred tax benefit/(expenses)		
Origination and reversal of temporary differences (note 20(a))	**4,949**	(142,263)
	404,637	388,918

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

(ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United Kingdom during the years ended March 31, 2020 and 2019.

(iii) The provision includes provision for PRC income tax and provision for Hong Kong income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate 16.5% on the estimated assessable Hong Kong profits for the years ended March 31, 2020 and 2019.

For the year ended March 31, 2020, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, and Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provide services for procurement, production planning, order management, storage and logistics management and services to the companies of the Group. Each of the companies were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016. Shanghai Bosideng Information Technology Co., Ltd. and Jiangsu Bosideng Supply Chain Co., Ltd. obtained the renewed high-tech enterprise certificates on October 28, 2019 and December 6, 2019 respectively and were granted a preferential rate of 15% for three years starting from January 1, 2019.

(iv) 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 Hong Kong Special Administration, 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, 2020, the PRC dividend withholding tax of RMB3,068,000 (2019: RMB20,855,000) was provided against the dividend distributed out of earnings of PRC subsidiaries of RMB61,360,000 (2019: RMB417,100,000).

11 INCOME TAX (continued)

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

	For the year ended March 31, 2020 RMB'000	2019 RMB'000
Profit before income tax	**1,599,913**	1,394,478
Income tax at the applicable PRC income tax rate of 25%	**399,978**	348,620
Tax effect of unused tax losses and temporary differences not recognized, net of utilization	**(31,096)**	(2,701)
Non-deductible expenses	**25,380**	22,011
Effect of tax concessions of PRC operations	**(18,281)**	(22,640)
Effect of tax rate difference under different tax jurisdictions	**21,776**	19,245
Withholding tax on dividends appropriated from PRC subsidiaries to overseas companies (note 11(a)(iv))	**3,068**	20,855
Others	**3,812**	3,528
Income tax	**404,637**	388,918

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31, 2020			2019		
	Before tax amount RMB'000	**Tax expense RMB'000**	**Net of tax amount RMB'000**	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Net change in fair value of other financial assets	**(77,954)**	**22,322**	**(55,632)**	(29,205)	9,169	(20,036)

(d) Income tax payable in the consolidated statement of financial position represents:

	For the year ended March 31, 2020 RMB'000	2019 RMB'000
Balance at the beginning of the year	**462,551**	226,029
Provision for current income tax for the year	**399,688**	531,181
Payments during the year	**(497,436)**	(294,659)
Income tax payable at the end of the year	**364,803**	462,551

12 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed to section 38(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended March 31, 2020

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined Contribution Schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	330	3,625	–	–	–	3,955
Mei Dong	330	3,010	–	–	102	3,442
Huang Qiaolian	330	1,210	–	11,695	–	13,235
Mak Yun Kuen (i)	28	192	–	12,065	1	12,286
Rui Jinsong	330	2,210	–	19,154	93	21,787
Gao Xiaodong	330	1,008	–	–	15	1,353
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao (ii)	–	–	–	–	–	–
Ngai Wai Fung	385	–	–	–	–	385
	2,393	11,255	–	42,914	211	56,773

12 DIRECTORS' EMOLUMENTS (continued)

For the year ended March 31, 2019

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined Contribution Schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	330	3,615	–	–	10	3,955
Mei Dong	330	3,000	–	–	108	3,438
Huang Qiaolian	330	1,200	–	5,321	10	6,861
Mak Yun Kuen (i)	330	2,162	6,673	4,611	16	13,792
Rui Jinsong	330	2,200	–	4,693	64	7,287
Gao Xiaodong	330	900	–	–	47	1,277
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Ngai Wai Fung	385	–	–	–	–	385
Wang Yao (ii)	–	–	–	–	–	–
Lian Jie (iii)	134	–	–	–	–	134
	2,829	13,077	6,673	14,625	255	37,459

(i) On April 17, 2019, Mr. Mak Yun Kuen resigned as an executive director, vice president and company secretary of the Company, effective from May 1, 2019.

(ii) During the year ended March 31, 2020 and 2019, Mr. Wang Yao, an independent non-executive director, waived a director's fee of approximately RMB330,000.

(iii) On August 27, 2018, Mr. Lian Jie retired as an independent non-executive director of the Company.

During the years ended March 31, 2020 and 2019, no amount was paid or payable by the Group to the directors or any of the other five highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as compensation for loss of office.

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (for the year ended March 31, 2019: three) are directors whose emoluments are disclosed in note 12. For the year ended March 31, 2020, the aggregate of the emoluments in respect of the other two (for the year ended March 31, 2019: two) individuals are listed as follows:

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
Salaries and other emoluments	**1,938**	1,577
Equity-settled share-based payments	**13,998**	6,594
Contributions to defined contribution schemes	**133**	110
	16,069	8,281

For the year ended March 31, 2020, the other two (for the year ended March 31, 2019: two) individuals with the highest emoluments are within the following band:

	For the year ended March 31,	
	2020	2019
	Number of individuals	Number of individuals
RMB4,000,001 to RMB4,500,000	**–**	2
RMB7,000,001 to RMB7,500,000	**1**	–
RMB8,500,001 to RMB9,000,000	**1**	–

14 EARNINGS PER SHARE

(a) Basic earnings per share

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

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2020	2019
	'000	'000
Issued ordinary shares at the beginning of the year	**10,585,146**	10,540,010
Effect of treasury shares purchased for Share Award Scheme (note 34(b))	**(7,958)**	(41,475)
Effect of restricted shares exercised (note 36(a))	**34,342**	34,563
Effect of share options exercised (note 36(b))	**84,043**	651
Effect of repurchased shares (note 35(c))	**(16,617)**	–
Weighted average number of ordinary shares	**10,678,956**	10,533,749
Basic earnings per share (RMB cents)	**11.27**	9.32

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,203,184,000 (2019: RMB981,316,000) and the weighted average number of ordinary shares of 10,881,104,000 (2019: 10,699,242,000 shares), after adjusting for the effect of the Company's share-based payment arrangements (note 36), as follows:

Weighted average number of ordinary shares (diluted):

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

The potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 31) and convertible bonds issued on December 17, 2019 (note 32) were anti-dilutive.

15 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At March 31, 2018	753,131	49,762	328,199	325,570	6,004	1,462,666
Additions	8,675	8,061	44,758	325,741	40,458	427,693
Transfer from construction in progress	79	964	3,142	2,929	(7,114)	–
Transfer to investment property	(115,706)	–	–	–	–	(115,706)
Disposal	(7,792)	(338)	(55,291)	(9,457)	–	(72,878)
Movement of exchange rate	2,140	–	263	–	–	2,403
At March 31, 2019	640,527	58,449	321,071	644,783	39,348	1,704,178
Additions	1,517	1,345	53,871	448,258	154,663	659,654
Transfer from construction in progress	–	–	4,459	1,259	(5,718)	–
Disposal	–	(297)	(12,407)	(9,540)	(57)	(22,301)
Movement of exchange rate	(127)	–	304	–	–	177
At March 31, 2020	641,917	59,497	367,298	1,084,760	188,236	2,341,708
Accumulated depreciation:						
At March 31, 2018	(150,057)	(22,009)	(224,943)	(180,349)	–	(577,358)
Depreciation charged for the year	(33,017)	(4,211)	(29,881)	(96,747)	–	(163,856)
Transfer to investment property	235	–	–	–	–	235
Disposal	3,184	151	48,358	9,063	–	60,756
Movement of exchange rate	(62)	–	(233)	–	–	(295)
At March 31, 2019	(179,717)	(26,069)	(206,699)	(268,033)	–	(680,518)
Depreciation charged for the year	(34,912)	(4,818)	(32,645)	(214,599)	–	(286,974)
Disposal	–	147	6,730	9,540	–	16,417
Movement of exchange rate	68	–	(297)	–	–	(229)
At March 31, 2020	(214,561)	(30,740)	(232,911)	(473,092)	–	(951,304)
Net book value:						
At March 31, 2020	427,356	28,757	134,387	611,668	188,236	1,390,404
At March 31, 2019	460,810	32,380	114,372	376,750	39,348	1,023,660

Except for freehold land and buildings with the carrying amount of RMB45,455,000 (March 31, 2019: RMB48,399,000) which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2020. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at March 31, 2020, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

16 RIGHT-OF-USE ASSETS

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

	Properties leased for own use RMB'000	Land use rights RMB'000	Total RMB'000
Cost:			
At March 31, 2019	–	–	–
Impact on initial application of IFRS 16 (note 3)	235,795	62,251	298,046
At April 1, 2019	235,795	62,251	298,046
Additions	765,167	–	765,167
Disposals	(12,798)	–	(12,798)
At March 31, 2020	988,164	62,251	1,050,415
Accumulated depreciation:			
At March 31, 2019	–	–	–
Impact on initial application of IFRS 16 (note 3)	–	(10,967)	(10,967)
At April 1, 2019	–	(10,967)	(10,967)
Charge for the year	(262,969)	(2,812)	(265,781)
Disposals	9,019	–	9,019
At March 31, 2020	(253,950)	(13,779)	(267,729)
Net book Value			
At March 31, 2020	734,214	48,472	782,686
At April 1, 2019	235,795	51,284	287,079

16 RIGHT-OF-USE ASSETS (continued)

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

	For the year ended March 31, 2020 RMB'000	2019 RMB'000 (Note)
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use right (i)	2,812	2,812
Properties leased for own use (ii)	262,969	–
	265,781	2,812
Interest on lease liabilities (note 10)	33,797	–
Expense relating to short-term leases, other leases with remaining lease term ended on or before March 31, 2020 and service charges under lease arrangement	60,147	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17	–	189,535
Variable lease payments not included in the measurement of lease liabilities	1,091,798	1,043,600

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at April 1, 2019 to recognize right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at April 1, 2019, the Group as a lessee is required to recognize the depreciation of right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

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

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 27(c) and 29, respectively.

16 RIGHT-OF-USE ASSETS (continued)

(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.

17 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At March 31, 2018, 2019 and 2020	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2018	(413,741)	(588,053)	(92,258)	(1,094,052)
Amortization charge for the year	–	(21,768)	(31,689)	(53,457)
Impairment losses	(43,000)	–	–	(43,000)
At March 31, 2019	(456,741)	(609,821)	(123,947)	(1,190,509)
Amortization charge for the year	–	(16,280)	(31,689)	(47,969)
Impairment losses	(98,000)	–	–	(98,000)
At March 31, 2020	(554,741)	(626,101)	(155,636)	(1,336,478)
Net book value:				
At March 31, 2020	1,153,410	22,721	478,159	1,654,290
At March 31, 2019	1,251,410	39,001	509,848	1,800,259

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

17 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing for cash-generating unit containing goodwill

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

	At March 31, **2020** **RMB'000**	2019 RMB'000
Gross value		
Menswear	**292,741**	292,741
Ladieswear – JESSIE brand	**484,312**	484,312
Ladieswear – BUOU BUOU brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	**(292,741)**	(292,741)
Ladieswear – JESSIE brand	**(141,000)**	(121,000)
Ladieswear – BUOU BUOU brand	**(106,000)**	(43,000)
Ladieswear – Tianjin Ladieswear	**(15,000)**	–
	(554,741)	(456,741)
Net value		
Menswear	**–**	–
Ladieswear – JESSIE brand	**343,312**	363,312
Ladieswear – BUOU BUOU brand	**419,137**	482,137
Ladieswear – Tianjin Ladieswear	**390,961**	405,961
	1,153,410	1,251,410

17 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing for cash-generating unit containing goodwill (continued)

The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by the management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of JESSIE brand Ladieswear CGU, BUOU BUOU brand Ladieswear CGU and Tianjin Ladieswear CGU, respectively, were determined using a discount rate with a range from 15.9% to 16.7%.

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

18 INVESTMENT PROPERTIES

	At March 31,	
	2020	2019
	RMB'000	RMB'000
Cost:		
At the beginning of the year	**325,974**	213,317
Transfer from property, plant and equipment	**–**	115,706
Disposal during the year	**(11,551)**	–
Effect of movement in exchange rates	**(779)**	(3,049)
At March 31	**313,644**	325,974
Accumulated depreciation:		
At the beginning of the year	**(40,594)**	(34,150)
Transfer from property, plant and equipment	**–**	(235)
Charge for the year	**(5,658)**	(6,236)
Disposal during the year	**3,777**	–
Effect of movement in exchange rates	**34**	27
At March 31	**(42,441)**	(40,594)
Net book value:		
At March 31	**271,203**	285,380

18 INVESTMENT PROPERTIES (continued)

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2020, freehold investment properties of RMB209,079,000 (March 31, 2019: RMB211,012,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB62,124,000 (March 31, 2019: RMB74,368,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically five to eight years.

As at March 31, 2020, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP29,475,000 (equivalent to approximately RMB258,193,000) (March 31, 2019: GBP29,824,000 (equivalent to approximately RMB262,158,000)), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis. The aggregate fair value of the investment properties located in mainland China was approximately RMB104,950,000 (2019: RMB115,195,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

During the year ended March 31, 2020, rental income of RMB12,929,000 (2019: RMB14,915,000) was recognized in profit or loss.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At March 31,	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**10,502**	4,564
After 1 year but within 5 years	**46,043**	1,841
After 5 years	**49,742**	–
	106,287	6,405

19 PREPAYMENTS

	At March 31, 2020
	RMB'000
Prepayments for investments (i)	**6,976**
Prepayments for right-of-use assets (ii)	**80,840**
Prepayments for expenses	**11,336**
	99,152

(i) On December 30, 2019, prepayment of USD1,000,000 (equivalent to RMB6,976,000) was made for acquiring 11.43% equity interest of BAC Giang BGG Garment Corporation, for a total consideration of USD2,000,000.

(ii) Prepayments for right-of-use assets represent prepaid rental fees for a flagship store in Hangzhou for a five-year rental period from October 2020 to November 2025.

20 DEFERRED TAX ASSETS AND LIABILITIES

(a) The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during the years are as follows:

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and trademark RMB'000	Property, plant and equipment RMB'000	Withholding tax on dividends RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax losses RMB'000	Depreciation charge of right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At March 31, 2018	124,747	25,773	(150,572)	(7,641)	(45,000)	47,570	251,439	–	5,366	251,682
Credited/(charged) to profit or loss	6,179	5,638	13,364	841	(18,500)	30,208	57,492	–	2,041	97,263
Credited to OCI	–	–	–	–	–	–	–	–	9,169	9,169
Released upon distribution of dividends (note 11 (a)(iv))	–	–	–	–	45,000	–	–	–	–	45,000
At March 31, 2019	130,926	31,411	(137,208)	(6,800)	(18,500)	77,778	308,931	–	16,576	403,114
Impact on initial application of IFRS 16 (note 3)	–	–	–	–	–	–	–	2,218	–	2,218
At April 1, 2019	130,926	31,411	(137,208)	(6,800)	(18,500)	77,778	308,931	2,218	16,576	405,332
Credited/(charged) to profit or loss	3,748	9,607	11,992	841	–	6,091	(58,062)	3,665	(1,331)	(23,449)
Credited to OCI	–	–	–	–	–	–	–	–	22,322	22,322
Released upon distribution of dividends (note 11 (a)(iv))	–	–	–	–	18,500	–	–	–	–	18,500
At March 31, 2020	**134,674**	**41,018**	**(125,216)**	**(5,959)**	**–**	**83,869**	**250,869**	**5,883**	**37,567**	**422,705**

(b) Reconciliation to the consolidated statement of financial position:

	At March 31, 2020 RMB'000	At March 31, 2019 RMB'000
Net deferred tax assets	**562,512**	576,467
Net deferred tax liabilities	**(139,807)**	(173,353)
	422,705	403,114

20 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(c) Deferred tax assets and liabilities not recognized

Deferred tax assets/(liabilities) have not been recognized in respect of the following items:

	At March 31, 2020 RMB'000	2019 RMB'000
Accumulated tax losses of subsidiaries	**161,883**	151,564
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(5,388,701)**	(4,236,071)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2020, as management considered that it is not probable that future taxable profit against which the losses can be utilized will be available in the relevant tax jurisdictions and entities. The tax losses do not expire under current tax legislation.

Deferred tax liabilities in relation to withholding tax have not been recognized in respect of the above retained earnings from PRC subsidiaries as the Company controls the timing and amounts of distribution and does not expect to incur such liabilities in the foreseeable future.

21 INVENTORIES

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

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

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

22 TRADE AND BILLS RECEIVABLES

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

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

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

As at March 31, 2020, the Group endorsed certain bank acceptance bills totaling RMB167,299,000 (March 31, 2019: RMB193,504,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB87,927,000 (March 31, 2019: RMB124,895,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Ageing analysis

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

	At March 31, 2020 RMB'000	2019 RMB'000
Within credit terms	**841,114**	864,794
1 to 3 months past due	**270,393**	114,604
Over 3 months but less than 6 months past due	**58,161**	15,791
Over 6 months but less than 12 months past due	**14,818**	21,536
Over 1 year past due	**12,257**	18,317
	1,196,743	1,035,042

Trade receivables and bills receivable are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and exposure to credit and currency risk related to trade and bills receivables are disclosed in note 37(a).

23 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31, 2020 RMB'000	2019 RMB'000
Deposits	**597,210**	390,381
Prepayments for materials and processing fee	**208,840**	312,713
Prepayments for rental	**–**	22,067
Prepayments for other services	**22,077**	16,490
	230,917	351,270
Third party other receivables:		
– VAT recoverable	**96,252**	63,684
– Advances to employees	**34,786**	36,437
– Receivables from a company controlled by the former controlling shareholder of Joy Smile Development Limited ("Joy Smile") and You Nuo (Tianjin) Clothing Limited ("You Nuo")	**–**	13,398
– Amounts due from brokers (i)	**–**	47,917
– Interest receivable in relation to securities investment	**–**	7,780
– Others	**11,662**	9,020
	142,700	178,236
Total	**970,827**	919,887

(i) Amounts due from brokers mainly represented the amount receivable for sale of other financial assets not yet settled by the brokers (note 24 (c)).

24 OTHER FINANCIAL ASSETS

	Note	At March 31, 2020 RMB'000	2019 RMB'000
Non-current			
Equity securities designated at FVOCI (non-recycling)	(b)	**118,211**	207,497
Financial assets measured at amortized cost	(a)	**30,657**	–
		148,868	207,497
Current			
Financial assets measured at amortized cost	(a)	**2,713,161**	2,705,873
Debt instruments classified at FVOCI (recycling)	(c)	**–**	678,624
Financial assets classified at FVPL	(d)	**559,598**	1,032,253
		3,272,759	4,416,750
Total		**3,421,627**	4,624,247

24 OTHER FINANCIAL ASSETS (continued)

(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 1.3% to 6.12% (March 31, 2019: 2.25% to 4.60%) per annum.

During the year, the interest income of investments with banks of RMB78,410,000 (for the year ended March 31, 2019: RMB118,577,000) was recognized in 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. The Group designated its investment in Jinhong Group as FVOCI (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains. During the year ended March 31, 2020, dividends of RMB2,766,000 were received (for the year ended March 31, 2019: RMB1,925,000).

During the year, the changes in fair value of this investment, after tax effect of RMB66,964,000 was recognized as a loss in other comprehensive income (for the year ended March 31, 2019: RMB27,506,000).

(c) On March 30, 2017, Delight Kingdom Group Limited ("Delight Kingdom"), a subsidiary of the Group, entered into a framework agreement (the "Framework Agreement") to subscribe for the participating shares corresponding to the Bosideng Industry Investment Fund S.P. ("Bosideng Fund"), a segregated portfolio established and operated by Cithara Global Multi-Strategy SPC ("Cithara") under the name of Bosideng Fund, for an amount up to USD100 million pursuant to subscription agreements entered into between Delight Kingdom and Cithara. Bosideng Fund is 100% invested by Delight Kingdom.

Bosideng Fund is managed by Cithara with the objectives of capturing investment opportunities in projects relating to relevant sectors within the fashion and apparel industry and to the extent that cash assets of Bosideng Fund have not been fully invested in or committed for such investment projects, enhancing short-to-medium term investment income by investing the spare cash assets of Bosideng Fund in investment products with high liquidity and appreciation potential.

The Group classified debt instruments held by Bosideng Fund as FVOCI (recycling) as the investments are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling investments.

During the year, the interest income of these investments of RMB11,869,000 was recognized in finance income (for the year ended March 31, 2019: RMB40,584,000).

The Group redeemed all its investments in Bosideng Fund on September 18, 2019.

The cumulative realized losses of these investments of RMB57,471,000, including fair value changes of RMB46,139,000 incurred during the year was recognized as a loss in finance costs (for the year ended March 31, 2019: RMB69,134,000).

(d) Financial assets classified as FVPL represent listed equity investments and short-term investments with banks.

(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 realized losses in equity investments held by Bosideng Fund of RMB3,459,000 was recognized as a loss in finance income (for the year ended March 31, 2019: realized loss of RMB13,574,000).

During the year, the realized gains of other equity investments held by the Group of RMB26,647,000 was recognized as a gain in finance income (for the year ended March 31, 2019: Nil).

During the year ended March 31, 2019, dividends of RMB1,119,000 were received.

(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 RMB42,195,000 was recognized as a gain in finance income (for the year ended March 31, 2019: RMB11,647,000).

25 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as security for the following activities:

	At March 31, 2020 RMB'000	2019 RMB'000
Standby letters of credit (note 28)	**162,003**	345,866
Bank borrowings (note 28)	**140,638**	266,450
Bills payable and letter of credit facilities	**111,750**	67,020
	414,391	679,336

The pledged bank deposits will be released upon the settlement of the relevant bank borrowings, bills payable and letters of credit facilities.

26 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB153,500,000 (March 31, 2019: RMB222,902,000) as at March 31, 2020 were deposited in banks for a period of over three months.

27 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At March 31, 2020 RMB'000	2019 RMB'000
Cash at bank and on hand	**4,206,571**	2,656,505
Less: Pledged bank deposits	**(414,391)**	(679,336)
Time deposits with maturity over 3 months	**(153,500)**	(222,902)
Cash and cash equivalents	**3,638,680**	1,754,267

Cash at bank and on hand are denominated in:

	At March 31, 2020 RMB'000	2019 RMB'000
– RMB	**3,055,857**	2,046,662
– USD	**1,064,141**	413,913
– HKD	**75,352**	182,724
– GBP	**9,912**	6,614
– EUR	**1,140**	1,465
– JPY	**169**	5,127
	4,206,571	2,656,505

The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

27 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (note 28)	Convertible Bonds RMB'000 (note 32)	Lease liabilities RMB'000 (note 29)	Total RMB'000
At March 31, 2018	2,338,429	–	–	2,338,429
Proceeds from new bank loans	1,250,239	–	–	1,250,239
Repayment of bank loans	(2,050,203)	–	–	(2,050,203)
Total changes from financing cash flows	(799,964)	–	–	(799,964)
Exchange adjustments	89,255	–	–	89,255
At March 31, 2019	1,627,720	–	–	1,627,720
Impact on initial application of IFRS 16 (Note)	–	–	222,602	222,602
At April 1, 2019	1,627,720	–	222,602	1,850,322
Changes from financing cash flows:				
Proceeds from new bank loans	862,345	–	–	862,345
Repayment of bank loans	(1,724,445)	–	–	(1,724,445)
Capital element of lease rentals paid	–	–	(248,135)	(248,135)
Proceeds from issuance of convertible bonds	–	1,898,262	–	1,898,262
Total changes from financing cash flows	(862,100)	1,898,262	(248,135)	788,027
Exchange adjustments	52,221	18,880	–	71,101
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	761,645	761,645
Interest expenses (note 10)	–	19,919	–	19,919
Transferred equity component to other reserves	–	(260,576)	–	(260,576)
Total other changes	–	(240,657)	761,645	520,988
At March 31, 2020	**817,841**	**1,676,485**	**736,112**	**3,230,438**

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at April 1, 2019 to recognize lease liabilities relating to leases which were previously classified as operating leases under IAS 17. See note 3.

27 CASH AND CASH EQUIVALENTS (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	At March 31, 2020 RMB'000	2019 RMB'000 (Note)
Within operating cash flows	**1,178,482**	1,233,135
Within financing cash flows	**248,135**	–
	1,426,617	1,233,135

Note: As explained in the note 27(b), the adoption of IFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

28 INTEREST-BEARING BORROWINGS

At March 31, 2020, the interest-bearing borrowings were repayable as follows:

	At March 31, 2020 RMB'000	2019 RMB'000
Within 1 year or on demand	**817,841**	1,627,720

At March 31, 2020, the interest-bearing borrowings were secured as follows:

	At March 31, 2020 RMB'000	2019 RMB'000
Bank loans		
– Secured	**817,841**	1,428,712
– Unsecured	**–**	199,008
	817,841	1,627,720

28 INTEREST-BEARING BORROWINGS (continued)

Bank borrowings of RMB321,325,000 as at March 31, 2020 (March 31, 2019: RMB614,776,000) were secured by standby letters of credit, which are in turn partially secured by pledged deposits of RMB162,003,000 (March 31, 2019: RMB345,863,000) (note 25).

Bank borrowings of RMB298,133,000 as at March 31, 2020 (March 31, 2019: RMB512,532,000) were partially secured by pledged bank deposits of RMB137,248,000 (March 31, 2019: RMB264,693,000) (note 25).

A bank borrowing of RMB198,383,000 as at March 31, 2020 was secured by intra-group guarantee arrangement (March 31, 2019: Nil).

Borrowings by Cithara on behalf of Bosideng Fund in accordance with the Framework Agreement (note 24(c)), amounting to RMB301,404,000 as at March 31, 2019, were fully repaid during the year ended March 31, 2020.

Further details of the Group's management of liquidity risk are set out in note 37(b).

29 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to IFRS 16:

	At March 31, 2020		At April 1, 2019 (Note)	
	Present value of the minimum lease payments RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**260,825**	**270,807**	87,914	90,254
After 1 year but within 2 years	**224,156**	**236,987**	80,150	85,779
After 2 years but within 5 years	**213,448**	**245,201**	54,538	61,797
After 5 years	**37,683**	**50,497**	–	–
	475,287	**532,685**	134,688	147,576
	736,112	**803,492**	222,602	237,830
Less: total future interest expenses		**(67,380)**		(15,228)
Present value of lease liabilities		**736,112**		222,602

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at April 1, 2019 to recognize lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Further details on the impact of the transition to IFRS 16 are set out in note 3.

30 TRADE AND OTHER PAYABLES

	At March 31,	
	2020	2019
	RMB'000	RMB'000
Trade payables	**519,489**	549,237
Bills payables	**1,310,192**	666,486
	1,829,681	1,215,723
Other payables and accrued expenses		
– Deposits from customers	**234,898**	244,264
– Contract liabilities	**237,584**	239,344
– Construction payables	**170,015**	138,234
– Accrued advertising expenses	**122,981**	34,983
– Accrued payroll, welfare and bonus	**203,285**	278,284
– Cash-settled written put option (note 31)	**42,798**	52,674
– VAT and other tax payable	**195,914**	140,061
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**41,840**	57,281
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	**4,402**	4,402
– Payables in relation to unvested restricted shares (note 36(a))	**4,662**	21,916
– Interest payable in relation to convertible bonds	**5,590**	–
– Amount due to brokers (i)	**–**	131,191
– Others	**142,656**	136,304
	3,241,306	2,699,661

(i) Amounts due to brokers mainly represented the amount payable for purchase of other financial assets not yet settled to the brokers (note 24 (c)).

30 TRADE AND OTHER PAYABLES (continued)

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

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

	At March 31, 2020 RMB'000	2019 RMB'000
Within 1 month	**1,677,174**	1,076,675
1 to 3 months	**152,507**	139,048
	1,829,681	1,215,723

31 DERIVATIVE FINANCIAL LIABILITIES

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Jessie") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement, the Group granted a written put option to Talent Shine International Limited, the non-controlling shareholder of Jessie, giving it the right to sell its entire 30% interest in Jessie after March 31, 2015 at a consideration which comprises cash and a variable number of shares of Bosideng. The consideration for exercising the put option depends on Jessie's adjusted net profit for the previous financial year and in total shall not exceed RMB900,000,000. The put option was not yet exercised by Talent Shine International Limited as at March 31, 2020.

As at March 31, 2020, the present value of the redemption price of the cash settled portion of the written put option of RMB42,798,000 was recorded as a current payable (March 31, 2019: RMB52,674,000). The decrease of RMB9,876,000 during the year was recorded as a decrease of other reserves.

As at March 31, 2020, the fair value of the share settled portion of the written put option was RMB533,000 (March 31, 2019: RMB2,289,000), and the gain on fair value change of RMB1,756,000 (note 10) was recognized in profit or loss (2019: loss on fair value change of RMB2,289,000).

32 CONVERTIBLE BONDS

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
At March 31, 2019	–	–	–
Upon issue of convertible bonds	1,663,346	260,857	1,924,203
Bonds issue cost	(22,424)	(3,517)	(25,941)
Effective interest expense for the year	19,919	–	19,919
Exchange adjustment	15,644	3,236	18,880
At March 31, 2020	1,676,485	260,576	1,937,061

Liability component

	At March 31, 2020 RMB'000	2019 RMB'000
Carrying amount of liability component	**1,676,485**	–
Less: interest payable due within 1 year (note 30)	**(5,590)**	–
Convertible bonds – non-current portion	**1,670,895**	–

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

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

- subject to redemption options pursuant to the terms and conditions of the Subscription Agreement, conversion rights are exercisable at any time from January 27, 2020 to December 7, 2024 (both days inclusive) at the bondholders' option;
- at the initial conversion price being HKD4.91 per share (subject to adjustments in the manner provided in the terms and conditions of the Subscription Agreement), with a fixed exchange rate of HKD7.8287 to USD1; and
- the number of ordinary shares to be issued on exercise of a conversion right shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the conversion price in effect on the relevant conversion date.

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

33 NON-CURRENT OTHER PAYABLES

	At March 31, 2020 RMB'000	2019 RMB'000
Payables in relation to equity-settled share-based transactions (note 36(a))	–	4,606

34 INVESTMENT IN SUBSIDIARIES

(a) Subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
1. Enterprises established outside the PRC						
1) Down segment and OEM management						
Bosideng International Fashion Limited 波司登國際服飾有限公司	BVI, July 11, 2006 Limited company	USD1	100%	100%	–	Investment holding and distribution of down apparels
Golden Progress Limited 金浩進有限公司	Hong Kong, October 12, 2015 Limited company	HKD1	100%	–	100%	Investment holding
Delight Kingdom Group Limited 景勵集團有限公司	BVI, January 3, 2017 Limited Company	USD100	100%	–	100%	Investment holding
Bosideng UK Limited 波司登（英國）有限公司	United Kingdom, October 27, 2010 Limited company	GBP1	100%	–	100%	Sourcing and distribution of down apparels
Bosideng Retail Limited 波司登零售有限公司	United Kingdom, March 23, 2012 Limited company	GBP8,000,000	100%	–	100%	Sourcing and distribution of down apparels
Rocawear (China) Limited 洛卡（中國）有限公司	Hong Kong, July 2, 2009 Limited company	USD100	100%	–	100%	Investment holding

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
2) Ladieswear apparels						
Jessie International Holdings Limited 杰西國際控股有限公司	BVI, September 20, 2011 Limited company	USD1	100%	–	100%	Investment holding
Joy Smile Development Limited 欣悦發展有限公司	BVI, June 15, 2015 Limited company	USD2	100%	–	100%	Investment holding
Kandy E-Incorporation Limited 康德藝有限公司	Hong Kong, September 11, 2014 Limited company	HKD1	100%	–	100%	Investment holding
Hong Kong Bestmate Limited 香港美滿有限公司	Hong Kong, July 8, 2011 Limited company	HKD10,000	70%	–	100%	Provision of service for brand design and development
Sunny Bright Global Investments Limited 朗輝環球投資有限公司	BVI, August 8, 2011 Limited company	USD50,000	70%	–	70%	Investment holding
Talent Shine Limited 廸暉有限公司	Hong Kong, April 10, 2007 Limited company	HKD10,000	70%	–	70%	Investment holding
Union Techwell Development Limited 聯得發展有限公司	BVI, February 8, 2012 Limited company	USD50,000	91%	–	100%	Investment holding
HeYuan (Hongkong) Industrial Limited 和元(香港)實業有限公司	Hong Kong, January 18, 2013 Limited company	HKD10,000	91%	–	100%	Investment holding
HeYuan (Hongkong) Fashion Design Limited 和元(香港)時裝設計有限公司	Hong Kong, January 18, 2013 Limited company	RMB39,500,000	91%	–	100%	Provision of service for brand design and development

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
New Prosperous Trading Development Limited 新富貿易發展有限公司	BVI, July 3, 2012 Limited company	USD50,000	91%	–	100%	Investment holding
BuouBuou International Holdings Limited 邦寶國際控股有限公司	BVI, March 13, 2014 Limited company	USD60,000	91%	–	100%	Investment holding
3) Diversified apparels						
Ying Fai Int'l Investment Limited 盈輝國際投資有限公司	BVI, June 2, 2008 Limited company	USD10,000	100%	–	100%	Investment holding
Long Pacific (H.K.) Ltd. 長隆(香港)有限公司	Hong Kong, May 22, 2008 Limited company	HKD1	100%	–	100%	Investment holding
2. Enterprises established in the PRC						
1) Down segment and OEM management						
Bosideng International Fashion (China) Limited 波司登國際服飾(中國)有限公司	PRC, June 23, 2005 Limited liability company	USD138,000,000	100%	–	100%	Sourcing and distribution of down apparels
Bosideng Down Wear Limited 波司登羽絨服裝有限公司	PRC, March 30, 2006 Limited liability company	USD80,000,000	100%	–	100%	Sourcing and distribution of down apparels
Gaoyou Bosideng Fashion Co., Ltd. 高郵波司登服飾有限公司	PRC, September 13, 2013 Limited liability company	RMB10,000,000	100%	–	100%	Sourcing and distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Jiangsu Bosideng Supply Chain Co., Ltd. 江蘇波司登供應鏈管理有限公司	PRC, June 16, 2014 Limited liability company	RMB50,000,000	100%	–	100%	Providing of logistic and storage service
Shanghai Bosideng Information Technology Co., Ltd. 上海波司登信息科技有限公司	PRC, December 20, 2011 Limited liability company	RMB50,000,000	100%	–	100%	Network consulting and e-business of down and non-down apparels
Shanghai Bosideng Clothing Design and Development Centre Co., Ltd. 上海波司登服裝設計開發中心有限公司	PRC, March 23, 2001 Limited liability company	RMB2,000,000	100%	–	100%	Designing and distribution of down and non-down apparels
Changshu Bosideng Advertising Co., Ltd. 常熟市波司登廣告有限責任公司	PRC, September 12, 1996 Limited liability company	RMB10,000,000	100%	–	100%	Advertisement agency
Xuezhongfei Enterprise Co., Ltd. 雪中飛實業有限公司	PRC, February 8, 2012 Limited liability company	RMB500,000,000	100%	–	100%	Sourcing and distribution of down apparels
Bingjie Fashion Limited 冰潔服飾有限公司	PRC, April 21, 1999 Limited liability company	USD68,000,000	100%	–	100%	Sourcing and distribution of down apparels
Jiangsu Bingjie Fashion Limited 江蘇冰潔時尚服飾有限公司	PRC, February 24, 2016 Limited liability company	RMB9,000,000	70%	–	100%	Sourcing and distribution of down apparels
Kangbo Fashion Limited 康博服飾有限公司	PRC, September 18, 2006 Limited liability company	USD85,000,000	100%	–	100%	Sourcing and distribution of down apparels
Shanghai Shuangyu Fashion Limited 上海雙羽服飾有限公司	PRC, June 28, 2006 Limited liability company	USD68,000,000	100%	–	100%	Sourcing and distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shandong Bingfei Fashion Co., Ltd. 山東冰飛服飾有限公司	PRC, March 5, 2012 Limited liability company	RMB50,000,000	100%	–	100%	Sourcing and distribution of down apparels
Shanghai Bosideng Ricci Fashion Co., Ltd. 上海波司登瑞琦時裝有限公司	PRC, December 10, 2010 Limited liability company	RMB20,000,000	100%	–	100%	Sourcing and distribution of down apparels
Rocawear (Shanghai) Fashion Co., Ltd. 洛卡薇爾(上海)服飾有限公司	PRC, August 28, 2008 Limited liability company	USD10,000,000	100%	–	100%	Sourcing and distribution of down apparels
Shuomingde Investment Co., Ltd. 朔明德投資有限公司	PRC, January 17, 2017 Limited liability company	RMB500,000,000	100%	–	100%	Investment holding
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	PRC, April 11, 2002 Limited liability company	RMB5,000,000	100%	–	100%	Sourcing and distribution of OEM products
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	PRC, April 13, 2009 Limited liability company	RMB200,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Trade Development Co., Ltd. 上海波司登商貿發展有限公司	PRC, November 10, 2011 Limited liability company	RMB200,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Electronic Commerce Co., Ltd. 上海波司登電子商務有限公司	PRC, July 31, 2012 Limited liability company	RMB28,000,000	100%	–	100%	E-commerce of down and non-down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	PRC, November 17, 2009 Limited liability company	RMB50,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Bosideng Technology Co., Ltd. 江蘇波司登科技有限公司	PRC, April 13, 2009 Limited liability company	RMB100,000,000	100%	–	100%	Distribution of down apparels
Changchun Bosideng Xuezhongfei Trading Co., Ltd. 長春波雪貿易有限公司	PRC, May 18, 2010 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Boyu Trading Co., Ltd. 江蘇波羽商貿有限公司	PRC, December 13, 2019 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Tianjin Bosideng Trading Co., Ltd. 天津市波司登貿易有限公司	PRC, February 10, 1999 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Shijiazhuang Bosideng Trading Co., Ltd. 石家莊波司登貿易有限公司	PRC, October 22, 1998 Limited liability company	RMB25,000,000	100%	–	100%	Distribution of down apparels
Taiyuan Bosideng Trading Co., Ltd. 太原市波司登貿易有限公司	PRC, October 16, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Liaoning Bosideng Trading Co., Ltd. 遼寧波司登貿易有限公司	PRC, September 3, 2002 Limited liability company	RMB20,000,000	100%	–	100%	Distribution of down apparels
Beijing Bosideng Trading Co., Ltd. 北京市波司登貿易有限公司	PRC, October 26, 1998 Limited liability company	RMB30,000,000	100%	–	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	PRC, April 30, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Zhengzhou Bosideng Trading Co., Ltd. 鄭州波司登貿易有限公司	PRC, October 9, 1998 Limited liability company	RMB550,000	100%	–	100%	Distribution of down apparels
Xi'an Bosideng Trading Co., Ltd. 西安波司登貿易有限公司	PRC, December 1, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	PRC, November 8, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Lanzhou Bosideng Trading Co., Ltd. 蘭州波司登貿易有限公司	PRC, October 25, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Urumchi Bosideng Trading Co., Ltd. 烏魯木齊波司登貿易有限公司	PRC, October 17, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Chongqing Bosideng Trading Co., Ltd. 重慶波司登貿易有限公司	PRC, May 16, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Wuhan Bosideng Trading Co., Ltd. 武漢波司登貿易有限公司	PRC, November 4, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Hangzhou Bosideng Trading Co., Ltd. 杭州波司登貿易有限公司	PRC, April 28, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Nanchang Bosideng Trading Co., Ltd. 南昌波司登貿易有限公司	PRC, May 12, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Changsha Bosideng Trading Co., Ltd. 長沙波司登服飾貿易有限公司	PRC, April 25, 2006 Limited liability company	RMB510,000	100%	–	100%	Distribution of down apparels
Xiangyang Bosideng Trading Co., Ltd. 襄陽波司登貿易有限公司	PRC, May 11, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Ji'nan Bosideng Trading Co., Ltd. 濟南波司登貿易有限公司	PRC, October 19, 1998 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Weifang Bosideng Trading Co., Ltd. 濰坊波司登貿易有限公司	PRC, May 15, 2006 Limited liability company	RMB30,000,000	100%	–	100%	Distribution of down apparels
Qingdao Bosideng Trading Co., Ltd. 青島波司登貿易有限公司	PRC, May 8, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Harbin Bosideng Xuezhongfei Trading Co., Ltd. 哈爾濱波雪貿易有限公司	PRC, June 23, 2010 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Kunming Bosideng Trading Co., Ltd. 昆明波司登貿易有限公司	PRC, June 3, 2010 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Hohhot Bosideng Trading Co., Ltd. 呼和浩特市波司登商貿有限責任公司	PRC, May 23, 2011 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Jiangxi Bosideng Marketing Co., Ltd. 江西波司登營銷有限公司	PRC, June 29, 2017 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zhejiang Bosideng Trading Co., Ltd. 浙江波司登商貿有限公司	PRC, December 13, 2019 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
2) Ladieswear apparels						
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	PRC, March 26, 2001 Limited liability company	RMB76,500,000	70%	–	100%	Sourcing and distribution of non-down apparels
Talent Shine Import & Export (Shenzhen) Co., Ltd. 廸輝達進出口(深圳)有限公司	PRC, July 16, 2007 Limited liability company	HKD8,300,000	70%	–	100%	Sourcing and distribution of non-down apparels
Shenzhen Buoubuou Fashion Co., Ltd. 深圳邦寶時尚服飾有限公司	PRC, July 5, 2013 Limited liability company	HKD26,000,000	91%	–	100%	Sourcing and distribution of non-down apparels
Shenzhen Weiyi Garment Processing Co., Ltd. 深圳市唯伊服裝加工有限公司	PRC, May 8, 2015 Limited liability company	RMB3,000,000	91%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Buoubuou Electronic Commerce Co., Ltd. 上海邦寶電子商務有限公司	PRC, November 3, 2014 Limited liability company	RMB10,000,000	91%	–	100%	Sourcing and distribution of non-down apparels
Chongqing Buoubuou Garment Sales Co., Ltd. 重慶邦寶服裝銷售有限公司	PRC, June 25, 2015 Limited liability company	RMB1,000,000	91%	–	100%	Sourcing and distribution of non-down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
You Nuo (Tianjin) Clothing Limited 優諾(天津)服裝有限公司	PRC, August 4, 2014 Limited liability company	RMB30,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Klova (Tianjin) Clothing Limited 柯蘿芭(天津)服裝有限公司	PRC, November 24, 2015 Limited liability company	RMB1,000,000	70%	–	100%	Sourcing and distribution of non-down apparels
Koreano (Tianjin) Clothing Limited 天津柯利亞諾時裝有限公司	PRC, April 20, 1992 Limited liability company	RMB1,650,000	100%	–	100%	Sourcing and distribution of non-down apparels
Luhua (Tianjin) Clothing Limited 盧華(天津)服裝有限公司	PRC, July 1, 2003 Limited liability company	USD4,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
3) Diversified apparels						
Jiangsu Vetallo Garment Co., Ltd. 江蘇威德羅服飾有限公司	PRC, October 13, 2006 Limited liability company	USD35,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Smart Garments Co., Ltd. 江蘇颯美特服飾有限公司	PRC, April 18, 2016 Limited liability company	RMB20,000,000	70%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔時裝服飾有限公司	PRC, July 6, 2016 Limited liability company	RMB10,000,000	70%	–	100%	Sourcing and distribution of non-down apparels

34 INVESTMENT IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shanghai Bosideng Kidswear Co., Ltd. 上海波司登兒童服飾有限公司	PRC, April 28, 2017 Limited liability company	RMB14,000,000	70%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Fanchun Network Technology Co., Ltd. 梵椿（上海）網絡科技有限公司	PRC, May 4, 2018 Limited liability company	RMB30,500,000	35.7%	–	51%	Sourcing and distribution of non-down apparels
Shanghai Pinmeng Kidswear Co., Ltd. 上海品萌兒童服飾有限公司	PRC, May 17, 2018 Limited liability company	RMB30,000,000	35.7%	–	100%	Sourcing and distribution of non-down apparels
Zhejiang Shunchuang Technology Co., Ltd. 浙江順創科技有限公司	PRC, November 1, 2016 Limited liability company	RMB3,050,000	35.7%	–	100%	Sourcing and distribution of non-down apparels
Ningbo Hameng Network Technology Co., Ltd. 寧波哈萌網絡科技有限公司	PRC, October 24, 2018 Limited liability company	RMB4,750,000	35.7%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Snow-Flying Outdoor Co., Ltd. 江蘇雪中飛戶外用品有限公司	PRC, May 20, 2016 Limited liability company	RMB16,900,000	100%	–	100%	Sourcing and distribution of non-down apparels

i) The English translation of the names of the companies registered in the PRC above is for reference only. The official names of these companies are in Chinese.

As at March 31, 2020 and 2019, none of the Group's subsidiaries have non-controlling interests that are material to the Group's consolidated financial statements.

34 INVESTMENT IN SUBSIDIARIES (continued)

(b) A trust for the share award scheme (the "Trust")

On September 23, 2011, the Company adopted a share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares. The Share Award Scheme remained in force for a period commencing on September 23, 2011 and ended on March 31, 2018.

The Company has appointed a trustee for administration of the Share Award Scheme (the "Trustee"). The principal activity of the Trustee is administrating and holding the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in the Trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of the Company's shares held by the Trustee under the Share Award Scheme will not exceed 10% of the total issued shares of the Company at any time.

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "Awarded Shares") through their continued employment with the Group, the Group is required to consolidate the Trust.

As at March 31, 2020, the Company had contributed RMB142,424,000 (March 31, 2019: RMB86,245,000) to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

During the year ended March 31, 2020, 49,530,000 shares were vested to the employees on August 5, 2019 and 28,140,000 shares were vested to the employees on March 5, 2020 (note 36(a)). As at March 31, 2020, total number of shares held by the Trustee was 50,840,000 (March 31, 2019: 103,310,000) at a total cost (including related transaction costs) of RMB62,200,000 (March 31, 2019: RMB76,863,000).

35 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital RMB'000 (note 35(c))	Share premium RMB'000 (note 35(e))	Capital reserves RMB'000 (note 35(d))	Other reserves RMB'000 (note 32)	Translation reserves RMB'000 (note 35(d))	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2018	803	1,956,903	133,720	–	(862,156)	374,417	1,603,687
Changes in equity for the year:							
Loss for the year	–	–	–	–	–	(53,810)	(53,810)
Equity-settled share-based transactions (note 36)	–	4,454	43,081	–	–	–	47,535
Foreign currency translation differences – foreign operations	–	–	–	–	128,966	–	128,966
Dividends (note 35(b))	–	(428,544)	–	–	–	(320,607)	(749,151)
Balance at March 31, 2019	803	1,532,813	176,801	–	(733,190)	–	977,227
Changes in equity for the year:							
Profit for the year	–	–	–	–	–	1,936,908	1,936,908
Equity-settled share-based transactions (note 36)	12	132,682	(21,041)	–	–	–	111,653
Foreign currency translation differences – foreign operations	–	–	–	–	89,230	–	89,230
Purchases of own shares	(9)	–	–	–	–	(262,304)	(262,313)
Issuance of convertible bonds	–	–	–	260,576	–	–	260,576
Dividends (note 35(b))	–	–	–	–	–	(854,915)	(854,915)
Balance at March 31, 2020	**806**	**1,665,495**	**155,760**	**260,576**	**(643,960)**	**819,689**	**2,258,366**

(b) Dividends

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

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

35 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends (continued)

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

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

(c) Share capital

Movements in the authorized and issued and fully paid share capital of the Company during the years are as follows:

	2020		2019	
	No. of shares ('000)	**USD'000**	No. of shares ('000)	USD'000
Authorized:				
Ordinary shares	**20,000,000**	**200**	20,000,000	200
RMB equivalent ('000)		**1,556**		1,556
Ordinary shares, issued and fully paid:				
At April 1 and March 31	**10,730,520**	**107**	10,688,456	107
RMB equivalent ('000)		**806**		803

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company issued a total number of 165,064,000 new ordinary shares for the vested share options during the year ended March 31, 2020 (see note 36(b)). In addition, the Company repurchased and cancelled a total number of 123,000,000 shares during the year ended March 31, 2020.

35 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital (continued)

Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of USD100, divided into 100 shares of par value of USD1.00 each. Through a series of changes in share capital, the authorized share capital is USD200,000 divided into 20,000,000,000 ordinary shares of USD0.00001 each after the completion of the Hong Kong Public Offering and the International Placing.

Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share RMB	Lowest price paid per share RMB	Aggregated price paid RMB'000
12/2019	25,000,000	2.91	2.51	67,408
01/2020	18,000,000	2.54	2.37	44,970
02/2020	20,000,000	2.34	2.08	44,410
03/2020	60,000,000	1.99	1.45	105,525
				262,313

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves at March 31, 2020 and 2019 represent the value of employee services in respect of shares granted to employees.

(ii) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the entities now comprising the Group which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

(iii) Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC which are dealt with in accordance with the accounting policies as set out in note 4(u).

(iv) Other reserves

The other reserves comprise the cumulative net change in the fair value of financial assets classified as fair value through other comprehensive income until the investments are derecognized or impaired and change in the present value of the redemption price of the cash settled portion of the written put option and the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognized in accordance with the accounting policy adopted for convertible bonds in note 4(p).

35 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, lease liabilities and convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group recognizes right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from April 1, 2019. This caused an increase in the Group's total debts and hence the Group's adjusted net debt-to-capital ratio rose from 5% to 7% on April 1, 2019 when compared to its position as at March 31, 2019.

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods and at the date of transition to IFRS 16 was as follows:

	Note	**At March 31, 2020 RMB'000**	At April 1, 2019 (Note) RMB'000	At March 31, 2019 (Note) RMB'000
Liabilities:				
Interest-bearing borrowings	28	**817,841**	1,627,720	1,627,720
Lease liabilities	29	**736,112**	222,602	–
Convertible bonds	32	**1,676,485**	–	–
Total debts		**3,230,438**	1,850,322	1,627,720
Add: Proposed dividends	35(b)	**589,315**	562,764	562,764
Less: Cash and cash equivalents	27	**(3,638,680)**	(1,754,267)	(1,754,267)
Adjusted net debts		**181,073**	658,819	436,217
Total equity		**10,402,625**	10,102,230	10,108,886
Less: Proposed dividends	35(b)	**(589,315)**	(562,764)	(562,764)
Adjusted capital		**9,813,310**	9,539,466	9,546,122
Adjusted net debt to-capital ratio		**2%**	7%	5%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at April 1, 2019 to recognize lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 3.

36 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme (the "2007 Share Option Scheme") was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the board of directors of the Company on September 15, 2007. As the 2007 Share Option Scheme expired in October 2017, the adoption of a new share option scheme (the "Share Option Scheme") was proposed by the board of directors of the Company on July 26, 2017 and approved by the shareholders on August 25, 2017. The terms of each of the 2007 Share Option Scheme and the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

On September 23, 2011, the Company adopted the Share Award Scheme, which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares.

On August 5, 2016, the Company amended the Share Award Scheme so that (i) directors of the Company shall also be eligible to participate in the Share Award Scheme, subject to the terms of their service agreements or other agreements with the Company or any member of the Company; and (ii) the relevant scheme limits under the Share Award Scheme can be increased, with effect from that date.

At March 31, 2020, the Company had the following share-based payment arrangements.

(a) Restricted shares

(i) On August 5, 2016, the Group granted an aggregate number of 180,900,000 restricted shares to 66 eligible persons who are directors and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.33 per share.

These restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ended March 31, 2018 and 2019, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.33 per share, which shall be refunded if the restricted shares are not vested.

Up to March 31, 2020, a total number of 165,700,000 restricted shares had been vested to 61 persons, including 49,530,000 restricted shares were vested during the year ended March 31, 2020, and as at March 31, 2020, a total number of 15,200,000 restricted shares for 5 persons had been forfeited due to unqualified performance or resignation, but none of which were forfeited during the year ended March 31, 2020. As at March 31, 2020, no more restricted shares were outstanding for vesting (March 31, 2019: 49,530,000).

36 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Restricted shares (continued)

(ii) On March 5, 2018, the Group granted an aggregate number of 80,600,000 restricted shares to 55 eligible persons who are directors and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.34 per share.

57,800,000 of these restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. The remaining 22,800,000 restricted shares vest for a period up to two years, with 50% and 50% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2019, 2020 and ending March 31, 2021 as well as the cumulative performance for the two years ended March 31, 2020 and three years ending March 31, 2021, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.34 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2020, payment for all restricted shares were received by the Group and such payments were recorded as current other payables of RMB4,662,000.

Up to March 31, 2020, 61,860,000 restricted shares had been vested, of which 28,140,000 were vested during the year ended March 31, 2020, and as at March 31, 2020, 2,000,000 restricted shares had been forfeited due to unqualified performance or resignation, but none of which were forfeited during the year ended March 31, 2020. As at March 31, 2020, the remaining number of restricted shares outstanding for vesting was 16,740,000 (March 31, 2019: 44,880,000).

(b) Share Options

(i) On August 5, 2016, the Group granted 180,900,000 share options to 66 selected persons who were directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.71 per share.

These share options are valid for four years, and vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ended March 31, 2018 and 2019.

Up to March 31, 2020, 135,512,000 share options had been exercised, of which 129,616,000 were exercised during the year ended March 31, 2020, and as at March 31, 2020, 15,800,000 share options had been forfeited due to unqualified performance or resignation, but none of which were forfeited during the year ended March 31, 2020. As at March 31, 2020, the remaining number of exercisable share options was 29,588,000 (March 31, 2019: 109,674,000) and no share options were outstanding (March 31, 2019: 49,530,000).

36 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Share Options (continued)

(ii) On March 5, 2018, the Group granted 80,600,000 share options to 55 selected persons who were directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.69 per share.

These share options are valid for four years, and of which 57,800,000 vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year, the remaining 22,800,000 vest for a period up to two years, with 50% and 50% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2019, 2020 and ending March 31, 2021 as well as the cumulative performance for the two years ended March 31, 2020 and three years ending March 31, 2021.

Up to March 31, 2020, 31,768,000 share options had been exercised, all of which were exercised during the year ended March 31, 2020, and as at March 31, 2020, 2,000,000 share options had been forfeited due to unqualified performance or resignation, but none of which were forfeited during the year ended March 31, 2020. As at March 31, 2020, the remaining number of exercisable share options was 30,092,000 (March 31, 2019: 33,720,000) and the number of share options outstanding was 16,740,000 (March 31, 2019: 44,880,000).

(iii) On October 26, 2018, the board of directors of the Group resolved to grant 260,000,000 share options to eligible persons who were directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD1.07 per share.

These share options are valid for ten years, with 30% of the share options to be vested evenly in 9 years commencing from 12 months after October 26, 2018, 30% to be vested evenly in 8 years commencing from 24 months after October 26, 2018, and the remaining 40% to be vested evenly 7 years commencing from 36 months after October 26, 2018, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the 3 years ended March 31, 2019, 2020 and ending March 31, 2021.

Up to March 31, 2020, 3,680,000 share options had been exercised, all of which were exercised during the year ended March 31, 2020, and 9,750,000 share options had been forfeited due to resignation, of which 1,750,000 were forfeited during the year ended March 31, 2020. As at March 31, 2020, the remaining number of exercisable share options was 71,920,000 (March 31, 2019: nil), and the number of share options outstanding was 174,650,000 (March 31, 2019: 260,000,000).

36 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Fair value of restricted shares and share options and assumptions

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the restricted shares granted is measured based on an Asian option model. The discount of lack of marketability ("DLOM") during the lock-up period of the restricted shares is used as one of the key inputs into this model. The key inputs and assumptions used in the model are as follows:

Fair value of restricted shares granted on August 5, 2016 and assumptions

Fair value at grant date	HKD0.3013 ~ 0.3064
Share price at grant date	HKD0.71
Purchase price	HKD0.33
Expected DLOM (weighted average)	10.370% ~ 11.080%
Lock-up period	12 months
Expected dividend	3.660%
Risk-free interest rate (based on government bonds)	0.571% ~ 0.582%

Fair value of restricted shares granted on March 5, 2018 and assumptions

Fair value at grant date	HKD0.295 ~ 0.298
Share price at grant date	HKD0.68
Purchase price	HKD0.34
Expected DLOM (weighted average)	6.221% ~6.603%
Lock-up period	12 months
Expected dividend	2.94%
Risk-free interest rate (based on government bonds)	2.000% ~ 2.349%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as one of the key inputs into this model. Expectations of early exercise and demission rate are incorporated into the binomial lattice model. The key inputs and assumptions used in the model are as follows:

Fair value of share options granted on August 5, 2016 and assumptions

Fair value at grant date	HKD0.1656 ~ 0.1710
Share price at grant date	HKD0.71
Exercise price	HKD0.71
Expected volatility (weighted average)	40.097%
Expected life (weighted average)	4 years
Expected dividend	3.660%
Risk-free interest rate (based on government bonds)	0.577%

36 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Fair value of restricted shares and share options and assumptions (continued)

Fair value of share options granted on March 5, 2018 and assumptions

Fair value at grant date	HKD0.167 ~ 0.170
Share price at grant date	HKD0.68
Exercise price	HKD0.69
Expected volatility (weighted average)	38.36%
Expected life (weighted average)	4 years
Expected dividend	2.94%
Risk-free interest rate (based on government bonds)	1.61%

Fair value of share options granted on October 26, 2018 and assumptions

Fair value at grant date	HKD0.300 ~ 0.365
Share price at grant date	HKD1.07
Exercise price	HKD1.07
Expected volatility (weighted average)	45.31%
Expected life (weighted average)	10 years
Expected dividend	5.012%
Risk-free interest rate (based on government bonds)	2.395%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Both restricted shares and share options were granted under a service condition and certain non-market performance conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the restricted shares and share option grants.

(d) Expense recognized in profit or loss

For details of the related employee benefit expenses, see note 8.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to business risks primarily arising from the weather conditions and competition.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and receivables due from related parties. The Group's exposure to credit risk arising from cash and cash equivalents, pledged bank deposits, deposits with banks, bills receivable and other financial assets is limited because the counterparties are banks, for which the Group considers to have low credit risk.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 1.80% (2019: 2.88%) and 9.42% (2019: 3.42%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at March 31, 2020:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit term	1.86%	857,016	15,902
1 to 3 months past due	5.28%	285,465	15,072
Over 3 months but less than 6 months past due	17.16%	70,208	12,047
Over 6 months but less than 12 months past due	63.56%	40,660	25,842
Over 1 year past due	89.45%	116,138	103,881
		1,369,487	172,744

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(i) Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at March 31, 2019:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit term	1.98%	882,251	17,457
1 to 3 months past due	4.94%	120,560	5,956
Over 3 months but less than 6 months past due	7.50%	17,072	1,281
Over 6 months but less than 12 months past due	45.93%	39,830	18,294
Over 1 year past due	83.14%	108,647	90,330
		1,168,360	133,318

The credit risk exposure of the Group as at March 31, 2020 was mainly arising from the receivables from department stores and distributors.

Expected loss rates are based on historical actual loss experience. These rates are adjusted for factors that are specific to the debtors, and to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(i) Trade receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	For the year ended March 31,	
	2020	2019
	RMB' 000	RMB'000
At the beginning of the year	**133,318**	123,325
Provision for impairment of bad and doubtful debts	**81,589**	9,993
Uncollectible amounts written off	**(42,163)**	–
At March 31	**172,744**	133,318

An increase in the gross carrying amount of the trade receivables contributed to the increase in the loss allowance as at March 31, 2020.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no significant concentration of credit risk.

(ii) Other receivables

Credit risk in respect of other receivables is limited since the counterparties are of good reputation and their receivables are settled on a regular basis.

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed there is no significant loss allowance recognized in accordance with IFRS 9 for other receivables as at March 31, 2020.

(iii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

(iv) Other financial assets

Other financial assets are arranged with financial institutions with established credit ratings. Pursuant to the agreements with the financial institutions, there is limited credit risk on the principal amounts, as the majority of these are guaranteed by the financial institutions.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At March 31, 2020						At March 31, 2019				
	Contractual undiscounted cash flow						Contractual undiscounted cash flow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at March 31 RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at March 31 RMB'000
The Group											
Interest-bearing borrowings	823,687	–	–	–	823,687	817,841	1,644,806	–	–	1,644,806	1,627,720
Lease liabilities	270,807	236,987	245,201	50,497	803,492	736,112	–	–	–	–	–
Trade and other payables	3,235,716	–	–	–	3,235,716	3,235,716	2,699,661	–	–	2,699,661	2,699,661
Payables due to related parties	4,831	–	–	–	4,831	4,831	3,638	–	–	3,638	3,638
Convertible bonds	19,484	19,484	2,006,855	–	2,045,823	1,676,485	–	–	–	–	–
Non-current other payables	–	–	–	–	–	–	–	4,855	–	4,855	4,606
	4,354,525	256,471	2,252,056	50,497	6,913,549	6,470,985	4,348,105	4,855	–	4,352,960	4,335,625

As shown in the above analysis, bank loans of the Group amounting to RMB817,841,000 were due to be repaid during the year ending March 31, 2021. The short-term liquidity risk inherent in this contractual maturity date is expected to be addressed after the end of the reporting period by obtaining new loan financing from new and existing lenders.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below:

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing borrowings at the end of the reporting period:

	At March 31, 2020		At March 31, 2019	
	Effective Interest rate	**RMB'000**	Effective Interest rate	RMB'000
Fixed rate borrowings				
Lease liabilities (note 29)	**4.75%**	**(736,112)**	–	–
Convertible bonds (note 32)	**4.30%**	**(1,676,485)**	–	–
		(2,412,597)		–
Variable rate borrowings				
The Group				
Interest-bearing borrowings	**1.50%-3.40%**	**(817,841)**	1.50%-4.00%	(1,627,720)

(ii) Sensitivity analysis

At March 31, 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB8,178,000 (for the year ended March 31, 2019: decreased/increased by approximately RMB15,762,000). Other components of equity would not have been affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as at March 31, 2019.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB have to take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. The Group is exposed to currency risk primarily through bank deposits, trade receivables, prepayments for material and service suppliers and interest-bearing borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Hong Kong Dollars and Japanese Yen.

(i) Exposure to currency risk

The following table details the Group's major exposures at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Renminbi)					
	At March 31, 2020			At March 31, 2019		
	United States Dollars RMB'000	**Hong Kong Dollars RMB'000**	**Japanese Yen RMB'000**	United States Dollars RMB'000	Hong Kong Dollars RMB'000	Japanese Yen RMB'000
Bank deposits	**37,541**	**75,018**	**169**	247,244	53,688	5,127
Trade receivables	**3,073**	**–**	**–**	862	–	–
Prepayments for materials and service suppliers	**35,736**	**–**	**–**	56,959	3	–
Trade payables	**–**	**–**	**–**	135	–	–
Interest-bearing borrowings	**–**	**(321,325)**	**(298,133)**	–	(976,493)	(276,860)
	76,350	**(246,307)**	**(297,964)**	305,200	(922,802)	(271,733)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after tax and retained earnings**	**Effect on other components of equity**	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained earnings	Effect on other components of equity
	%	**RMB'000**	**RMB'000**	%	RMB'000	RMB'000
United States Dollars	**10%**	**± 5,728**	**–**	10%	± 22,894	–
Hong Kong Dollars	**10%**	**∓ 24,631**	**–**	10%	∓ 87,132	–
Japanese Yen	**10%**	**∓ 29,796**	**–**	10%	∓ 27,173	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended March 31, 2019.

(e) Business risk

The Group's primary business is research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, which experiences seasonal fluctuations. As such, the sales volumes and revenue in the second half of the financial year are normally substantially higher than those during the first half of the financial year. The Group's financial results are influenced by the weather conditions during the year and the rapidity with which designs are copied by competitors and reproduced at lower prices, as well as by the Group's ability to develop new designs that capture market demand, maintain an effective distribution network, manufacture sufficient quantities to meet cyclical sales, and manage an optimal level of inventories. Based on these factors, the Group may experience significant fluctuations in its future financial results.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group	Fair value measurements as at March 31, 2020 categorized into			
	Fair value at March 31, 2020 RMB'000	Significant observable inputs (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated at FVOCI	118,211	118,211	–	–
Financial assets classified as FVPL	559,598	10	559,588	–
Financial liabilities:				
Derivative financial liabilities (note 31)	533	–	–	533

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The Group	Fair value measurements as at March 31, 2019 categorized into			
	Fair value at March 31, 2019	Significant observable inputs (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated at FVOCI	207,497	207,497	–	–
Debt instruments classified as FVOCI	678,624	678,624	–	–
Financial assets classified as FVPL	1,032,253	48,071	984,182	–
Financial liabilities:				
Derivative financial liabilities (note 31)	2,289	–	–	2,289

Valuation techniques and inputs used in level 2 fair value measurements

The fair value of other financial assets in Level 2 is determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

Information about level 3 fair value measurement

The fair value of derivative financial liabilities is determined by using appropriate valuation techniques with significant unobservable inputs.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2020 and 2019.

38 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment and long-term equity investment outstanding at March 31, 2020 not provided for in the consolidated financial statements were as follows:

	At March 31,	
	2020	2019
	RMB'000	RMB'000
Contracted for	**32,275**	19,960
Authorized but not contracted for	**7,085**	–
	39,360	19,960

(b) Operating lease commitments

At March 31, 2019, the total future minimum lease payments under non-cancellable operating lease rentals were payable as follows:

	At March 31,
	2019
	RMB'000
Within 1 year	91,293
After 1 year but within 5 years	112,370
Over 5 years	–
	203,663

The Group is the lessee in respect of a number of properties which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at April 1, 2019 to recognize lease liabilities relating to these leases (see note 3). From April 1, 2019 onwards, future lease payments are recognized as lease liabilities in the statement of financial position in accordance with the policies set out in note 4(h), and the details regarding the Group's future lease payments are disclosed in note 29.

(c) Contingent liabilities

As at March 31, 2020, the Group did not have any significant contingent liabilities.

39 RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

Name of parties	Relationship
Bosideng Corporation Limited (“Bosideng Corporation”) 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family (the “Gao Family”), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. (“Shandong Kangbo Property”) 山東康博置業有限公司(「山東康博置業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. (“Shandong Kangbo Industrial”) 山東康博實業有限公司(「山東康博實業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. (“Jiangsu Suyong”) 江蘇蘇甬國際貿易有限公司(「江蘇蘇甬」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. (“Jiangsu Kangxin”) 江蘇康欣製衣有限公司(「江蘇康欣」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Changshu Kangbo Landscaping Co., Ltd. (“Changshu Kangbo”) 常熟市康博園林綠化有限公司(「常熟康博」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since April 01, 2014

39 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

	For the year ended March 31,	
	2020	2019
	RMB'000	RMB'000
Purchase of raw materials		
Bosideng Corporation	**2,203**	1,174
Lease and service charges under lease Agreements		
Bosideng Corporation	**29,727**	21,621
Jiangsu Suyong	**1,875**	–
Total	**31,602**	21,621
Processing fee costs		
Bosideng Corporation	**1,252,471**	1,034,312
Shandong Kangbo Industrial	**14,137**	56,463
Jiangsu Kangxin	**65,241**	16,065
Total	**1,331,849**	1,106,840
Processing income		
Bosideng Corporation	**11,844**	11,801
Integrated service fees		
Bosideng Corporation	**13,169**	8,242
Jiangsu Suyong	**2,586**	–
Changshu Kangbo	**59**	182
Total	**15,814**	8,424

Rental expenses for lease of properties

The Group has initially applied IFRS16 as from April 1, 2019. Based on IFRS 16, for the lease of properties from Bosideng Corporation, the Group had recognized a lease liability with the balance of RMB40,491,000, and a right-of-use asset with the balance of RMB39,342,000 as at March 31, 2020. In addition, the Group recorded depreciation of right-of-use asset of RMB13,371,000, interest expense of RMB2,191,000, short-term lease expenses of RMB9,568,000 and other service charges of RMB7,260,000 for the year ended March 31, 2020.

The total amounts of lease payments and service charges paid under the lease arrangement by the Group to Bosideng Corporation and Jiangsu Suyong for the year ended March 31, 2020 were RMB31,602,000 (for the year ended March 31, 2019: RMB21,621,000).

39 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	At March 31, 2020 RMB'000	2019 RMB'000
Other receivables due from:		
Bosideng Corporation	**90,898**	176,666
Shandong Kangbo Industrial	**2,468**	1,689
Jiangsu Kangxin	**3,458**	488
Total receivables due from related parties	**96,824**	178,843
Other payables due to:		
Bosideng Corporation	**4,793**	3,355
Jiangsu Kangxin	**–**	192
Changshu Kangbo	**38**	91
Total payables due to related parties	**4,831**	3,638

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At March 31, 2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		**11**	88
Investment in and amount due from subsidiaries		**2,153,651**	985,228
		2,153,662	985,316
Current assets			
Trade, bills and other receivables		**41,130**	41,583
Dividends due from a subsidiary		**1,722,388**	1,636,914
Cash and cash equivalents		**958,088**	275,744
		2,721,606	1,954,241
Current liabilities			
Interest-bearing borrowings		**817,841**	1,014,295
Trade and other payables		**128,166**	948,035
		946,007	1,962,330
Net current assets/(liabilities)		**1,775,599**	(8,089)
Total assets less current liabilities		**3,929,261**	977,227
Non-current liabilities			
Convertible bonds		**1,670,895**	–
Net assets		**2,258,366**	977,227
Capital and reserves			
Share capital	35(c)	**806**	803
Reserves	35(d)	**2,257,560**	976,424
Total equity		**2,258,366**	977,227

41 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2020 to be Bosideng Holdings Group Co., Ltd., which is incorporated in the PRC.

42 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

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

43 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the change in accounting policies are disclosed in note 3.

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended March 31, 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after (unless specified)
Amendments to References to Conceptual Framework in IFRS Standards	January 1, 2020
Amendments to IFRS 3, *Definition of a business*	January 1, 2020
Amendments to IAS 1 and IAS 8, *Definition of material*	January 1, 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial Statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang (Chairman and CEO) *(Notes 1 & 2)*
Ms. Mei Dong
Ms. Huang Qiaolian
Mr. Rui Jinsong
Mr. Gao Xiaodong

Independent Non-executive Directors

Mr. Dong Binggen *(Notes 1, 2 & 3)*
Mr. Wang Yao *(Notes 1, 2 & 3)*
Dr. Ngai Wai Fung *(Note 3)*

COMPANY SECRETARY

Ms. Liang Shuang

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Ms. Liang Shuang

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

Email: bosideng_ir@bosideng.com
Tel: (852) 2866 6918
Fax: (852) 2866 6930

WEBSITES

http://company.bosideng.com
http://www.bosideng.com

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5709, 57/F., The Center
99 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shop 1712-1716, 17 Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers

AUDITOR

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Changshu Sub-branch
Bank of China Limited, Changshu Sub-branch
China Construction Bank Corporation, Changshu Sub-branch
China Minsheng Banking Corp., Ltd., Suzhou Sub-branch
Standard Chartered Bank (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Bank of Communications Co., Ltd., Hong Kong Branch

Notes:

(1) Members of the Remuneration Committee, Mr. Wang Yao is the Chairman of the Remuneration Committee

(2) Members of the Nomination Committee, Mr. Gao Dekang is the Chairman of the Nomination Committee

(3) Members of the Audit Committee, Dr. Ngai Wai Fung is the Chairman of the Audit Committee

SHAREHOLDER INFORMATION

IMPORTANT DATES

Closure of Register of Members

August 18, 2020 to August 21, 2020
(for attending the AGM) (both days inclusive)

August 27, 2020 to August 31, 2020
(for entitlement to the final dividend) (both days inclusive)

ANNUAL GENERAL MEETING

On or around August 21, 2020

DIVIDENDS

Final dividend	:	HKD6.0 cents per Share
Payable on	:	On or around September 15, 2020

Financial Year End

March 31

Board Lot

2,000 Shares

DEFINITIONS

Terms	Definitions
"2007 Share Option Scheme"	the share option scheme adopted by the Company on September 15, 2007, which was expired in October 2017
"2011 Share Award Scheme"	the share award scheme adopted by the Company on September 23, 2011, which was expired on March 31, 2018
"AGM"	the forthcoming annual general meeting of the Company
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Board Diversity Policy"	the board diversity policy of the Company adopted by the Board
"CEO"	the chief executive officer of the Company
"Chairman"	the chairman of the Board
"CIAM"	CITIC International Assets Management Limited
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Bosideng International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 10, 2006
"Company Secretary"	the company secretary of the Company
"Conversion Share(s)"	the Share(s) to be issued by the Company upon conversion of the Convertible Bonds
"Convertible Bond(s)"	the convertible bonds with an initial aggregate principal amount of USD275,000,000 with a coupon of 1.00 per cent. due 2024 issued by the Company on December 17, 2019
"Directors"	director(s) of the Company
"COVID-19"	the coronavirus disease
"Dividend Policy"	the dividend policy of the Company adopted by the Board
"European dollar"	the lawful currency of the European Union

"Financial Statements"	the audited financial statements of the Group for the Year
"Framework Integrated Service Agreement"	the framework integrated service agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, pursuant to which the Parent Group agreed to provide various ancillary services to the Group
"Framework Manufacturing Outsourcing and Agency Agreement"	the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, pursuant to which the Group agreed to outsource its manufacturing process of down apparel, OEM products and/or its down related materials to the Parent Group on a non-exclusive basis
"Group"	the Company and its subsidiaries
"HKD" or "HK dollars" and "HK cents"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"ITC SPC"	IC International Company Limited
"Japanese yen"	the lawful currency of Japan
"Latest Practicable Date"	the latest practicable date prior to the printing of this annual report
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MPF Scheme"	the Mandatory Provident Fund Scheme, a defined contribution scheme managed by an independent trustee
"New Surplus"	New Surplus International Investment Limited
"Nomination Committee"	the nomination committee of the Company
"ODM"	original design manufacturing
"OEM"	original equipment manufacturing
"Options"	the share options of the Group granted under the 2007 Share Option Scheme and the Share Option Scheme
"Parent Group"	Mr. Gao Dekang and his associates (other than the members of the Group)
"Pound sterling"	the lawful currency of the United Kingdom
"PRC" or "China"	the People's Republic of China

"Prospectus"	the prospectus of the Company dated September 27, 2007
"Remuneration Committee"	the remuneration committee of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of USD0.00001 each
"Share Award Scheme"	the share award scheme adopted by the Company on April 23, 2020
"Share Option Scheme"	the share option scheme adopted by the Company on August 25, 2017
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription and issue of the Convertible Bonds pursuant to the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated December 4, 2019 entered into between the Company and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers, in relation to, among other things, the Subscription
"USD" or "US dollars"	the lawful currency of the United States
"Year"or "FY2019/20"	the year ended March 31, 2020
"%"	percentage

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波司登
BOSIDENG

Bosideng International Holdings Limited
Incorporated in the Cayman Islands with limited liability
Stock Code: 3998

company.bosideng.com
www.bosideng.com