波司登
BOSIDENG

波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2023

HIGHLIGHTS

- Revenue increased by 3.5% to approximately RMB16,774.2 million as compared to that of last year
- Gross profit margin slightly decreased by 0.6 percentage points to approximately 59.5% as compared to that of last year
- Profit from operations increased by 10.0% to approximately RMB2,826.4 million as compared to that of last year
- Profit attributable to equity shareholders of the Company increased by 3.7% to approximately RMB2,138.6 million as compared to that of last year
- The Board proposed a final dividend of HKD13.5 cents per ordinary share

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Bosideng International Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended March 31, 2023 (the "**Year**" or "**FY2022/23**"), together with the comparative figures for the year ended March 31, 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended March 31, 2023
(Expressed in Renminbi)

		For the year ended March 31,	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*3*	**16,774,220**	16,213,608
Cost of sales		**(6,798,344)**	(6,476,429)
Gross profit		**9,975,876**	9,737,179
Other income	*4*	**309,583**	273,975
Selling and distribution expenses		**(6,124,697)**	(6,171,208)
Administrative expenses		**(1,204,017)**	(1,203,133)
Impairment losses on goodwill	*10*	**(118,000)**	(40,000)
Other expenses		**(12,373)**	(27,966)
Profit from operations		**2,826,372**	2,568,847
Finance income		**293,214**	315,998
Finance costs		**(209,977)**	(198,608)
Net finance income	*6*	**83,237**	117,390
Share of losses of associates and joint ventures		**(22,296)**	(14,089)
Profit before taxation		**2,887,313**	2,672,148
Income tax	*7*	**(730,930)**	(613,376)
Profit for the year		**2,156,383**	2,058,772

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Other comprehensive income for the year:		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("**FVOCI**") (after tax) – net movement in fair value reserve (non-recycling)	**(16,483)**	81,794
	(16,483)	81,794
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside Mainland China	**(107,083)**	37,326
	(107,083)	37,326
Other comprehensive income for the year	**(123,566)**	119,120
Total comprehensive income for the year	**2,032,817**	2,177,892

	Note	For the year ended March 31, **2023** *RMB'000*	2022 *RMB'000*
Profit/(loss) attributable to:			
Equity shareholders of the Company		**2,138,574**	2,062,323
Non-controlling interests		**17,809**	(3,551)
Profit for the year		**2,156,383**	2,058,772
Total comprehensive income attributable to:			
Equity shareholders of the Company		**2,015,008**	2,181,443
Non-controlling interests		**17,809**	(3,551)
Total comprehensive income for the year		**2,032,817**	2,177,892
Earnings per share	*8*		
– basic (RMB cents)		**19.75**	19.14
– diluted (RMB cents)		**19.29**	18.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at March 31, 2023
(Expressed in Renminbi)

	Note	At March 31, 2023	2022
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,727,741**	1,758,082
Right-of-use assets	*9*	**978,126**	1,121,890
Intangible assets and goodwill	*10*	**1,342,278**	1,496,159
Interest in associates		**66,071**	41,864
Interest in joint ventures		**169,470**	94,107
Investment properties		**262,514**	266,280
Prepayments		**5,498**	13,332
Other financial assets	*14*	**169,738**	173,827
Deferred tax assets		**649,092**	611,458
Pledged bank deposits		**500,117**	770,000
Time deposits		**350,000**	200,000
		6,220,645	6,546,999
Current assets			
Inventories	*11*	**2,689,283**	2,688,186
Trade and bills receivables	*12*	**922,985**	1,236,748
Deposits, prepayments and other receivables	*13*	**1,355,434**	1,281,234
Amounts due from related parties		**142,808**	200,268
Other financial assets	*14*	**4,069,019**	6,521,270
Pledged bank deposits		**528,115**	182,148
Time deposits		**1,296,184**	124,300
Cash and cash equivalents		**3,718,211**	2,502,563
		14,722,039	14,736,717

	Note	At March 31, 2023 RMB'000	2022 RMB'000
Current liabilities			
Current income tax liabilities		**669,005**	620,299
Interest-bearing borrowings		**770,406**	933,950
Lease liabilities		**263,945**	269,526
Trade and other payables	*15*	**4,346,472**	4,777,954
Amounts due to related parties		**4,074**	8,373
		6,053,902	6,610,102
Net current assets		**8,668,137**	8,126,615
Total assets less current liabilities		**14,888,782**	14,673,614
Non-current liabilities			
Deferred tax liabilities		**142,388**	166,166
Lease liabilities		**525,859**	627,590
Convertible bonds	*16*	**1,603,110**	1,599,598
Other non-current liabilities		**13,056**	53,820
		2,284,413	2,447,174
Net assets		**12,604,369**	12,226,440
Capital and reserves			
Share capital		**818**	817
Reserves		**12,546,293**	12,192,286
Equity attributable to equity shareholders of the Company		**12,547,111**	12,193,103
Non-controlling interests		**57,258**	33,337
Total equity		**12,604,369**	12,226,440

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 ("**Listing Rules**") on the Stock Exchange.

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

(b) Basis of measurement

The consolidated financial statements for the year ended March 31, 2023 comprise the Group and the Group's interest in associates and joint ventures.

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

– investments in equity securities.

(c) Changes in accounting policies

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

Amendments to IAS 16, *Property, plant and equipment*: *Proceeds before intended use*

Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these 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 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 apparels segment carries on the business of sourcing and distributing branded down apparels and certain brand authorization.

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

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

- Diversified apparels – The diversified apparels segment carries on the business of sourcing and distributing non-seasonal apparels, including 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,	
	2023	2022
	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	**16,603,642**	16,049,321
– Royalty income	**167,037**	158,130
Revenue from other sources		
Gross rentals from investment properties	**3,541**	6,157
Consolidated revenue	**16,774,220**	16,213,608

All revenue was recognized at point in time.

(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, share of losses of associates and joint ventures, 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 and revenue from other sources by the information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended March 31, 2023 and 2022 is set out below.

	For the year ended March 31, 2023				
	Down apparels	**OEM management**	**Ladieswear apparels**	**Diversified apparels**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers	**13,574,497**	**2,294,134**	**702,953**	**202,636**	**16,774,220**
Inter-segment revenue	**15,612**	**46,986**	**–**	**24,505**	**87,103**
Reportable segment revenue	**13,590,109**	**2,341,120**	**702,953**	**227,141**	**16,861,323**
Reportable segment profit/(losses)	**2,688,571**	**306,054**	**(50,681)**	**5,269**	**2,949,213**
Amortization of intangible assets	**–**	**–**	**(35,881)**	**–**	**(35,881)**
Impairment losses on goodwill	**–**	**–**	**(118,000)**	**–**	**(118,000)**

	For the year ended March 31, 2022				
	Down apparels	OEM management	Ladieswear apparels	Diversified apparels	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	13,222,966	1,901,321	903,679	185,642	16,213,608
Inter-segment revenue	30,418	43,421	–	18,265	92,104
Reportable segment revenue	13,253,384	1,944,742	903,679	203,907	16,305,712
Reportable segment profit	2,348,089	216,395	54,690	20,408	2,639,582
Amortization of intangible assets	–	–	(35,881)	–	(35,881)
Impairment losses on goodwill	–	–	(40,000)	–	(40,000)

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

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**16,861,323**	16,305,712
Elimination of inter-segment revenue	**(87,103)**	(92,104)
Consolidated revenue	**16,774,220**	16,213,608

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Profit before taxation		
Reportable segment profit	**2,949,213**	2,639,582
Amortization expenses	**(35,881)**	(35,881)
Government grants	**309,583**	273,975
Impairment losses on goodwill	**(118,000)**	(40,000)
Share of losses of associates and joint ventures	**(22,296)**	(14,089)
Finance income	**293,214**	315,998
Finance costs	**(209,977)**	(198,608)
Unallocated expenses	**(278,543)**	(268,829)
Consolidated profit before taxation	**2,887,313**	2,672,148

4 OTHER INCOME

		For the year ended March 31,	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Government grants	*(i)*	**309,583**	273,975

(i) The Group received unconditional discretionary grants amounting to RMB309,583,000 for the year ended March 31, 2023 (for the year ended March 31,2022: RMB273,975,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

5 EXPENSE BY NATURE

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

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**6,798,344**	6,476,429
Depreciation		
– assets leased out	**8,663**	8,599
– owned property, plant and equipment	**473,879**	437,457
– right-of-use assets	**431,006**	410,848
Amortization charge		
– intangible assets	**35,881**	35,881
Impairment losses on goodwill	**118,000**	40,000
Lease charge of short-term leases exempt from capitalization under IFRS16	**98,912**	97,028
Variable lease payments	**1,686,852**	1,799,498
Auditors' remuneration	**5,600**	5,600

6 NET FINANCE INCOME

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Recognized in profit or loss:		
Interest income on bank deposits and loan receivable due from a related party	**132,013**	83,289
Interest income on other financial assets measured at amortized cost	**13,676**	39,260
Total interest income on financial assets	**145,689**	122,549
Unrealized/realized net gain in financial assets classified as fair value through profit or loss ("**FVPL**")	**140,451**	181,662
Dividend income	**–**	2,443
Changes in fair value of derivative financial liabilities	**–**	9,344
Net foreign exchange gain	**7,074**	–
Finance income	**293,214**	315,998
Interest on interest-bearing borrowings and discounted bills	**(71,661)**	(53,316)
Interest on convertible bonds *(note 16)*	**(66,886)**	(68,416)
Bank charges	**(23,916)**	(18,329)
Interest expenses on lease liabilities	**(47,514)**	(47,455)
Net foreign exchange loss	**–**	(11,092)
Finance costs	**(209,977)**	(198,608)
Net finance income recognized in profit or loss	**83,237**	117,390

7 INCOME TAX

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for income tax for the year	**786,848**	685,608
Deferred tax		
Origination of temporary differences	**(55,918)**	(72,232)
	730,930	613,376

(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, 2023 and 2022.

(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 Hong Kong 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, 2023 and 2022.

For the year ended March 31, 2023, 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 You Nuo (Tianjin) Clothing Limited ("**You Nuo**"), a clothing enterprise in the PRC. Shanghai Bosideng Information Technology Co., Ltd. was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2022, and You Nuo was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2020.

(iv) Under the Enterprise Income Tax Law ("**EIT Law**") and its relevant regulations, dividends receivable by non-PRC resident enterprises from PRC resident enterprises for earnings accumulated beginning on January 1, 2008 are subject to withholding tax at a rate of 10% unless reduced by tax treaties or agreements. Under the tax arrangement between the mainland China and the Hong Kong Special Administrative Region of the PRC, 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, 2023, considering a crystallisation of deferred tax liabilities of RMB24,000,000 (2022: RMB38,000,000) which has been recognized previously based on management's best estimation, an additional PRC dividend withholding tax of RMB111,210,000 (2022: RMB67,703,000) was provided against the dividend distributed during the year and to be distributed in the foreseeable future out of earnings of PRC subsidiaries.

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

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

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Profit before taxation	**2,887,313**	2,672,148
Income tax at the applicable PRC income tax rate of 25%	**721,828**	668,037
Tax effect of unused tax losses and temporary differences not recognized, net of utilization	**(11,808)**	(18,235)
Tax effect of non-deductible expenses	**26,781**	13,659
Effect of tax concessions of PRC operations	**(5,511)**	(16,024)
Effect of tax rate difference under different tax jurisdictions	**5,880**	2,785
Effect of tax benefit from intrinsic value of share options exercised and restricted shares vested *(note 7(a)(v))*	**(104,831)**	(94,730)
Effect of share of losses of associates and joint ventures	**3,297**	2,360
Effect of PRC dividend withholding tax *(note 7(a)(iv))*	**111,210**	67,703
Others	**(15,916)**	(12,179)
Income tax	**730,930**	613,376

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2023 is based on the profit attributable to equity shareholders of the Company of RMB2,138,574,000 for the year ended March 31, 2023 (2022: RMB2,062,323,000) and the weighted average number of ordinary shares in issue during the years ended March 31, 2023 and 2022, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2023	2022
	'000	*'000*
Issued ordinary shares at the beginning of the year	**10,814,501**	10,708,180
Effect of treasury shares purchased for the Share Award Scheme	**–**	(191)
Effect of restricted shares vested	**6,097**	16,363
Effect of share options exercised	**5,241**	52,359
Weighted average number of ordinary shares	**10,825,839**	10,776,711
Basic earnings per share (RMB cents)	**19.75**	19.14

(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 RMB2,205,460,000 (2022: RMB2,130,739,000), after adjusting for the effective interest on the liability component of convertible bonds of RMB66,886,000 (2022: RMB68,416,000), and the weighted average number of ordinary shares of 11,435,784,000 (2022: 11,343,805,000 shares), after adjusting for the effect of the Company's share-based payment arrangements and the effect of conversion of convertible bonds, as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2023	2022
	'000	*'000*
Weighted average number of ordinary shares (basic)	**10,825,839**	10,776,711
Effect of share-based payment arrangements	**121,734**	90,790
Effect of conversion of convertible bonds	**488,211**	476,304
Weighted average number of ordinary shares (diluted)	**11,435,784**	11,343,805
Diluted earnings per share (RMB cents)	**19.29**	18.78

9 RIGHT-OF-USE ASSETS

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

	Properties leased for own use *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*
Cost:			
At April 1, 2021	1,194,231	186,625	1,380,856
Additions	727,571	–	727,571
Transfer to investment properties	–	(4,120)	(4,120)
Disposals	(73,860)	–	(73,860)
At March 31, 2022 and April 1, 2022	1,847,942	182,505	2,030,447
Additions	344,944	–	344,944
Disposals	(106,873)	–	(106,873)
At March 31, 2023	2,086,013	182,505	2,268,518
Accumulated depreciation:			
At April 1, 2021	(511,971)	(18,327)	(530,298)
Charge for the year	(405,250)	(5,598)	(410,848)
Transfer to investment properties	–	3,360	3,360
Disposals	29,229	–	29,229
At March 31, 2022 and April 1, 2022	(887,992)	(20,565)	(908,557)
Charge for the year	(425,422)	(5,584)	(431,006)
Disposals	49,171	–	49,171
At March 31, 2023	(1,264,243)	(26,149)	(1,290,392)
Net book Value			
At March 31, 2023	821,770	156,356	978,126
At March 31, 2022	959,950	161,940	1,121,890

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

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights (i)	**5,584**	5,598
Properties leased for own use (ii)	**425,422**	405,250
	431,006	410,848
Interest on lease liabilities *(note 6)*	**47,514**	47,455
Lease charge of short-term leases exempt from capitalization under IFRS 16	**98,912**	97,028
Variable lease payments (iii)	**1,691,453**	1,802,538
COVID-19-related rent concessions in the form of a discount on fixed lease payments	**(4,601)**	(3,040)

During the year ended March 31, 2023, additions to right-of-use assets were RMB344,944,000. This amount primarily related to the capitalized lease payments payable under new tenancy agreements.

(i) Land use rights

Land in respect of land use rights are all located in the PRC with a lease period of 41 to 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 13 years.

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

(iii) Variable lease payments

During the year ended March 31, 2023, the Group received rent concessions in the form of waiver of variable lease payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of rent concessions on variable lease payments was RMB13,260,000 (2022: RMB18,663,000), which have been accounted for as a deduction from variable lease payments recognized in profit or loss.

10 INTANGIBLE ASSETS AND GOODWILL

	Goodwill *RMB'000*	Customer relationships *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
Cost:				
At March 31, 2021, 2022 and 2023	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2021	(600,741)	(630,661)	(187,326)	(1,418,728)
Amortization charge for the year	–	(4,191)	(31,690)	(35,881)
Impairment losses	(40,000)	–	–	(40,000)
At March 31, 2022	(640,741)	(634,852)	(219,016)	(1,494,609)
Amortization charge for the year	–	(4,191)	(31,690)	(35,881)
Impairment losses	(118,000)	–	–	(118,000)
At March 31, 2023	(758,741)	(639,043)	(250,706)	(1,648,490)
Net book value:				
At March 31, 2023	949,410	9,779	383,089	1,342,278
At March 31, 2022	1,067,410	13,970	414,779	1,496,159

Customer relationships and trademarks acquired in the business combination were identified and recognized as intangible assets with definite useful lives and carried at historical cost with amortization. The amortization charge of customer relationships and trademarks for the year is included in "selling and distribution expenses" in the consolidated statement of profit or loss and other comprehensive income.

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, customer relationships, trademarks and goodwill are allocated to the Group's cash generating units ("**CGUs**") according to the Group's operating divisions.

The management of the Group engaged an external valuer to conduct an impairment test to determine the recoverable amounts of each of the above CGUs containing intangible assets and goodwill as at March 31, 2023.

The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by the management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU, respectively, were determined using a pre-tax discount rate with a range from 17.1% to 17.3%.

Based on assessments using the discounted cashflow forecast method, the businesses of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU were under-performed. According to the valuation reports issued by the external valuer on June 14, 2023, the recoverable amounts of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU as at March 31, 2023 were RMB522,411,000, RMB490,676,000 and RMB603,632,000, respectively. As a result, impairment losses of RMB9,800,000, RMB88,600,000 and RMB19,600,000 were recognized for JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU, respectively. Therefore, a total impairment loss of RMB118,000,000 has been recognized in the profit or loss account for the year ended March 31, 2023 (March 31, 2022: RMB40,000,000). The impairment losses were fully allocated to goodwill.

The aggregate carrying amount of goodwill allocated to each CGU is as follows:

	At March 31,	
	2023	2022
	RMB'000	*RMB'000*
Gross value		
Menswear	**292,741**	292,741
Ladieswear – *JESSIE* brand	**484,312**	484,312
Ladieswear – *BUOU BUOU* brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	**(292,741)**	(292,741)
Ladieswear – *JESSIE* brand	**(160,800)**	(151,000)
Ladieswear – *BUOU BUOU* brand	**(250,600)**	(162,000)
Ladieswear – Tianjin Ladieswear	**(54,600)**	(35,000)
	(758,741)	(640,741)
Net value		
Menswear	**–**	–
Ladieswear – *JESSIE* brand	**323,512**	333,312
Ladieswear – *BUOU BUOU* brand	**274,537**	363,137
Ladieswear – Tianjin Ladieswear	**351,361**	370,961
	949,410	1,067,410

11 INVENTORIES

	At March 31,	
	2023	2022
	RMB'000	*RMB'000*
Raw materials	**878,207**	891,118
Work in progress	**11,930**	23,763
Finished goods	**1,799,146**	1,773,305
	2,689,283	2,688,186

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,	
	2023	2022
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**6,705,518**	6,386,973
Write-down of inventories	**92,826**	89,456
	6,798,344	6,476,429

12 TRADE AND BILLS RECEIVABLES

	At March 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**746,835**	1,235,139
Bills receivable	**263,818**	132,311
Less: loss allowance for doubtful debts	**(87,668)**	(130,702)
	922,985	1,236,748

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB1,010,653,000 as at March 31, 2023 (2022: RMB1,367,450,000).

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

As at March 31, 2023, the Group endorsed certain bank acceptance bills totaling RMB82,791,000 (March 31, 2022: RMB49,194,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB22,512,000 (March 31, 2022: RMB29,640,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Ageing analysis

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

	At March 31,	
	2023	2022
	RMB'000	*RMB'000*
Within credit terms	**809,689**	981,110
1 to 3 months past due	**99,744**	230,693
Over 3 months but less than 6 months past due	**8,423**	13,918
Over 6 months but less than 12 months past due	**3,790**	2,361
Over 1 year past due	**1,339**	8,666
	922,985	1,236,748

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

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31,	
	2023	2022
	RMB'000	*RMB'000*
Deposits	**598,997**	551,870
Prepayments for materials and processing fee	**393,716**	372,386
Prepayments for other services	**117,480**	68,967
	511,196	441,353
Third party other receivables:		
– Value-added tax ("**VAT**") recoverable	**169,801**	235,365
– Advances to employees	**43,053**	28,604
– Others	**32,387**	24,042
	245,241	288,011
Total	**1,355,434**	1,281,234

14 OTHER FINANCIAL ASSETS

	Note	At March 31, 2023 RMB'000	2022 RMB'000
Non-current			
Financial assets measured at amortized cost	*(a)*	**51,006**	14,860
Equity securities designated at FVOCI (non-recycling)	*(b)*	**118,732**	140,709
Financial assets classified as FVPL	*(c)*	**–**	18,258
		169,738	173,827
Current			
Financial assets measured at amortized cost	*(a)*	**100,382**	1,154,923
Financial assets classified as FVPL	*(c)*	**3,968,637**	5,366,347
		4,069,019	6,521,270
Total		**4,238,757**	6,695,097

(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 2.29% to 3.03% (March 31, 2022: 1.05% to 5.05%) per annum.

During the year, the interest income derived from investments with banks of RMB13,676,000 (for the year ended March 31, 2022: RMB39,260,000) was recognized as finance income.

(b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. ("**Shuo Ming De**"), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange stock code: 603518) ("**Jinhong Group**") for RMB224,921,000. On May 31, 2019, the shares held by Shuo Ming De increased to 17,057,922 due to the bonus issue of shares made by Jinhong Group. As at March 31, 2023, the shares held by Shuo Ming De were 14,270,699, after the disposal of 2,787,223 shares in July 2021. 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, the changes in fair value of this investment, after tax effect of RMB16,483,000 was recognized as a loss in other comprehensive income (for the year ended March 31, 2022: gain of RMB81,794,000).

No dividend was received on this investment during the year ended March 31, 2023 (for the year ended March 31, 2022: nil).

(c) As at March 31, 2023, financial assets classified as FVPL represent listed equity investments of RMB1,193,000 (March 31, 2022: RMB317,000) and investments with banks and other financial institutions of RMB3,967,444,000 (March 31, 2022: RMB5,384,288,000).

(i) Listed equity investments

The listed equity investments held by the Group, other than the investments in Jinhong Group, were classified as FVPL, as the Group plans not to elect option to irrevocably designate as FVOCI (non-recycling) under IFRS 9 and these investments have been classified as FVPL.

During the year, the net realized/unrealized gains of other equity investments held by the Group of RMB297,000 were recognized as a gain in finance income (for the year ended March 31, 2022: RMB5,477,000).

No dividend income has been recognized for the year ended March 31, 2023 (for the year ended March 31, 2022: dividend income of RMB2,443,000 was attributable to the Group's equity investments in certain A-share listed companies).

(ii) Investments with banks and other financial institutions

Investments with banks and other financial institutions represented wealth management products offered by banks and other financial institutions in the PRC. These investments with no guarantee of principal and interest were classified as FVPL. The underlying assets of these wealth management products are a wide range of government and corporate bonds, bank deposits, asset-backed securities, money market funds as well as other listed equity securities, etc. During the year, the net realized/unrealized gain in these investments of RMB140,154,000 was recognized as a gain in finance income (for the year ended March 31, 2022: RMB176,185,000). Neither the single investment nor investment made with the same bank or other financial institution on an aggregate basis accounted for over 5% of the Group's total assets.

15 TRADE AND OTHER PAYABLES

	At March 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**667,461**	571,604
Bills payables	**2,429,863**	2,711,629
	3,097,324	3,283,233
Other payables and accrued expenses		
– Deposits from customers	**165,919**	171,203
– Contract liabilities (i)	**337,427**	270,808
– Construction payables	**176,376**	168,285
– Accrued advertising expenses	**65,323**	112,765
– Accrued payroll, welfare and bonus	**286,475**	297,540
– VAT and other tax payable	**23,145**	151,842
– Payables in relation to acquisition of non-controlling interests in Jessie group	**2,862**	139,795
– Payables in relation to shares disposed of by employees under share-based payment schemes	**17,574**	27,821
– Receipts in advance in relation to unvested restricted shares	**40,764**	33,021
– Interest payable in relation to convertible bonds *(note 16)*	**4,861**	5,008
– Others	**128,422**	116,633
	4,346,472	4,777,954

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 and bills payables, based on the invoice date, is as follows:

	At March 31, **2023** *RMB'000*	2022 *RMB'000*
Within 1 month	**2,891,259**	3,011,170
1 to 3 months	**206,065**	272,063
	3,097,324	3,283,233

(i) The amount of revenue recognized for the year ended March 31, 2023 that was included in the contract liabilities balance at the beginning of the year was RMB270,808,000.

16 CONVERTIBLE BONDS

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
At March 31, 2022	1,604,606	260,576	1,865,182
Redemption	(182,406)	(15,797)	(198,203)
Effective interest expenses for the year	66,886	–	66,886
Interest paid	(18,798)	–	(18,798)
Exchange adjustment	137,683	–	137,683
At March 31, 2023	1,607,971	244,779	1,852,750

Liability component

	At March 31, **2023** *RMB'000*	2022 *RMB'000*
Carrying amount of liability component	**1,607,971**	1,604,606
Less: interest payable due within 1 year *(note 15)*	**(4,861)**	(5,008)
Convertible bonds – non-current portion	**1,603,110**	1,599,598

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

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

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

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

- since the issue of the Convertible Bonds on December 17, 2019, the conversion price has been adjusted six times, according to the announcements issued by the Company dated August 21, 2020, December 3, 2020, August 20, 2021, December 1, 2021, August 22, 2022 and November 24, 2022 respectively, as follows:

Effective date	**Adjustment to conversion price**
August 27, 2020	HKD4.91 per share adjusted to HKD4.73 per share
December 19, 2020	HKD4.73 per share adjusted to HKD4.67 per share
August 26, 2021	HKD4.67 per share adjusted to HKD4.56 per share
December 23, 2021	HKD4.56 per share adjusted to HKD4.52 per share
August 26, 2022	HKD4.52 per share adjusted to HKD4.37 per share
December 16, 2022	HKD4.37 per share adjusted to HKD4.28 per share

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

Pursuant to the terms and conditions of the Convertible Bonds, each holder of the Convertible Bonds has the right to require the Company to redeem all or only some of the Convertible Bonds of such holder on December 17, 2022 (the "**Optional Put Date**") at their principal amount, together with any interest accrued but unpaid up to but excluding such Optional Put Date (if any) by depositing a duly completed and signed notice of redemption (the "**Optional Put Exercise Notice(s)**") not earlier than October 18, 2022 and not later than November 17, 2022. As of November 17, 2022, the Company had received Optional Put Exercise Notices in respect of USD28,400,000 (equivalent to RMB198,203,000) in aggregate principal amount of the Convertible Bonds (the "**Put Bonds**"). Accordingly, the Company redeemed such Put Bonds on December 17, 2022.

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

17 DIVIDENDS

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

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD4.5 cents per ordinary share (2022: interim dividend declared and paid of HKD4.5 cents per ordinary share)	**430,033**	397,665
Final dividend proposed after the end of the reporting period of HKD13.5 cents per ordinary share (2022: HKD13.5 cents per ordinary share)	**1,354,379**	1,256,567
	1,784,412	1,654,232

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

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

	For the year ended March 31,	
	2023	2022
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD13.5 cents per ordinary share (2022: final dividend of HKD10.0 cents per ordinary share)	**1,285,646**	893,614

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2023, the board of directors of the Company proposed a final dividend of HKD1,471,944,000 (approximately RMB1,354,379,000), representing HKD13.5 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

There is no royal road to the summit. It takes courage to get there.

FY2022/23 was a year like no other. To cope with a myriad of uncertainties such as the prolonged pandemic, sluggish demand and depressed exports, the Group was committed to its warmth delivery mission and remained focused on its principal business and firmly adhered to its strategy of driving development with branding. This enhanced its resilience and consolidated the branded down apparels business as its core operation, thus adding impetus to innovation and enhancing its business planning and presence in its strategic development. All these efforts culminated in the Group's steady progress and improvement of quality in terms of key performance indicators, and contributed to the rise of Chinese brands in this new era.

In 2023, economy and society at large have returned to normal. This, coupled with the Chinese government's effective policies to ensure steady economic growth and stimulate domestic demand, has stabilized China's economy for the better and accelerated recovery in domestic demand, thus creating new opportunities for corporations to pursue high-quality development. People's growing desire for a better life is driving the rise of consumption and contributing to the growth of Chinese brands. The Group will stay true to its original aspiration of "warm the whole world" and its strategically important vision of becoming "the world's most respected fashionable and functional apparel group". It will also keep driving its own development with branding, enhancing the single stores' operation, creating value for customers and fulfilling its social responsibility as it gears up for sustainable, high-quality development. Bosideng from China sets the trend as the world's leading down apparel group.

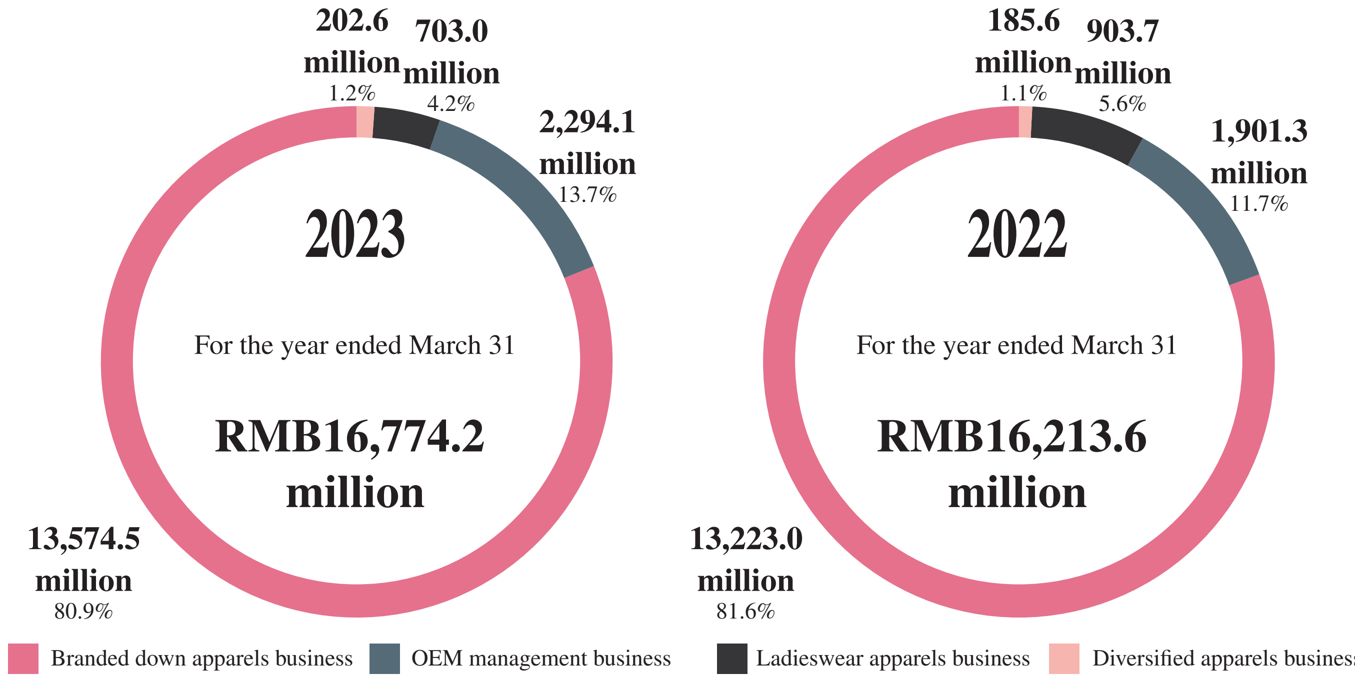
REVENUE ANALYSIS

In FY2022/23, the Group adhered to the strategy of "focusing on its principal business and key brands", and continued to set Bosideng brand's position as the "world's leading expert in down apparel". It also continued to consolidate its four core competencies in "leading brand, innovating products, upgrading channel and adhering to high product quality and quick response" as well as its two security systems in relation to "organization, mechanism, culture and talent development and digital operation". As a result, the Group achieved consistent and quality growth despite the industry's overall downtrend, showing resilience in its development.

In FY2022/23, the Group's revenue amounted to approximately RMB16,774.2 million, representing an increase of approximately 3.5% compared with that in the previous financial year. The branded down apparels business, OEM management business, ladieswear apparels business and diversified apparels business are the Group's main business segments.

The branded down apparels business remained the biggest revenue contributor of the Group, and recorded a revenue of approximately RMB13,574.5 million, accounting for approximately 80.9% of the total revenue, representing an increase of approximately 2.7%. The OEM management business recorded a revenue of approximately RMB2,294.1 million, accounting for approximately 13.7% of the total revenue, representing an increase of approximately 20.7%. The ladieswear apparels business recorded a revenue of approximately RMB703.0 million, accounting for approximately 4.2% of the total revenue, representing a decrease of approximately 22.2%. The diversified apparels business recorded a revenue of approximately RMB202.6 million, accounting for approximately 1.2% of the total revenue, representing an increase of approximately 9.2%.

Revenue by Business



Branded Down Apparels Business:

Positioned as "the world's leading expert in down apparel", the Group took effort to drive its growth with professionalism, evolving from a market leader by sales volume into a globally leading brand in overall strength. To build up its brands, the Group innovates its products with professionalism and aims for breakthroughs in consumer experience. It seeks to improve consumer perception and maximize product sales through brand image enhancement and brand marketing campaigns. To enhance its products, the Group has made breakthroughs by adapting them to different climate changes and scenarios of uses, and has effectively improved and enriched its product offerings through bold innovation. It has also upgraded its product portfolio. In addition, the Group continued to optimize its various sales channels and improve the quality of such sales channels. It focused on building stores in key first-tier and new first-tier cities as well as core business districts. By applying modes of operation specific to different types of retail outlets, the Group has been able to refine management. It also strengthened the operation of each single retail store so as to enhance its business operation capability and operational efficiency.

In FY2022/23, the Bosideng brand under the Group's branded down apparels business recorded a year-on-year increase of 1.2% in revenue to approximately RMB11,762.8 million. The revenue of the whole branded down apparels business segment increased by 2.7% to approximately RMB13,574.5 million on a year-on-year basis.

Brand Building

In FY2022/23, the Group continued to adhere to the strategy of developing itself into the "world's leading expert in down apparel" and forged ahead with the multi-dimensional brand-driven development model. Through "innovation in fashion" and "innovation in functions", the Group conducted large-scale brand promotional campaigns, upgraded visual presentations, enhanced the content of promotional messages and promoted branding and sales interaction to achieve brand upgrading, functional visualization and enhance users' experience in various scenarios. All these efforts have deepened consumers' awareness and recognition of its brands, facilitated brand building and boosted sales.

According to the "Brand Finance Apparel 50 2022" released by Brand Finance, one of the top five international authoritative brand valuation consultancies, the Bosideng brand once again made it to the list, improving its ranking to 48th place in the apparel brand list.

In FY2022/23, the Bosideng brand received a number of recognitions in the industry, including the titles of the "Leader in Retail Volume Sales of Down Apparel Globally" and "The No. 1 Brand in Retail Value Sales Globally" from the industry expert Euromonitor; the Golden Novum Design Award in France for a new line of ultralight down jackets; "US MUSE Design Award" jointly given by American Alliance of Museums and International Awards Associate; the accolades of "2022 Golden Product Design Model" and "2022 New National Product" awarded by the China Business Network; "2022 Annual Hot Down Apparel under Collection for Extreme Cold (2022年極寒系列羽絨服年度熱門羽絨服)" awarded by Sina Fashion; "2022 Xiaohongshu Annual Recommendation Brand Award (2022年小紅書年度種草力品牌大獎)" awarded by Xiaohongshu and "Excellent Innovation Design Award" awarded by the China Feather and Down Industrial Association.

In FY2022/23, Bosideng adhered to its position as a "down apparel expert", and conducted a series of brand events for its ultralight down jackets, product technology upgrades and publicity campaigns through its brand ambassador:

In September 2022, Bosideng's New Generation of Ultralight Down Jackets launch event was held in Shanghai, presenting the new light down jacket collection in a major show, setting off a wave of innovation in the product category. Inspired by different sectors, we boldly created down apparel and classic fashion items that embodied bold imagination and featured innovative down splicing and artistic quilting design. While taking fashion design into account, we overcame the problems of different material splicing technologies and down content, upheld professional standards of lightness and warmth, and successfully innovated more diverse, more fashionable, lighter and warmer down apparel for the seasons of spring, autumn and winter.

The innovation of the light down apparel brand is of great significance mainly due to its marketability for a wide variety of customers. First, by breaking the traditional concepts of winter down apparel, we introduced light down apparels to reduce the uncertain risk caused by temperature changes, which effectively extends our peak sales season and makes our products "marketable for temperature". Second, through market expansion in southern China and other parts of the country, we can effectively promote the local sales of light down apparel, making them "marketable for region". Third, through bold innovation and the expression of product design, the Group's light down apparel is readily recognized and favored by consumers of the younger generation as such features resonate with them, thus enabling the Group to effectively broaden the customer base of young customers and make its products widely "marketable for the new generation".

In October 2022, the first global experience store of the Bosideng brand was opened. The store allows consumers to fully interact with the brand and its products through a technological down experience centre, an experience centre for different scenarios and a member experience centre. Each floor of the store is equipped with interactive smart devices which enables consumers to learn about the processes of the production of Bosideng's down apparel in down selection, warmth technology, cold temperature-resistant technology and garment testing, etc. Meanwhile, consumers can test the effectiveness of Bosideng brand down apparel by wearing it in the simulated polar ice room with temperatures as low as –30°C at the in-store experience centre for different scenarios to experience the same extremely cold rain and heavy snow that scientific expedition personnel have experienced.

In November 2022, the co-branded collection of Maserati and Bosideng was launched. Maserati, a century-old Italian luxury auto brand, cooperated for the first time with Bosideng, a Chinese apparel brand, and launched a new high-end outdoor WIFI collection, which maintained the classic design of Bosideng's "WIFI Collection", while integrating innovative technology. The products adopt intelligent temperature insulation technology and a "thermal-humid balanced" patented system to improve their warmth performance in all aspects, which make the products more comfortable. Meanwhile, Maserati's classic trident logo and a Italian aesthetic design are cleverly linked to the design of down apparels, making the new high-end outdoor WIFI collection show a stronger sense of technological beauty and fashionable aesthetics. The co-branding with Maserati further enhances the brand strength and status of the Bosideng brand and effectively broadens its target market.

During the Spring Festival in 2023, Bosideng collaborated with well-known artist Chen Yingjie to launch seasonal gift sets for the Year of the Rabbit, effectively increasing the publicity of the brand and boosting the sales of its products. Products of this collection have been listed on Sina Fashion "Top Trending List" and fashion COSMO List, etc.

Merchandise Management

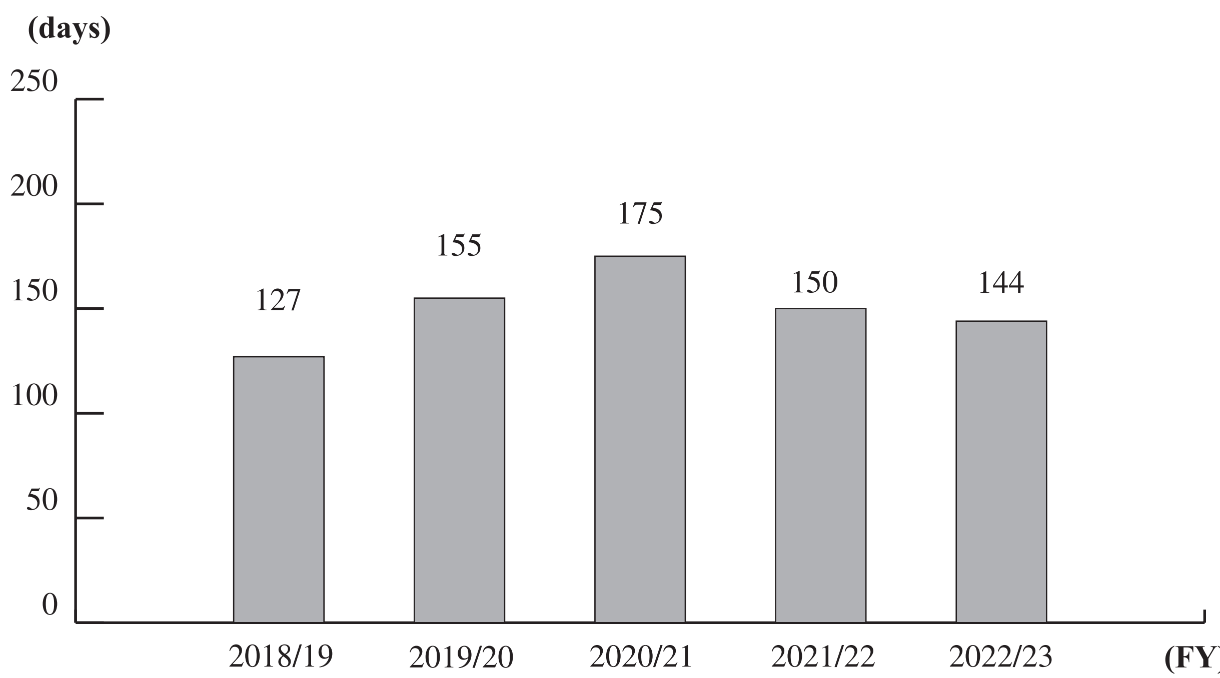
The Group believes that logistics is an essential element in conducting merchandise management and a prerequisite of efficient merchandise operation. Digitalization and intelligentization of logistics are the key to the effective digitalization and intelligentization of merchandise operation.

In FY2022/23, the Group maintained the production model of "fulfilling quick response for small orders on a rolling basis which would match the demand for orders and products would be produced with reference to actual demand" during the sales process in peak seasons based on sales feedback and under the premise of guaranteeing first-time orders. Such a demand-pull mechanism has been playing a very important role in the Group's centralized management of inventory in sales channels and merchandise mix during the peak sales seasons.

In FY2022/23, the Group continued to stick to the concept of merchandise operation management of the previous financial year. With the Group's smart central delivery centre, which serves all offline directly operated stores, franchised stores and online traditional e-commerce platforms, mixed online-to-offline ("**O2O**") modes of the Douyin platform, O2O and other businesses throughout the country, the Group unified the inventory management of 9 directly operated large warehouses nationwide and 12 small warehouses of distributors through an integrated inventory management platform, including suppliers' delivery, storage/return of commodities from the market to the warehouse, sorting and shelves arrangement to continuously optimize the availability of replenished goods according to the sales performance on the market in conjunction with different strategies under which the locations of warehouses and merchandise at stores are allocated and best-selling products ("**Top Sellers**") are put in a prominent position during the process. In an emergency, the logistics management centre triggers the factory's direct delivery mode, that is, the factory is regarded as a part of the logistics warehouse, and through the self-developed mobile logistics warehouse management system, the factory is directly used for receiving, shelving, sorting, packing and delivery of goods to meet the market demand as quickly as possible.

As of March 31, 2023, the inventory turnover days of the Group were 144 days, representing a decrease of 6 days as compared with that of the previous financial year ended March 31, 2022. This was mainly due to the Group's maintenance of a relatively lower proportion of first-time orders as well as the continuous implementation of the demand-pull replenishment adjustment mechanism since the beginning of FY2021/22, which effectively promoted omni-channel commodity integrated operation and management. Meanwhile, such replenishment mechanism, inventory management methods and merchandise operation system have been resolutely implemented in FY2022/23. The further effective reduction of inventory turnover days demonstrated not only the Group's strong resilience in operation in the face of uncertain risk factors, but also allowed the Group to maintain inventory in sales channels at an optimal level and afforded it more space for healthy development, paving the way for the pre-pandemic business model that it will adopt when its business operations returns to normal in FY2023/24.

Inventory Turnover Analysis



Supply Chain Management

The ability of the Group's supply chains to efficiently provide high-quality goods is an important competitive strength that has led to our continued success in the industry. It is also one of our core competitive advantages for maintaining the efficient and healthy sustainability of the Group.

The Group has implemented a leading futures/stock merchandise operation model. Only 40% of the first batch of orders would be placed, whilst the remaining proportion would be continuously replenished on a rolling basis during the peak sales seasons according to sales data and trend forecasts at the end-user market, so that the Group can maintain a shorter turnover cycle and higher efficiency by conducting demand-pull replenishment, quickly launching new products and quickly responding to small orders, thereby comprehensively achieving the target of maintaining high quality whilst supplying goods efficiently.

In FY2022/23, the supply chains of the Group underwent systematic planning and upgrading in terms of adopting flexible and quick response times, quality operations, scientific research technology, resource integration and cost management.

In terms of adopting flexible and quick responses times, in addition to upgrading and iterating the model of flexible and quick response times and a closed-loop system, the Group made a breakthrough by transitioning from the model of flexible and quick response times to the model of immediately supplying Top Sellers, under which the Group set the challenging target of increasing the availability rate of replenishment of the Top Sellers to 99% for the first time. Such replenishment was conducted based on the urgent demand of the market, such as reducing the shortage of hot-selling merchandise, and maximizing the chance of meeting the sales targets. Flexibility and agile response times were achieved through strong synergies between the coordination of various business units and merchandise operations, thus enhancing the core competitiveness of the Group.

In terms of quality management, the Group regarded excellent quality and users' perception as the core focuses, and connected users' needs for a change of scenarios and experiences to comprehensively enhance the user experience, while establishing an integrated quality innovation model and capability throughout the entire process of operation, from commerce, design, research and development, product testing, trial production of small batches of products and environmental simulation testing in response to the need for product innovation. Standards, resources, materials, processes and production lines were optimized by matching appropriate quality resources with different product categories for various user scenarios. It also implemented a digital operational system for quality control, established an entire closed-loop system for quality control and made the whole process controllable and traceable, so as to ensure online and transparent quality control on a real-time basis, and make quality gradually become one of the core reasons for why our brands are selected by users.

In terms of science and technology, the Group continued to enhance long-term investments in science and technology with a focus on new product categories and new materials, and to drive its development with patents. It engaged in creative cooperation with domestic and foreign top-level institutions and initially established Bosideng's processing system with leading technology to enable scientific and technological innovation to become a new driver of sales and one of the Group's core competitive selling points in the future.

In terms of resources integration, the Group, based on its brand strategy and product category innovation, determined a long-term resources strategy that is driven by the business planning capability and the scale of operations in line with national policies and in response to the uncertainties of the external environment marked by the pandemic. Meanwhile, the Group focused on breakthroughs in material innovation and product innovation for different use scenarios and by enhancing the long-term win-win cooperation policy. As a result, a business community for strategic resources and a community with common interests and goals were gradually formed to build a sustainable resource ecosystem.

In terms of cost management, the Group has extensive experience and industry influence in effective cost control, which along with the Group's advantage in size, has resulted in strategic breakthroughs in comprehensive innovations such as cost reduction and efficiency improvement through bulk commodity pre-planning, positioning and strategic material preparation with strategic suppliers. This ultimately and effectively relieved the pressure of rising costs.

Logistics and Delivery

For logistics and delivery, the Group continuously adopted a system to automatically match transport and delivery resources to each order. The Group also collected and monitored data in respect of each step of the entire process, including collection, distribution, in-transit and sign-for-acceptance. Under the premise of maintaining reasonable costs, the Group maximized service efficiency and improved users' experience.

A series of actions have been taken in respect of the logistics park of the Group in terms of improving logistics efficiency. On the one hand, the advanced algorithms of the self-developed Inventory Calculation Centre (ICC) and Order Processing Centre (OPC) systems have been adopted to instantly collect, match, locate and calculate the distance between the geographical locations of the products and the consumers, and generate instructions to prioritize early orders and ensure early pick-up by the courier company and the swift distribution of goods to consumers. On the other hand, with the coming of a new wave of smart technology through advanced logistics information technology ("**IT**") systems and highly automatic logistics equipment, the Group has implemented an automatic and smart allocation system by way of enhancing the system transportation modules of Extended Warehouse Management to minimize the time of inventory operation. Under the premise of maintaining costs at reasonable levels, we maximized our service efficiency and improved the user experience. Meanwhile, the significantly improved speed of delivering goods out of the warehouses and optimized in-transit efficiency have contributed to the Group's status as an industry leader in terms of logistics and delivery.

Digital Operation

In the face of the uncertain environment for development, digitalization has stood out as the greatest certainty. The transformation and reform of digital operations have been a top priority of the Group's infrastructure construction in recent years.

In terms of research on digital transformation, the Group has in recent years made significant achievements in terms of digitalization in many aspects, including smart manufacturing, smart logistics and smart merchandise operation. It has gradually taken its digital transformation to a new level and has gradually established the direction where its efforts would be placed for digital transformation in the future with a focus on users, retailing and merchandise.

In terms of digital operations, the Group has started the preliminarily construction and exploration of the core business operation platform (based on users, retailing and merchandise) based on the development trend of modern IT and by considering the existing system or application usage of the Group. The core business operation platform is based on the principle of one entry, one platform and one data warehouse and we had conducted a trial operation of that platform from May 2022 to September 2022 as scheduled, laying a solid foundation for the ultimate realization of the goals of a mobile office, online business, digital operations and intelligent decision-making. This makes up for the shortcomings of the Group's tools for or solutions to technical problems during its digital transformation.

New Retail Operations

In FY2022/23, the Group continued the use of corporate WeChat to build a more convenient means of communication with customers. The Bosideng brand had 13.99 million new fans and 3.57 million new members on the Tmall and JD.com platforms. As of March 31, 2023, the Bosideng brand had 34.55 million fans and 13.63 million members in total on the Tmall and JD.com platforms. As of March 31, 2023, the Bosideng brand had 7.82 million fans on the Douyin platform. The proportion of young consumers below the age of 30 on the above platforms increased significantly compared with that of the previous financial year.

In terms of new retail operation innovation, the Group has been building consumer-centric cross-channel operating platforms in recent years and has formed a closed-loop system for operation with its reach through multiple sales channels, accurate insight analysis and differentiated content interaction through digital enabling, which enhanced members' shopping experience and value. The Group's existing new retail operations has the following four outstanding features: first, customer membership as an asset of the Group has grown exponentially and the Group is progressively expanding its young customer group; second, the Group's existing members account for a majority of consumption, and members account for a high proportion of the Group's customer base, thus effectively guaranteeing stable business performance; third, the Group achieves cross-channel interaction through an enriched system for member interaction and constantly disseminates quality interactive content to maintain a high level of member loyalty; last, the Group's businesses can be empowered by new retail operations through a series of tools for digitalization and intelligentization, thus improving operational efficiency.

Technological Innovation

The Group attaches great importance to the technological innovation of products and incorporates technological innovation into the development of new materials, research and development of new products, scientific research innovation and other important corporate core strategies. It continues to increase investment in this aspect.

The Group focused on investment in the research and development of technology to build up its industry-leading capabilities in this regard. In the development of new materials, the Group formulated new goals and directions for the research and development of new materials based on the product development requirements of designers and feedback from consumers in the market, and it cooperated with suitable suppliers in research and development. For the development and innovation of technology, the Group has a technology research and development centre with a usable area of more than 10,000 sq.m., in which the Group built a leading polar environment simulation testing laboratory, and upgraded both the software and hardware of the laboratory for experts' experimentation with raw materials. The laboratory enables the Group to conduct tests on technology and the inspection of the quality of products for Antarctic scientific expeditions and mountaineering.

In FY2022/23, the Group applied for an aggregate of 246 patents and 254 authorized patents, which provided patented technology and endorsement in support of experts' work on developing down apparel. As of March 31, 2023, in total the Group has 606 patents (including invention, utility models and appearance patents).

The Group plays the role of Down Apparel Sub-committee Secretariat under the National Technical Committee on Garment Standardization (SAC/TC 219/SC1), the International Organization for Standardization/Garment Size Series and Coding Technology Committee Secretariat (ISO/TC133), acts as a recognized laboratory and a member of the technology committee of the International Down and Feather Bureau (IDFB), a recognized laboratory of the China Feather and Down Industrial Association, the 2021 core drafting unit and the first drafter of the Down Clothing standard GB/T14272-2021, the fourth drafting unit of Professional Sports Apparel – Ski Clothing, the first drafting unit and the drafter of the Standards for Design Assessment on Green Design Products – Down Clothing (《綠色設計產品評價設計規範－羽絨服裝》), and published Climbing Series 2.0 Down Apparels, Green Standards, 6A Standard Leader of Sun Protective Clothing and a number of other leading standards in the industry. In particular, 6A High Quality Sun Protecting Cloth was rated as an advanced standard, and for this the Group has been awarded the title of "Enterprise Standard Forerunner" for down apparels by the State Administration for Market Regulation for four consecutive years, won the "2022 Special Contribution Award" of the National Garment Standardization Work and passed the "Made in Suzhou" certification and "Jiangsu Premium Brand Certification". Besides, the Group successfully hosted the 15th ISO/TC133 Annual Meeting for 2022/23, contributing to the development of international standards, fully demonstrating the Group's image in setting industry standards and Bosideng's determination to run its business in accordance with the most advanced international standards and to press on with its innovation efforts.

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

The Group has always attached great importance to product innovation. Product enhancement and development are the cornerstones of Bosideng brand's development.

Matching product design to consumer preferences is the key to product innovation. The Group engages in the precise development of a different series of products based on consumers' preferences, behavior and traits to satisfy their needs in different scenarios. On the whole, the Group develops new products for different user scenarios: "sports" represents fashion, "business" represents quality, "outdoors" represents functionality and "leisure" focuses on current fashion trends in the creation of hot-selling products. In the product development process, through a series of scientific, objective and methodical design processes covering customer research, market research, trend analysis, merchandise planning, product design planning, promotional planning, product development, customer appreciation, feedback from participants in trade fairs, sales feedback and summary reviews, we endeavored to present a new series of products to consumers.

The Bosideng brand also attaches great importance to its cross-sector cooperation with owners of intellectual properties ("**IP(s)**"). Through cooperation with astronauts, artists and other owners of IPs, the Group launched refreshing new products which were well received and sought after by young consumers.

In FY2022/23, the urban multifunctional jacket of Bosideng won the ISPO Award – Global Design Award, and the composite structure camping down apparel and zero-pressure down puff apparel won the ISPO Global Design Award and the Red Dot Design Award. The new generation of ultralight down jackets won the Golden Novum Design Award. The comfortable outdoor series of down apparel of the Bosideng brand pioneered four comfort technologies and won five international awards, namely the German Red Dot Award, the ISPO Award Winner 2022, the US IDEA Design Award, the US Muse Design Award and the Italy A award. It has recently won the international CMF Design award, the German Design Award and the Excellence Innovation Design Award from the China Feather and Down Industrial Association.

The key product collections in FY2022/23 included:

New Generation of Ultralight Down Jackets

In order to satisfy the need to wear clothes for multiple scenarios and during the transition between different seasons and the demand for a new generation of more diverse, lighter, warmer and more fashionable ultralight down jackets, the Bosideng brand sought for new inspiration from various disciplines. In the process of consulting art forms worldwide, the Bosideng brand identified that many outstanding production techniques in China may be applied in various life scenarios, especially the art of stitching and quilting, both of which have a long history, ultimately resulting in high-quality products through the combination of different materials. The Group applies the bold idea of crossover combination to the Group's specialty, its down jackets. After several attempts, the Group ultimately presented redefined ultralight down jackets that subverts tradition. In R&D and design, the Bosideng brand gathered the design power of several Chinese avant-garde designers to provide bold innovation and more youthful design elements for the design of Bosideng's ultralight down jackets, and created ultralight down jackets that subverts traditional perception by combining the design power of a new generation of Chinese people with Bosideng's 47 years of professional ingenuity. Bosideng over-turned the status quo that conventional light warm down apparel is similar in style and cannot feature both aesthetic design and warmth at the same time, and completely innovated ultralight down jackets with century-old fashion items, unique down stitching and artistic quilting design, providing customers with a choice of varied, warmer and more fashionable and professionally designed products and opening up new opportunities for wearing a new type of cross-seasonal, multi-scenario and fashionable down apparel.

Extreme Cold Collection (2317 Style)

The Bosideng brand keeps exploring the design of new products for extremely cold outdoor environments and is committed to creating extremely cold temperature-resistant warm apparel. Products in the collection are made of strictly selected 90% high velvet content, 700+ high-quality goose down, and fabrics with professional and efficient windproof performance, which enable the wearer to withstand cold thoroughly and maintain warmth that meets the need to withstand extreme cold in daily travel in alpine areas. In the peak sales season of FY2022/23, nearly 200,000 units of young fashion workwear products in the latest 2317 style were sold, including about 150,000 units of outdoor trendy wearing apparel in oatmeal color, which became a blockbuster product favored by young consumers in the short term.

City Sport Collection

Goosebumps ("**GB**") was inspired by goose bumps resulting from coldness, excitement or touch. Wearing the GB collection, which integrates functionality and fashion, will enable the wearer to live a comfortable, relaxed and natural city lifestyle. This season, we incorporated branded-new trendy elements and the feature of three-functions-in-one-clothing into the existing colourful and work-wear style which offers consumers a more trendy style, and used 600+ high-loft quality goose down in combination with trendy cutting to lead the new fashion.

Stylish Sport Collection

In the stylish sport collection, more diverse styles are developed to satisfy the needs of different groups, which mainly include:

Classic collection: The upgraded new neutral style and 3D streamlined shapes of this new collection injects youthful and energetic style elements into the themed products. Meanwhile, it upgrades the process that tightly locks the down by upholding the spirit of the craftsman to offer downproof and provide more comfortable apparel to consumers.

Checkerboard collection: This collection is no longer limited to the conventional way of design in the presentation of checkerboards, with the aim of presenting something new while creating a vibrant and dynamic visual sense and impact, interpreting the infinite possibilities of classics with a free and playful personality.

Master Vincent Van Gogh collection: This joint theme collection, inspired by Van Gogh's famous paintings, merged conventional down apparels with his works, endowing down apparels with more possibilities while paying tribute to the great artist Van Gogh. The collection adopts Van Gogh's bespoke logo to create a unique sense of exclusivity. Its ultra-light and soft fabric also highlights the high-grade quality of the product, reflecting young consumers' attitude towards fashion.

Chen Yingjie Crossover collection: The collection is the first New Year's collaboration collection jointly launched by Bosideng and the artist Chen Yingjie. The rabbit print designed by splashing ink graffiti is highly versatile, setting the festive mood and making the product a popular New Year's gift. Furthermore, the collection made it to the lists of "Sina Fashion" and "Fashion COSMO" New Year's gifts, and was strongly recommended by authoritative fashion media.

Puff Collection

The collection, adopting Bosideng's leading lining quilting process, creates an ultimate sense of wrapping. The high-quality and ultra-soft fabric provides consumers with a lighter and more comfortable experience and adopts 800+ high fluffiness light luxury duck down to make the product visually appealing because of its fluffiness, which can maintain warmth for a long time. Also, the zero-pressure down apparel puff, taking environmental protection as the starting point, won the German Red Dot Award this year. Products of the collection are promoted by celebrity endorsements and are widely appreciated and loved by target consumers.

Light, Warm and Eco-friendly Collection

The drastic changes in the ecological environment make us more deeply aware of the urgency for environmental protection. As a socially responsible company, the Group has adopted eco-friendly fabric made from SORONA® bio-based fiber developed by DuPont, a world-renowned fiber company, bringing a green and healthy living experience to city folk. SORONA® also passed the authoritative certification of four strict certification bodies, namely USDA, JBPA, OEKO-TEX and bluesign. The whole collection has adopted the vibrant macaron color scheme, which is colorful and has an effect of emotional healing, and the contrast design of the hat collar and the overall matching gentle colors express the vitality of youth and sweetness.

Parka Collection

Parka is not only warm with generous fit, but most importantly does not appear bloated in the winter, and the loose cutting is very accommodating to different body types. The fabrics of menswear in this collection are windproof, wear-resistant and well-structured, allowing consumers to easily cope with all kinds of weather. The practical tough workwear bags add portability; the classic earthly color scheme features a style of military uniforms and also exudes a strong vibe of nature.

Multi-brand Strategies

While emphasizing the development of the Bosideng brand and reshaping Bosideng as a mid-to-high-end brand for functional apparel in today's era, the Group maintained the strategy of "Down apparel +" to continuously develop and position its branded down apparels business under its mid-end brand Snow Flying, to achieve full coverage of the target market through the differentiated positioning of each brand, strengthening the core business of down apparel and maximizing its market share.

Snow Flying

In FY2022/23, the Snow Flying brand recorded revenue of approximately RMB1,221.5 million, representing an increase of 25.4%. The Snow Flying brand stepped up its efforts to develop its online business to constantly enhance the upgrading of this brand of inclusiveness and further enhance the "Internet +" operating model. It constantly upgraded and enhanced its new product collections by positioning itself as an apparel brand of inclusiveness that are trusted by consumers in the Internet era; the brand constantly focused on user-centricity and in-depth operation by reinventing the brand mindset of young users; achieved effective communication between brand and consumers and between brand and platform by launching brand events, and engendered the rapid development of its brands by operating its business with the core competitiveness of "excellent operation and affordable prices".

In terms of business expansion, the Snow Flying brand focused on the creation of brand events on the one hand, and also enhanced interactions with consumers in addition to increasing brand power, improving its brand positioning in the mind of young users; on the other hand, the Snow Flying brand concentrated unremitting efforts on online platforms. In terms of conventional e-commerce platforms, it achieved stable development through continuous cooperation with Tmall, JD.com, Vip.com and other platforms. Emerging platforms such as Douyin are vigorously expanding by enhancing quality contents, such as live broadcasts and short videos, and by optimizing the brand's private member operations and other channels. In terms of online cooperators, from product development to listing, brand empowerment and control are carried out throughout the process by way of selecting quality business partners, which laid a solid foundation for the rapid and quality growth of the brand. The Snow Flying brand ranked third in the category of ladies' down apparel in 2022 as an official flagship store at Tmall, representing an improvement by two places from that in 2021, and ranked third in the comprehensive annual ranking of down apparel bands on Douyin's platform in 2022.

Bengen

In FY2022/23, the Bengen brand recorded revenue of approximately RMB125.5 million, representing a decrease of 46.7%. Affected by the economic slowdown and the challenges of intensified competition arising from mid-to-low-end apparel brands, the business transformation progress of Bengen was relatively slow. From FY2020/21, the Bengen brand has greatly reduced its offline agency channels and shifted its focus more to online channels. In FY2022/23, the Bengen brand enlarged its product coverage as well as customer base by vigorously expanding online platforms channels such as Vipshop.

Revenue from branded down apparels business by brand

	For the year ended March 31,				
	2023		2022		
Brands	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Bosideng	**11,762.8**	**86.7%**	11,617.7	87.8%	1.2%
Snow Flying	**1,221.5**	**9.0%**	974.2	7.4%	25.4%
Bengen	**125.5**	**0.9%**	235.3	1.8%	-46.7%
Others*	**464.7**	**3.4%**	395.8	3.0%	17.4%
Total revenue from branded down apparels business	**13,574.5**	**100.0%**	13,223.0	100.0%	2.7%

Revenue from branded down apparels business by sales category

	For the year ended March 31,				
	2023		2022		
Sales categories	***RMB million***	***% of branded down apparel revenue***	*RMB million*	*% of branded down apparel revenue*	*Change*
Self-operated	**10,367.5**	**76.4%**	9,759.1	73.8%	6.2%
Wholesale	**2,742.3**	**20.2%**	3,068.1	23.2%	-10.6%
Others*	**464.7**	**3.4%**	395.8	3.0%	17.4%
Total revenue from branded down apparels business	**13,574.5**	**100.0%**	13,223.0	100.0%	2.7%

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

In FY2022/23, the Group further optimized the quality of sales channels to increase their efficiency. In terms of the development of offline sales channels, the Group firstly paid attention to the operational quality of existing stores, and elevated the "single store operation" to the strategic transformation dimension of the Group. All levels of the Company adhered to the operational concept of "relying on stores and treating serving customers as the priority", enhanced the efficiency of both the merchandise and retail operations to realize the high-quality operation of stores. Second, the Group focused on the geographical layout of offline sales channels with a particular attention to core cities and core business districts and continued to concentrate on the geographical layout of such sales channels. In addition to focusing on first-tier and new first-tier cities, the Group also paid attention to the layout of multi-level markets, and opened up sales channels in the local markets by planning for the differentiated geographical layout of self-operated stores or dealer stores. Third, the Group paid attention to the operational capacity of branch formats. It classified the retail outlets according to their different store formats and then widely promoted Top Sellers at the model stores in different store formats. Such refined operational strategy has played an important role in enabling the Group to achieve efficient sales and transactions, optimize the assortment of products at retail outlets and manage its inventory in the sales channels during the peak sales seasons. In FY2022/23, in addition to a number of regular types of stores (e.g. flagship stores, high-end stores, mainstream stores and mass stores, etc.), the Group had also established over 1,000 peak-season stores (peak-season stores mainly refer to stores that are opened in peak sales seasons for one week to three months, mainly in provincial capitals, with such popular seasonal products such as the Top Sellers as the mainstay products for sale. They were located mainly in core business districts and sporting venues.

As at March 31, 2023, the total number of normal retail stores of the Group's down apparels business (excluding the peak-season stores) (net) decreased by 386 to 3,423 compared with that in the previous financial year, the number of self-operated retail stores (net) decreased by 327 to 1,399 and that of the retail stores operated by third party distributors (net) decreased by 59 to 2,024. The self-operated retail stores and those operated by third party distributors accounted for 40.9% and 59.1% of the entire retail network respectively. Among the total retail stores of the Group's branded down apparels business, approximately 28.0% were located in first-and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and other provincial capital cities in China) and approximately 72.0% were located in third-tier cities or lower.

Retail network breakdown by down apparel brand

	Bosideng		***Snow Flying***		***Bengen***		***Total***	
As at March 31, 2023	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	821	-197	13	3	–	-1	834	-195
Operated by third party distributors	1,599	-53	83	-12	–	-8	1,682	-73
Subtotal	2,420	-250	96	-9	–	-9	2,516	-268
Concessionary retail outlets								
Operated by the Group	458	-97	105	-20	2	-15	565	-132
Operated by third party distributors	305	46	37	-8	–	-24	342	14
Subtotal	763	-51	142	-28	2	-39	907	-118
Total	**3,183**	**-301**	**238**	**-37**	**2**	**-48**	**3,423**	**-386**

Change: Compared with that as at March 31, 2022

Retail network of branded down apparels business by region

	As at March 31, 2023	As at March 31, 2022	Change
Eastern China	**1,139**	1,299	-160
Central China	**726**	827	-101
Northern China	**276**	332	-56
Northeast China	**399**	453	-54
Northwest China	**376**	397	-21
Southwest China	**507**	501	6
Total	**3,423**	3,809	-386

Region

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

OEM Management Business:

In FY2022/23, revenue from the Group's original equipment manufacturing (OEM) management business amounted to approximately RMB2,294.1 million, representing 13.7% of the Group's revenue and an increase of 20.7% compared with that of the previous financial year. The percentage of revenue from the top five customers of the OEM management business accounted for approximately 89.4% of its total revenue.

The OEM management business team has always been committed to becoming the experts in OEM/original design manufacturing (ODM) of mid-range and high-end international branded functional apparel, and dedicated to providing customers with high value-added products and services.

In FY2022/23, despite multiple factors including the downturn in the global consumer market and the severe impact of the pandemic in mainland China, the OEM management business maintained stable and healthy development. This was mainly due to, first, the steady growth of orders from the vast majority of existing customers, as the OEM management business team has always been guided by the needs of customers with a focus on understanding the concerns and demands of core customers and under the premise of maintaining product quality. The OEM management business team improved customer satisfaction by continuously improving in terms of indicators of their excellent performance such as product delivery rate in spite of multiple difficulties; second, regarding orders from new customers, the Group adopted such measures to track and gain insight into customer needs, and accurately developed products required by customers and implemented expert positioning in the design process and, as a result, it has expanded its business with a number of international mid-range to high-end customers, thus laying the foundation for sustainable and steady development in the future; third, the Group has adopted flexible management mechanisms. Production progress and delivery were seriously affected as logistics was disrupted by the pandemic in mainland China. In order to solve the problem of production and delivery, the OEM management business team actively coordinated production resources in various regions of China, developed alternative production and processing bases, and finally enabled punctual delivery. In addition, during the pandemic, the OEM management business team also quickly adjusted its management ideas and production plans, and dispatched core senior management to Vietnam to provide timely support, coordinate resources, improve the on-time delivery rate, and thus achieve sustainable business growth.

Through effective cost management and benefiting from exchange rate changes in FY2022/23, the gross profit margin of the OEM management business increased steadily by 1.3 percentage points to 19.9%.

Ladieswear Apparels Business:

The development of the ladieswear industry in China has entered a stage of maturity with stable growth, intensive competition and lower market concentration. On the demand side, female consumers have a stronger demand for personalization and beauty of the apparel and subdivided market segments in different levels have been gradually formed based on consumption demand.

The Group operates four mid-range and high-end ladieswear brands. After 18 to 30 years of brand development, the four brands present a rich, multi-tiered product portfolio with unique, differentiated styles. JESSIE focuses on modern urban user scenarios and features simple and capable products, highlighting the self-confidence of intellectual women; BUOU BUOU features elegant, romantic and detail-oriented products in styles, striving to highlight the unique and shining side of women, while each of KOREANO and KLOVA features understated-luxury products to demonstrate the sophistication and elegance of oriental women, bringing individuality and the ultimate wearing experience to customers. In the highly competitive ladieswear market in the PRC, the Group has won the favor of Chinese female consumers through the distinctive images of its rich, multi-tiered product portfolio and brand positioning.

In terms of brand management, the four ladieswear brands continue to step up brand promotion, content creation and output, and drive up brand awareness by telling the stories of their brands, and enhance the brands' image in the consumer's mind. In terms of brand promotion, omni-channel promotion has been carried out through, on the one hand, content input: empowering sales by cognition, and on the other hand, through platform transmission: blockbuster productions, street photography, interactions, and live broadcasts of explanations of products on new media platforms such as the Group's WeChat public account and Xiaohongshu to accelerate the brand building process.

In terms of customer management, special attention has been paid to the refined management of customers in the fiercely competitive ladieswear market. By conducting core member surveys and member consumption data analysis, the consumption characteristics and needs of core members can be fully understood, customer-valued innovation and member retention can be strengthened, and members' loyalty and repurchase rate can be improved.

In terms of channel building, the Group upgraded the sales channels, opened new stores, enhanced the stores' image, built benchmark stores, and improved stores' operational efficiency. The Group actively expanded its online businesses by making breakthroughs on online multi-platforms and by planning the development on new retail platforms.

The changes in the pandemic since 2022 have brought considerable challenges and tests to the development of the ladieswear industry. The repeated flare-up of the pandemic has severely disrupted logistics management and the footfall at offline stores, causing difficulties to the Group's four ladieswear brands (especially the offline business). Though the online segment was able to achieve a year-on-year growth of approximately 3.4% in FY2022/23, the Group's four ladieswear brands underperformed as a whole because the online segment accounted for only 12.6% of revenue of the ladieswear apparels business segment. In FY2022/23, the revenue from the Group's ladieswear apparels business was approximately RMB703.0 million, representing a decrease of 22.2% compared with that of the previous financial year. The ladieswear apparels business contributed to 4.2% of the Group's total revenue. The revenues from the ladieswear brands were as follows:

Revenue from ladieswear apparels business by brand

	For the year ended March 31,				
	2023		2022		
Brands	***RMB million***	***% of ladieswear apparels business revenue***	*RMB million*	*% of ladieswear apparels business revenue*	*Change*
JESSIE	**254.9**	**36.3%**	285.3	31.6%	-10.7%
BUOU BUOU	**167.7**	**23.8%**	253.5	28.0%	-33.8%
KOREANO and KLOVA	**280.4**	**39.9%**	364.9	40.4%	-23.2%
Total revenue from ladieswear apparels business	**703.0**	**100.0%**	903.7	100.0%	-22.2%

Revenue from ladieswear apparels business by sales category

	For the year ended March 31,				
	2023		2022		
Sales categories	***RMB million***	***% of ladieswear apparels business revenue***	*RMB million*	*% of ladieswear apparels business revenue*	*Change*
Self-operated	**654.6**	**93.1%**	848.7	93.9%	-22.9%
Wholesale	**48.4**	**6.9%**	55.0	6.1%	-12.0%
Total revenue from ladieswear apparels business	**703.0**	**100.0%**	903.7	100.0%	-22.2%

Fashion Ladieswear – JESSIE

The JESSIE brand repositioned itself as a brand that is "building a new benchmark of women's clothing in Chinese literature and art". First, the JESSIE brand takes the life of character Miss J as the promotional theme to drive the presentation of the brand's story and cultural power. Second, the JESSIE brand has taken efforts to differentiate itself from other competitors in the fierce competition of products in the women's apparel market by conducting fabric upgrades, color diversification and pattern innovation to drive product innovation so as to keep up with the times. Third, the JESSIE brand empowers retail outlets with aesthetic marketing, adheres to the offline store-centric approach, emphasizes the continuous improvement of product quality and customer service in online multi-platform operations. Through precision marketing, the layout of online channels and new retail platforms, the JESSIE brand drives the comprehensive upgrade of its brand image, its image at sales channels and the product image.

Fashion Ladieswear – BUOU BUOU

BUOU BUOU ladieswear has been committed to becoming the "representative brand of affordable luxury ladieswear in China" and has carried out continuous operational improvement by optimizing management ideas and business methods, adjusting the mix of channels, focusing on the depth of products, and strengthening refined marketing. Through continuous product innovation, BUOU BUOU ladieswear always adheres to the principle of healthiness, elegance and comfort in product design and offers new Chinese middle-class women who pay attention to the quality of life and sense of ritual with high-quality apparel wearing solutions with natural elements, environmentally friendly and comfortable fabrics, and the comfort of wearing. It designs product collections and promotes them by managing the product life cycle and combining them with the analysis of the user scenarios of the target customers. Also, in addition to the traditional offline sales channels, BUOU BUOU ladieswear keeps up with the times and pays attention to online new media platforms, focusing on target consumers and following the path of consumers' experience to reach them directly through online and offline channels.

Fashion ladieswear – KOREANO and KLOVA

KOREANO gradually transformed itself to cater to the youth's need to dress for different occasions in daily life and demand for comfort, fashion and quality; KLOVA adheres to high-end positioning and is gradually transforming itself to take customization and pre-sales as the main line. In terms of product operation, the two brands have further improved the efficiency of the Group's supply chain to rationalize the allocation of resources for the production of small batches of high-end, customized products and products for the mass market; meanwhile, new product lines were developed, namely the new special collections of the KOREANO E series which were added to meet the changes in the needs of customer groups through product differentiation. In terms of customer membership management, it improved the quality of operations through refined customer membership management. For instance, through the upgrading of services such as the graded service management for members, one-on-one live broadcasts, and door-to-door shopping of clothes, customer loyalty and the retention rate and repurchasing rate of customers have been enhanced. In FY2022/23, the two brands have piloted the "store partner" model and optimized target assessment-based incentive schemes, strengthened the assessment of the performance of the management of regional operations, and built a complete remuneration management system for retail stores.

As of March 31, 2023, the total number of retail outlets of the Group's ladieswear apparels business decreased by 5 (net) to 457, self-operated retail outlets decreased by 3 (net) to 361 and the retail outlets operated by third party distributors decreased by 2 (net) to 96, compared with the figures in the previous financial year. Self-operated retail outlets and those operated by third party distributors accounted for approximately 79.0% and 21.0% of the entire retail network respectively. Approximately 61.9% of the total retail outlets of the Group's ladieswear apparels business are located in first – and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and other provincial capital cities in China) and approximately 38.1% are located in third-tier cities or lower.

Retail network breakdown by ladieswear brand

	JESSIE		*BUOU BUOU*		*KOREANO*		*KLOVA*		*Total*	
As at March 31, 2023	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*	*Number of stores*	*Change*
Specialty stores										
Operated by the Group	1	–	9	-3	–	–	–	–	10	-3
Operated by third party distributors	12	-3	6	-1	–	–	–	–	18	-4
Subtotal	13	-3	15	-4	–	–	–	–	28	-7
Concessionary retail outlets										
Operated by the Group	115	7	96	-7	82	–	58	–	351	–
Operated by third party distributors	63	2	15	–	–	–	–	–	78	2
Subtotal	178	9	111	-7	82	–	58	–	429	2
Total	191	6	126	-11	82	–	58	–	457	-5

Change: Compared with those as at March 31, 2022

Retail network of ladieswear apparels business by region

	As at March 31, 2023	As at March 31, 2022	Change
Eastern China	**61**	56	5
Central China	**146**	150	-4
Northern China	**51**	53	-2
Northeast China	**50**	54	-4
Northwest China	**82**	85	-3
Southwest China	**67**	64	3
Total	**457**	462	-5

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 segment

In FY2022/23, the revenue from the Group's diversified apparels business segment was approximately RMB202.6 million, representing an increase of 9.2% compared with that of the previous financial year. As the Group adhered to the overall strategy of "focusing on our principal business and shrinking diversification", the contribution from businesses such as the MAN and HOME brands to the Group's total revenue further decreased. However, the school uniform business developed by the Group in 2016 recorded stable growth in FY2022/23. Revenue from such business segment in FY2022/23 was as follows:

Revenue from diversified apparels business by brand

	For the year ended March 31,				
	2023		2022		
Brands	***RMB million***	***% of diversified apparels business revenue***	*RMB million*	*% of diversified apparels business revenue*	*Change*
Sameite	**186.1**	**91.9%**	160.6	86.5 %	15.9%
Other brands and others	**16.5**	**8.1%**	25.0	13.5 %	-34.0%
Total revenue from diversified apparels business	**202.6**	**100.0%**	185.6	100.0%	9.2%

Revenue from diversified apparels business by sales category

Sales categories	2023 RMB million	2023 % of diversified apparels business revenue	2022 RMB million	2022 % of diversified apparels business revenue	Change
	For the year ended March 31,				
Self-operated	**186.1**	**91.9%**	160.6	86.5%	15.9%
Wholesale	**14.5**	**7.1%**	20.8	11.2%	-30.3%
Others*	**2.0**	**1.0%**	4.2	2.3%	-52.4%
Total revenue from diversified apparels business	**202.6**	**100.0%**	185.6	100.0%	9.2%

* *Represents rental income*

School uniform business – Sameite

During FY2022/23, the school uniform business under the diversified apparels business segment remained in operation under Sameite brand. Adhering to the clothing design concept of "carrying education with clothes and inheriting culture with clothes", the Sameite brand insists on providing students with safe, comfortable, fashionable and functional school uniforms, and makes it its mission to enable every child to be dressed in uniforms while they are pursuing their dreams. Currently, Sameite serves more than 500 schools, with an annual supply of over one million pieces.

During FY2022/23, the Group carried out the upgrading of its sales channels by firstly further expanding and establishing key regional agents. The Sameite brand has therefore increased its regional market coverage. Secondly, the Sameite brand has captured market share from core customers by establishing core direct sales areas, which demonstrated its reputation as an expert in that product category.

In terms of product development, on the one hand, the Sameite brand has consolidated its advantage as an established producer and provider of warm clothing in the category of winter school uniforms, and has continued to build the brand label of Sameite; on the other hand, the Sameite brand has followed closely the needs of its customers and has developed a product mix consisting of high-end private school uniforms, and has made breakthroughs in undertaking projects of producing and providing school uniforms for private schools.

At the same time, the Sameite brand continued to build up its innovation and service capabilities. In terms of innovation, the Sameite brand has expanded its online channels through the layout of digital operations, aiming to continuously improve the service experience for users through technological innovation and the reform of procedures. In terms of service, the Sameite brand provides personalized services such as the provision of guidelines on school uniform designs, the construction of cultural exhibition zones for campuses, designs for the exhibition of school uniforms, thus manifesting the education concept and culture of the schools and bolstering the brand image of such schools more effectively.

As a member unit of the China National Garment Association and vice president unit of the Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce, the Sameite brand won the titles of the KPMG China Emerging Consumer Brands 50 Enterprises (畢馬威中國新國貨50企業), Top 10 China School Uniform Enterprises (中國校服十強企業), the Special Award in the 2023 China School Uniform Design Competition in terms of primary school uniform collections (2023中國校服設計大賽特等獎小學生制式系列), the AAA Credit Rating, as well as the accolades of the Reliable Quality Product in the PRC, the Leading Quality Brand in the PRC School Uniform Industry and Sustainable Fashion Development Award (可持續時尚發展獎), etc. in FY2022/23.

During FY2022/23, the revenue from the school uniform business of the Sameite brand amounted to approximately RMB186.1 million, representing an increase of 15.9% compared with that for the previous financial year.

Children's wear business, MAN and HOME business

Since FY2018/19, the Group had started to downsize the MAN and HOME brands under the diversified apparels business segment. During FY2022/23, there was no additional investment in the project company which cooperated with the Japanese brand of Petit main. This resulted in a certain reduction in size of other diversified apparels businesses other than the school uniform business during the financial year.

ONLINE SALES

Online sales channels have been a key focus of the Group for vigorous development, especially in the financial year under review. It continued to achieve steady and high-quality growth despite adverse market conditions.

The Group has implemented the online multi-platform operational model. It invested more resources to actively expand its business presence through emerging content platforms such as Douyin and traditional e-commerce platforms such as Tmall, Vip.com and JD.com. Meanwhile, the Group also focused on enhancing the operational efficiency of online high-quality distributors by improving the quality and efficiency and the refinement of operations.

In terms of brand building, the Group has linked up with owners of IPs on online platforms to gain continuous and strong exposure on the platform through interaction; while effectively promoting the main product series by participating in the brand building activities of its brands on the online platform and interactive live streaming with key opinion leaders ("KOL(s)"). In terms of online platform activities, including the first NFT cooperation, the Group has conducted brand promotion with new products in combination with new design concepts and cutting-edge stylish features. The interactive live streams, including the interaction with KOLs at shows and the KOL's live streams were well received by the market.

For traditional e-commerce platforms, the Group took some initiatives in customer membership operation. Firstly, the Group has continued to expand its customer base in an effective way; it has increased the number of members by encouraging their participation in member festivals on platforms and encouraging old members to introduce new members. Secondly, the Group attaches great importance to membership management through various operational methods such as private domain link optimization, granting differentiated rights to members and classifying the members into different tiers for management, as well as the operation mode of targeted communication based on the activity cycle. Thirdly, the Group actively organized important online activity days. In important events such as "Double 11" and "Double 12" during the financial year, the Group created a live content "Warm Tour" by pooling resources throughout the whole cycle by coordinating online platforms in conducting promotional campaigns for its Bosideng brand apparel for comfortable outdoor attire. The Group also integrated such IP resources as stars on the online platforms and organized the stars' live broadcasts as part of large-scale promotional campaigns and thus gained more publicity for the brand, and built up the down apparels business through cooperation with online platforms. During the "Double 11" event, the Bosideng brand ranked first in the market for ladieswear apparels and second in the market for menswear on the Tmall platform. During the "Double 12" event, the Bosideng brand ranked first in the market for ladieswear apparel and first in the market for menswear on the Tmall platform. The brand also ranked first in the three major promotional sales on the JD platform and the three major promotional sales of ladieswear apparel on Vipshop.

In term of emerging content platforms, the Group has remained open-minded and innovative. During the development of its content on emerging platforms such as Douyin, the Bosideng brand currently has a well-developed system and resources. The Group's various types of sales channels such as its official flagship store, sub-category stores and cloud-based retail store had already formed a complete matrix of sales channels on the platform of Douyin. In the process, the Group became well versed in using Douyin as a content-driven platform. Therefore, in FY2022/23, it focused on how to make breakthroughs in the fields of content and centres when conducting brand building and on carrying out innovation and breakthroughs in terms of marketing content, live content, short videos content, KOLs, IPs owners on online platforms. In terms of innovation in content marketing, the Group conducted a live streaming broadcast with the mountaineering team of Tsinghua University on its expedition to a snow mountain; it also conducted a catwalk show to feature new products in Shanghai Moller Villa. By broadcasting the live, high-quality, short videos of creative content, the Group also enhanced the brand's strength and added impetus to the development of all the sales channels. As of March 31, 2023, more than 90% of the Bosideng brand's revenue from Douyin was generated from live broadcasts. Bosideng's flagship store on Douyin's online platform become the No. 1 single store in terms of sales of down apparel for three consecutive years.

During FY2022/23, the revenue from the total online sales conducted by the Group's brands was approximately RMB4,929.3 million, representing a steady year-on-year increase of 22.5%. The revenue from the online sales of the branded down apparels business and ladieswear apparels business for the year were approximately RMB4,838.7 million and RMB88.8 million respectively, accounting for 35.6% and 12.6% of the revenue of the branded down apparels business and ladieswear apparels business respectively. In terms of sales by the type of retail operation, the revenue from the self-operated and wholesale businesses through online sales amounted to approximately RMB4,422.5 million and RMB506.8 million respectively.

OPERATION OF JOINT VENTURE

On December 1, 2021, Bosideng International Fashion Limited (a direct wholly-owned subsidiary of the Company) ("**BSD Fashion**") and Bogner (a German company) entered into a joint venture agreement in relation to the formation of a joint venture (the "**Joint Venture**"). The Joint Venture is granted the exclusive right to sell and distribute apparel under BOGNER and FIRE+ICE in mainland China, Hong Kong, China, Macau, China and Taiwan, China (collectively, the "**JV Sales Regions**").

As of March 31, 2023, the Joint Venture actively expanded its business in JV Sales Regions. In terms of channel construction, it has gradually penetrated the high-end target market in China through its business presence in high-end shopping centers, including Plaza 66 in Shanghai and SKP BEIJING, as well as Bogner's luxury flagship shops at Tmall and Bogner's WeChat mini-program store. In terms of brand building, in addition to gaining publicity through emerging platforms such as Xiaohongshu, the Joint Venture also convened the 90th anniversary celebration of Bogner under the theme of "Off to New Horizons" at Plaza 66 in Shanghai in October 2022.

During FY2022/23, the net loss of the Joint Venture and the loss of corresponding proportion recorded by the Group were approximately RMB48.5 million and approximately RMB26.7 million respectively.

GROSS PROFIT

Gross profit of the Group increased by 2.5% to approximately RMB9,975.9 million in FY2022/23 from approximately RMB9,737.2 million in the previous financial year.

Gross profit margin of the branded down apparels business increased by 0.5 percentage points to 66.2% compared with that of the previous financial year, mainly due to the successful reshaping and upgrading of the brand during FY2022/23, as well as the launch of innovative ultralight down jackets, which have significantly driven the overall upgrade of the down apparel products. Therefore, the increase in the gross profit margin of the Bosideng brand resulted in the increase in the overall gross profit margin of the down apparels business segment. Such good performance was attributable to the Group's Brand leadership model since its strategic transformation in 2018, its unrelenting pursuit of products innovation and the upgrading of sales channels, as well as its commitment to the strategy of developing itself into the "world's leading expert in down apparel". Meanwhile, at the OEM management business, the gross profit margin increased steadily by 1.3 percentage points to 19.9% compared with that of the previous financial year as a result of effective cost management, the fact that the Group benefitted from the changes in the exchange rate in FY2022/23 and an improved power to decide which orders to take, despite the challenges in FY2022/23. In the Group's ladieswear apparels business, the gross profit margin decreased by 3.8 percentage points to 68.6% compared with that of the previous financial year due to the impact of uncertainties such as the sporadic pandemic outbreaks and the adjustment in the sales discounts of some ladieswear products as a result.

Although the gross profit margin at both the branded down apparels business segment (which was the largest contributor to the Group's revenue and gross profit) and the OEM management business segment (which was the second largest contributor to the Group's revenue and gross profit) increased, the Group's overall gross profit margin decreased slightly by 0.6 percentage points to 59.5% in the financial year compared with 60.1% in the previous financial year, due to the rapid growth of revenue of the OEM management business resulting in an increase in the proportion of revenue and gross profit from OEM management business, which led to a decrease in the Group's overall gross profit margin as the gross profit margin of OEM management business was lower than that of branded down apparels business segment.

The table below sets out the gross profit margins of each brand, each business and the Group:

Brands	For the year ended March 31, 2023	2022	Changes *(Percentage point)*
Bosideng	**70.8%**	69.4%	+1.4
Snow Flying	**46.0%**	47.3%	-1.3
Bengen	**33.6%**	24.8%	+8.8
Branded down apparels business	**66.2%**	65.7%	+0.5
OEM management business	**19.9%**	18.6%	+1.3
JESSIE	**66.6%**	66.5%	+0.1
BUOU BUOU	**64.0%**	68.3%	-4.3
KOREANO and KLOVA	**73.0%**	80.0%	-7.0
Ladieswear apparels business	**68.6%**	72.4%	-3.8
Diversified apparels business	**25.7%**	25.7%	–
The Group	**59.5%**	60.1%	-0.6

OPERATING PROFIT

During FY2022/23, the Group's operating profit increased steadily by 10.0% to approximately RMB2,826.4 million compared with that of the previous financial year. The operating profit margin was 16.8%. The increase in operating profit was mainly due to the Group's focus on the efficiency in the utilisation of financial resources on such aspects as branding and sales channel development and its increased efforts in cost control while it achieved stable revenue growth. As a result, the Group's operational efficiency improved.

DISTRIBUTION EXPENSES

During FY2022/23, the Group's distribution expenses, which were mainly comprised of advertising and promotion expenses, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB6,124.7 million, representing a slight decrease of 0.8% compared with approximately RMB6,171.2 million in the previous financial year. The Group's distribution expenses accounted for 36.5% of its total revenue, representing an effective decrease of 1.6 percentage points compared with the 38.1% in the previous financial year. The ratio of distribution expenses to the total revenue of the Group decreased, mainly because the Group had effectively planned and controlled its expenses in the renovation of its terminal stores, brand promotion and marketing activities in FY2022/23, as well as the enhanced expense control through the improved efficiency in spending on such aspects.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses, which were mainly comprised of salary and welfare, amortization of fees for share options, depreciation and consultancy expenses, amounted to approximately RMB1,204.0 million during FY2022/23, stayed at a similar level compared with approximately RMB1,203.1 million in the previous financial year.

FINANCE INCOME

The Group's finance income decreased by 7.2% to approximately RMB293.2 million in FY2022/23 from approximately RMB316.0 million in the previous financial year. The decrease was mainly due to the decrease in the interest income from wealth management products and other financial assets during the financial year.

FINANCE COSTS

During FY2022/23, the Group's finance costs increased to approximately RMB210.0 million, representing an increase of 5.7% compared with that in the previous financial year. The increase in finance costs was mainly due to the increase in bank charges and interest on interest-bearing borrowings during FY2022/23.

TAXATION

Income tax expenses increased to approximately RMB730.9 million in FY2022/23 from approximately RMB613.4 million in the previous financial year. 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 HKD13.5 cents (equivalent to approximately RMB12.4 cents) per ordinary share for the year ended March 31, 2023. The proposed dividend will be paid on or around September 15, 2023 to shareholders whose names appear on the register of members of the Company on August 25, 2023. The proposed dividend shall be subject to approval by the shareholders of the Company at the annual general meeting to be held on or about August 22, 2023 (the "**AGM**").

LIQUIDITY AND FINANCIAL RESOURCES

In FY2022/23, the Group's net cash generated from operating activities amounted to approximately RMB3,050.7 million; net cash generated from investing activities amounted to approximately RMB616.6 million and net cash used in financing activities amounted to approximately RMB 2,493.0 million. Cash and cash equivalents for the year ended March 31, 2023 amounted to approximately RMB3,718.2 million.

As at March 31, 2023, the distribution of cash and cash equivalents by currency was as follows:

	RMB'000
Renminbi	2,861,537
US dollar	733,683
Pound sterling	3,812
Hong Kong dollar	115,566
Japanese yen	1,947
European dollar	1,666
Total	3,718,211

In order to obtain higher returns on the Group's available cash reserves, the Group appropriately increased the proportion of amounts placed in time deposits in order to obtain stable returns against the background of the consistently decreasing deposit interest rates at financial institutions. In addition, under the general trend of net value management of financial institutions' treasury market, the market share of capital guaranteed treasury has been significantly reduced. Other financial assets placed in this financial year includes a small amount of capital guaranteed short-term investments with banks in the PRC. The vast majority of other financial assets are capital non-guaranteed and short-term investments at medium and low risks with banks and other financial institutions in the PRC. In the fourth quarter of 2022, China's bond market experienced significant fluctuations, and the net value of wealth management products of most banks decreased. In order to control risks, the Group appropriately reduced its investment in other financial assets and increased the proportion of time deposits and cash and cash equivalents. The expected but unguaranteed returns of capital guaranteed short-term investments with banks ranged from 2.29% to 3.03% per annum. Other financial securities refer to trading stocks held by Shuo Ming De Investment Co., Ltd. ("**Shuo Ming De Investment**"). Shuo Ming De Investment invested approximately RMB224,921,000 in February 2018 to subscribe for 12,184,230 shares of Jinhong Fashion Group Co., Ltd. (a company listed in Shanghai Stock Exchange with stock code: 603518) ("**Jinhong Group**") through a private placement at a subscription price of RMB18.46 per share. Due to the bonus issue of shares by Jinhong Group in May 2019, the number of shares held by Shuo Ming De Investment increased to 17,057,922, and the investment cost was adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share, and the current shareholding held by it in Jinhong Group is less than 5%.

As at March 31, 2023, the bank borrowings of the Group amounted to approximately RMB770.4 million (March 31, 2022: RMB934.0 million) and the carrying amount of liability component of the convertible bonds was approximately RMB1,608.0 million (March 31, 2022: approximately RMB1,604.6 million). The gearing ratio (being total borrowings/total equity) of the Group was 18.9% (March 31, 2022: 20.8%).

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

Following the long-term credit ratings of "Baa3 (stable outlook)" and "BBB- (stable outlook)" granted to the Group by Moody's and S&P respectively in FY2021/22, the Group continued to be crowned the "double investment grade" in FY2022/23. The long-term credit rating of the "double investment grade" granted to the Group by the international authoritative rating institutions demonstrates the capital market's recognition of the Group's prudent financial policy and sound financial performance, and also reflects the Group's stable development and resilience thereof in the business cycle.

SUSTAINABLE DEVELOPMENT

Since China announced its "30•60 dual carbon goals" in 2020, its government has developed and adopted a 1+N policy at the highest level. Green development has become an important part of high-quality development. As the largest owner and producer of down resources in the world, China has been innovating green down and has adopted environmental practices. This has not only demonstrated its commitment to the environmental goals but also can enhance its brand identity and reputation in the world. The Group can tap into the huge potential of such a sustainable and renewable resource, i.e. down, for reducing carbon handprint.

MSCI, an internationally authoritative institution, improved again the Group's Environmental, Social and Governance ("ESG") rating to grade A

Morgan Stanley Capital International ("**MSCI**") issued an ESG rating report in February 2023. Benefitting from the improvement of labor management, supply chain labor standard management system and product carbon footprint, the Group's MSCI ESG rating jumped further from BBB to A, making the Group a leader in China's textile and apparel industries.

In terms of the establishment and improvement of the ESG system, the Group has established an ESG interconnected management structure at three-levels in terms of decision-making, management and implementation since 2021 so as to ensure the effective achievement of its ESG targets, timely supervision of performance and assessment of new risks and new opportunities on sustainable development. As to the management of important ESG issues, the Group closely kept up with the times and kept abreast of the needs of various stakeholders, focusing on 22 issues such as building new types of operations to meet consumers' needs, creating new customer experiences, enhancing product innovation, building a stable and green supply chain, strengthening itself as China's domestic brand and helping to enhance the country's cultural confidence. We also analysed and found out the new breakthrough points of various issues on sustainable development and the value points for feeding back to the industry's value chain. Through long-term and unremitting efforts, the level of the Group's ESG practices had been continuously recognized by MSCI, an internationally authoritative rating institution.

Receiving an outstanding B-grade for "Climate Change" from Carbon Disclosure Project ("CDP")

In 2022, the Group participated in CDP's environmental scheme by reporting to the organization its performance regarding "Climate Change", and achieved a good rating of B-. Therefore, the Group successfully ranked among the internationally leading apparel brands in environmental performance. The "B-" rating is the highest grade attained by a company in China's textile industry so far.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS ACQUISITIONS

During FY2022/23, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures. There were also no other material investments nor addition of capital assets authorized by the Board as at March 31, 2023.

CONTINGENT LIABILITIES

As at March 31, 2023, the Group had no material contingent liabilities.

COMMITMENTS

As at March 31, 2023, the Group had outstanding commitments in respect of plant, property and equipment, equity investment and advertising and promotion expenses, amounting to approximately RMB167.6 million (March 31, 2022: approximately RMB138.7 million).

PLEDGE OF ASSETS

As at March 31, 2023, bank deposits amounting to approximately RMB1,028.2 million had been pledged to banks as security for bills payable (March 31, 2022: approximately RMB952.1 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury management function at its head office. The Group adopted prudent funding and treasury management policies while prioritizing risk prevention and maintaining a sound cash management strategy. The Group's source of funding in the Year was primarily raised by cash generated from operating activities, bank borrowings and/or bond issuances. The major objective of the Group's treasury policies is to appropriately improve the overall income level of funds on the basis of ensuring liquidity and risk prevention.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in mainland China with revenue and expenses of the Group's subsidiaries denominated in Renminbi, and therefore, the Group has chosen Renminbi as the reporting currency. Some of the Group's cash and bank deposits were denominated in Hong Kong dollars or US dollars. The Company and some of its overseas subsidiaries selected US dollars as their functional currency. Any significant exchange rate fluctuations of Hong Kong dollars, US dollars, Pound sterling or any other functional currencies of the entities may have a financial impact on the Group.

When facing exchange rate 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, 2023, the Group had 12,183 full-time employees (as at March 31, 2022: 10,118 full-time employees), representing a year-on-year increase of 2,065 employees. As of March 31, 2023, staff costs (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB1,839.8 million (approximately RMB1,715.7 million for the previous financial year).

Based on its strategically important aspiration to become the "world's leading expert in down apparel", the Group focuses on the value creation that customers can explicitly perceive, and enables them to associate value creation with the Group's strategic core capabilities. To perform well now and look ahead to the future, the Group continues to step up its efforts to identify and develop strategically significant employees and actively fosters a new generation of young talents. The Group attaches great importance to the creation of an internal talent system. The Group began with fresh graduates when it developed a channel for building up its internal talent pool and has been making such efforts consistently in recent years, thus ensuring a sufficient supply to fill the gap in its talent echelon. A recruitment drive was conducted on campuses in 2023 under the scheme of annual salary of RMB1 million, Zero Run Action Innovation Project (零跑行動創新項目) and Young Eagle Plan Evergreen Project. The Group leveraged celebrities and the open days jointly organized by universities and businesses, aiming to further attract a crop of outstanding talents with high overall quality and strong professional abilities from universities. The Group was continuously building up its image as the most preferred employer for graduates from textile and garment colleges.

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

CORPORATE CULTURE

The Group attaches great importance to the development and inheritance of corporate culture. The Group firmly believes that culture is the foundation for the realization of its development goal of "creating a 100-year brand, building a 100-year enterprise". This belief is the driving force behind the Group's development and sustainability. This is what has been crystallized as the Group's essence by the development of both the corporation and its brands. The belief is also the soul and bloodline that runs through the development of the corporation, and the driving force, philosophical pillar and guiding direction of its development. The Group advocates that corporate culture drives strategic implementation, unifies cultural cognitive thinking, unifies management concepts, organically integrates the practice of corporate culture with strategic work and daily work behavior through the institutionalization of that culture, applies the corporate culture to the organization's benefit mechanism and incentive mechanism, continuously improves the system for the assessment of good practices based on corporate culture and core values, and guides all employees in learning and transforming themselves by establishing typical figures of corporate culture and typical cases. The Group will use the excellent corporate culture to make its team cohesive, transform its thinking and cognition, and be customer-oriented, open-minded and innovative so as to work together towards corporate goals, create long-term value and win consumers' trust.

The Group advocates the practice of corporate culture, focuses on the core of strategic development and organizes a series of activities such as explaining case studies for excellence, fostering model employees and learning from the organizational experience to form a cohesive team that has the same ideas and concepts and aligns actions with goals, and makes its teams to unite their efforts so as to ensure the efficient achievement of strategic goals.

TALENT DEVELOPMENT

In order to implement its strategy better, the Group attaches greater importance to the cultivation of talents. After years of accumulation of experience through practice, the Group has developed a scientific system for talent training. From strategic interpretation, business path analysis, a review of the organizational structure, the rationalization of posts, to clear identification of the capabilities of both the organization and personnel, the Group has completed multiple rounds of iterations of the key aspects of the talent training process such as competence standards, evaluation standards, evaluation process and internal competition for posts. The internal talent development system with Bosideng's characteristics has been formed, creating a cadre matrix composed of core management, specialists, store operational managers and the strategically important talent as reserves.

To ensure even better implementation of its strategies in the future, the Group insists on introducing leading talents from the outside to match market changes, leading the industry's development, and developing leading advantages. The Group believes that talents are the cornerstone of brand development, and designers are the creators of core competitive products. Focusing on the brand's positioning as the "world's leading expert in down apparel", it is always the product design team's long-term goal to establish a leading, diversified, professional and highly creative organization in its talent development strategy. While actively introducing outstanding talents, the Group also focuses on helping employees in key positions and core teams to grow rapidly, constantly creating an atmosphere of learning in the organization in the process, forming a knowledge system that is replicable, training its employees through practice, using an efficient operational system and clearly formulating incentive mechanisms to make the core talent improve rapidly so as to carry out sustainable and iterative innovation and creation to exceed customer expectations and achieve long-term value.

Retail talents as a group is the key to the Group's achievement of its strategic goals. Of the retail talents, the store staff are the key contact for customers where the latter can explicitly perceive the value created. After establishing a retail model with stores as the core force, our Group has been focusing on how to "improve the efficiency of single stores", continuously strengthening the training of store staff, being committed to establishing a team of professional retail staff who can deal with high-pressure situations at work and devote themselves to the retail industry.

OUTLOOK

The apparel industry makes life better and is one of the key driving forces behind China's rapid modernization. In the year to date, the global demand for apparel has been recovering steadily and China's consumer market, in particular, has become more active noticeably. As the apparel industry has just entered a stage of robust growth in its cycle, its recovery is speeding up while its transformation and improvement are being carried out at full speed. The consumer market for apparel is reviving steadily and is being reshaped. Meanwhile, as a country with a population of 1.4 billion working towards the goal of common prosperity is being modernized, China has seen a stronger sense of cultural identity and growing cultural confidence among its people. This provides value support to the development of domestic brands. As an industry leader, the Group works to meet the people's new needs and new expectations in their pursuit of a better life. Therefore, it perseveres with long-termism and value creation, remains customer-centric, drives its own development with branding and innovation, and blazes a trail by embarking on the upgrading of its brands and by striving for sustainable and high-quality development.

Down apparels business: The Group will focus its efforts on the main brand Bosideng and will reinforce the brand's position as "the "world's leading expert in down apparel". It will drive its own development with professionalism and brand awareness, and is evolving from a market leader by sales volume into a globally leading brand in overall strength. Meanwhile, the Group will plan to enter the market for down apparel with high performance-price ratio. For example, it will coordinate the development of the brands Snow Flying and Bengen so as to develop a brand matrix, expand its market share and consolidate its foothold in the market, thus enhancing the core competencies of its mainstay business of down apparel.

Regarding its brands, the Group will adhere to the strategy of driving its own development with branding, keep up with the times by imbuing the brands with new values. On the one hand, it will convey its key values as Bosideng, a warm apparel brand, and as a leading expert in down apparel. It will improve the content of its messages and both the channels and methods for disseminating its messages according to its brand culture and consumers' minds. On the other hand, the Group will conduct comprehensive planning for its brand matrix, clarify its brand positioning and strengthen the operation capabilities of its brands in order to fully tap into the potential of its brands of fashionable and functional apparel.

As to its products, the Group will continue to drive their development with innovation to adapt them to users' needs in modern times, thus maintaining the brands' high status with the depths of the products and conveying the values that are in the Group's genes through the original designs. It will also enhance the value of its products by applying cutting-edge technologies and keeping up with the times by making breakthroughs in innovation. These initiatives will enable the Group to meet peoples' ever growing need for a better life.

In its retail business, the Group will focus on improving both the quality and efficiency of its single stores' operations, raise its professional standards and enhance synergy in terms of its channels of merchandise, image and retail, and develop a replicable way of operating single stores efficiently. All these initiatives will improve both the operational capability and profitability of the Group's retail stores and enhance user experience. Moreover, the Group will step up the operation of the customer membership by refining the management of the customer member relationships for the long term with the aim of making breakthroughs in expanding the high-quality customer base and in increasing the number of repurchases.

OEM business: the Group aspires to become an expert in OEM/ODM of functional apparel for mid-range and high-end international brands and to provide high value-added products and services for customers. On the one hand, the Group will develop business with new clients in addition to its efforts to deepen the good and stable cooperation with its existing core clients. It will further tap into the potential of its existing businesses and strive for breakthroughs in its newly developed businesses so as to improve both the quality of business operations and profitability. On the other hand, the Group will expand its overseas production capacity and fully integrate and utilize quality resources for production and thus increase its delivery capability.

Ladieswear business: the Group always attaches great importance to the development of its ladieswear apparels business. It will further clarify the strategic positioning of its ladieswear brands and the mode of business development. It will also press ahead with its core strategies of raising the efficiency of its single stores' operation, enhancing the effectiveness of its product assortment and increasing the efficiency of its customer membership management. All these moves will be able to boost both the operational and management efficiency at the ladieswear apparels business, thus paving the way for that business unit's healthy and sound growth.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 17, 2023 to August 22, 2023 and (ii) August 28, 2023 to August 30, 2023, both days inclusive, during which periods no transfer of shares will be effected. In order to (i) determine the eligibility of the members who are entitled to attend and vote at the AGM and (ii) qualify for the proposed dividend payable on or around September 15, 2023, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on (i) August 16, 2023 and (ii) August 25, 2023, respectively.

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

The Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company had complied with the Corporate Governance Code (the "**Code**"), as set out in Appendix 14 to the Listing Rules for the Year, except for Code provisions C.2.1 and C.5.1, which provide that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, and that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

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

During the Year, the Board convened a total of three Board meetings based on the needs of the operation and business development of the Group. Due to measures put in place in response to the COVID-19 pandemic, each Board meeting has been arranged to discuss multiple topics and resolutions. During the Year, the Directors were provided with all relevant information on an ongoing basis to enable them to stay informed of the Group's progress and to make swift decisions as required. The Company will consider holding more regular Board meetings in the coming year if the situation allows it to meet the requirements under the said Code provision.

AUDIT COMMITTEE

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

AUDITOR

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

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

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

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

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

Hong Kong, June 28, 2023

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