波司登
BOSIDENG

ANNUAL REPORT
2022/23

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

Above: The opening ceremony of Bosideng London flagship Store

Left: The exterior of Bosideng's first global experience store

Right: Technology function display of the products in Bosideng experience store

Left: Designers' manuscript display in Bosideng experience store

Right: Store display of New Generation of Ultralight Down Jackets

Right: Store display of down apparel under the Bosideng brand

COMPANY PROFILE

Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a renowned operator in the People's Republic of China (the "PRC") with down apparel brands. Founded in 1976, the Group commenced its operations in extremely difficult conditions under the leadership of Mr. Gao Dekang. On October 11, 2007, the Company was listed on the main board of the Stock Exchange (stock code: 3998).

With a focus on down apparel business, the Group has developed into an expert in down apparel which has been widely recognized by consumers and a leader in the development of the industry. Currently, the Group's down apparel brands include Bosideng, Snow Flying, Bengen, etc. These brands have been supporting the Group in meeting the needs of different groups of customers and enhancing its position as a leader in the PRC market. Among them, the down apparel business under the Bosideng brand maintained a significant lead in the industry for 28 consecutive years (1995 - 2022) in terms of sales volume in the PRC.

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

The Group has been proactively implementing its strategies of brand development. During the Year, Bosideng was selected again as "Brand Finance Apparel 50" and was awarded "My Favorite Chinese Brand 2023" by China National Brand Network. Looking forward, the Group will maintain the focus on its core down apparel business, upgrade its products, channels and terminals under the strategies of brand development, stay true to the mission of warming the world, and strive for the goal of becoming the most respected fashionable and functional apparel group in the world.

CONTENTS

MISSION

Bosideng warms the world

VISION

Be the most respected fashionable and functional apparel group around the world

CORE VALUES

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

SPIRIT

Overcoming difficulties,
Keeping abreast with the times,
Fighting cooperatively,
Striving for the best

BOSIDENG BRAND POSITIONING

World's leading expert in down apparel

AWARDS

BRAND HONORS

1. Bosideng was ranked 48th in the "Brand Finance Apparel 50 2022" by Brand Finance
2. Bosideng brand was awarded "My Favorite Chinese Brand 2023" by China National Brand Network
3. The new generation of ultralight down jackets of Bosideng won the Golden Novum Design Award in France
4. The comfortable outdoor series down apparel of Bosideng won the "2022 ISPO Award – Global Design Award"

LISTED COMPANY AWARDS OR RATINGS

5. "2022 China Textile and Garment Brand Competitiveness Advantage Enterprise" conferred by China National Textile and Apparel Council
6. Awarded the "2022 Retail Typical Digital Practice Cases (2022年度零售業典型數字化實踐案例)" issued by China Commerce Association for General Merchandise
7. A rating appraised by MSCI ESG (Environmental, Social and Corporate Governance)
8. CDP 2022 Climate Change Score B-
9. Awarded the "Outstanding Leadership Case (傑出領導力案例)" at 2022 ESG Development Forum for Entrepreneurs

INVESTOR RELATIONS TEAM AWARDS

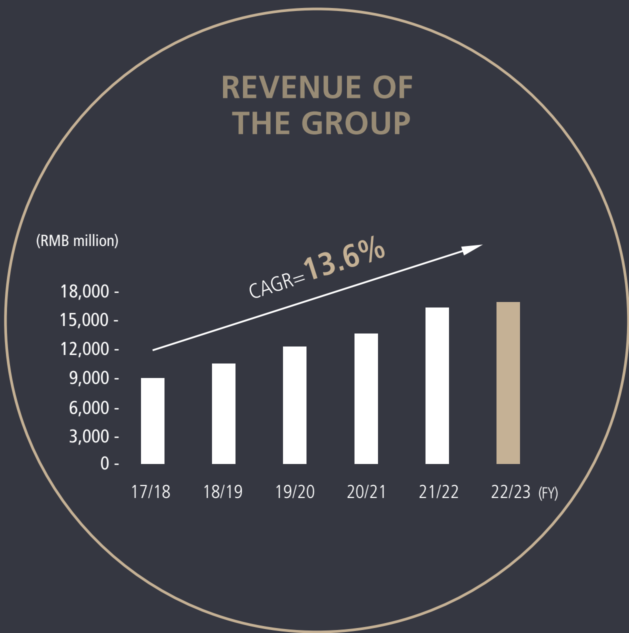
10. Awarded the "Best Investor Relations" in the 2022 Wind Best Roadshow (2022年度Wind最佳路演榜)
11. Awarded the Xueqiu (雪球) Annual Gold List "2022 Top 100 Influential Listed Companies" (Consumer Manufacturing)
12. Awarded the "Annual Investment Value Award" in the 2022 Gelonghui Golden Award (金格獎) for "Outstanding Listed Companies in Greater China"
13. Awarded the "Most Valuable Large Consumer Company" in the 7th Zhitongcaijing (智通財經) Selection in 2022
14. Awarded the "Best IR Company (Mid Cap)" by HKIRA 9th Investor Relations Awards 2023

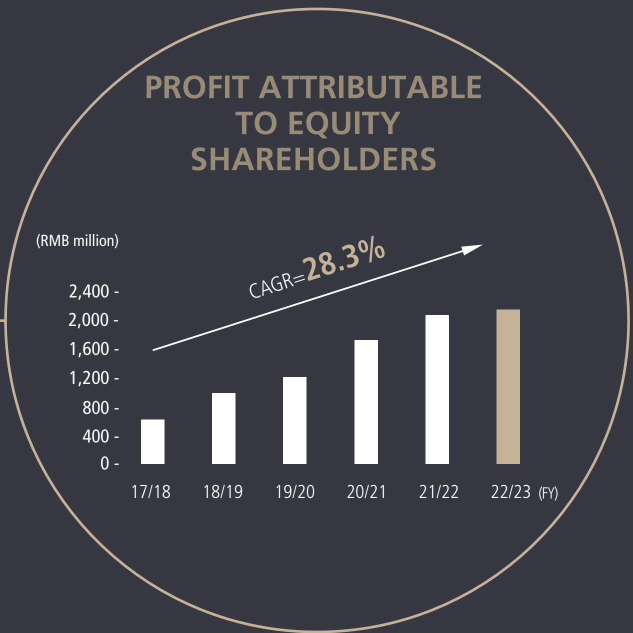
FINANCIAL HIGHLIGHTS

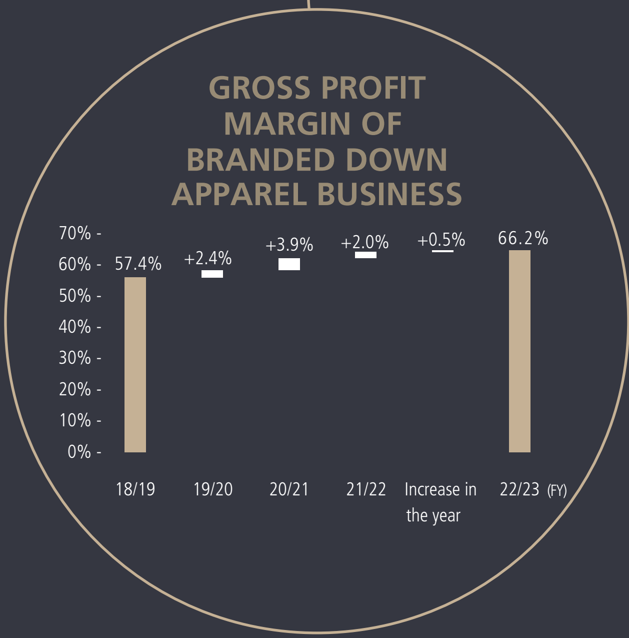
(All amounts in RMB thousands unless otherwise stated)

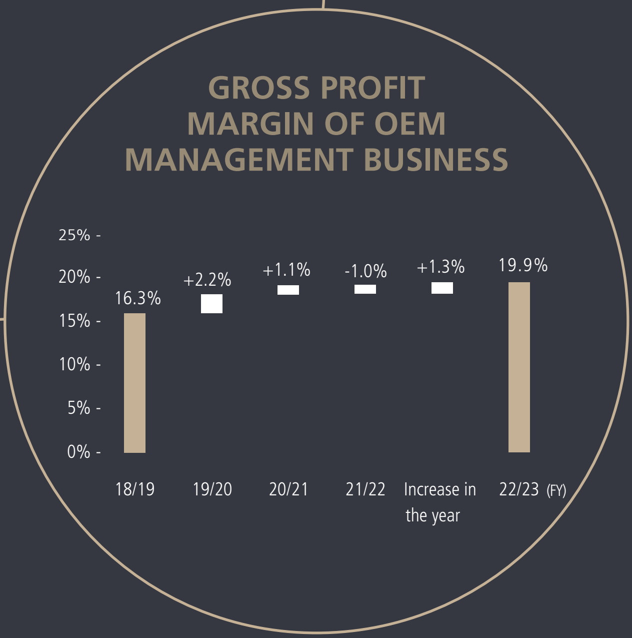
	For the year ended March 31,				
	2023	2022	2021	2020	2019
Revenue	**16,774,220**	16,213,608	13,516,513	12,190,535	10,383,453
Gross profit	**9,975,876**	9,737,179	7,924,266	6,708,646	5,513,514
Profit from operations	**2,826,372**	2,568,847	2,224,606	1,598,678	1,370,765
Profit attributable to:					
Equity shareholders of the Company	**2,138,574**	2,062,323	1,709,566	1,203,184	981,316
Non-controlling interests	**17,809**	(3,551)	(4,600)	(7,908)	24,244
Dividends per share (HKD cents):					
Interim	**4.5**	4.5	3.5	3.0	2.0
Final	**13.5**	13.5	10.0	6.0	6.0
Total	**18.0**	18.0	13.5	9.0	8.0
Non-current assets	**6,220,645**	6,546,999	6,079,665	4,909,115	3,944,547
Current assets	**14,722,039**	14,736,717	12,876,571	12,469,638	11,138,157
Current liabilities	**6,053,902**	6,610,102	5,442,073	4,690,139	4,795,859
Non-current liabilities	**2,284,413**	2,447,174	2,263,433	2,285,989	177,959
Net current assets	**8,668,137**	8,126,615	7,434,498	7,779,499	6,342,298
Total assets	**20,942,684**	21,283,716	18,956,236	17,378,753	15,082,704
Total assets less current liabilities	**14,888,782**	14,673,614	13,514,163	12,688,614	10,286,845
Total equity	**12,604,369**	12,226,440	11,250,730	10,402,625	10,108,886
Gross profit margin (%)	**59.5**	60.1	58.6	55.0	53.1
Operating margin (%)	**16.8**	15.8	16.5	13.1	13.2
Net profit margin (%)*	**12.7**	12.7	12.6	9.9	9.5
Earnings per share					
– basic (RMB cents)	**19.75**	19.14	15.98	11.27	9.32
– diluted (RMB cents)	**19.29**	18.78	15.77	11.06	9.17
Current ratio (x)	**2.4**	2.2	2.4	2.7	2.3
Gearing ratio (%)	**18.9**	20.8	20.3	24.0	16.1

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


REVENUE OF THE GROUP
(RMB million)
CAGR=13.6%
18,000
15,000
12,000
9,000
6,000
3,000
0
17/18
18/19
19/20
20/21
21/22
22/23 (FY)


PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(RMB million)
CAGR=28.3%
2,400
2,000
1,600
1,200
800
400
0
17/18
18/19
19/20
20/21
21/22
22/23 (FY)


GROSS PROFIT MARGIN OF BRANDED DOWN APPAREL BUSINESS
70%
60%
50%
40%
30%
20%
10%
0%
57.4%
+2.4%
+3.9%
+2.0%
+0.5%
66.2%
18/19
19/20
20/21
21/22
Increase in the year
22/23 (FY)


GROSS PROFIT MARGIN OF OEM MANAGEMENT BUSINESS
25%
20%
15%
10%
5%
0%
16.3%
+2.2%
+1.1%
-1.0%
+1.3%
19.9%
18/19
19/20
20/21
21/22
Increase in the year
22/23 (FY)

THERE IS NO ROYAL ROAD TO THE SUMMIT, IT TAKES COURAGE TO GET THERE!

Dear shareholders,

On behalf of the Board, I am pleased to present the Group's annual results for the year ended March 31, 2023.

FY2022/23 was a year like no other. The Group actively responded to the complicated and uncertain external environment, adhered to its warmth delivery mission, remained focused on its principal business and customer-centric values; guided by brands and driven by innovation, it achieved steady progress in key performance indicators with improvement of quality at the same time. In the financial year, revenue reached RMB16.77 billion, representing a year-on-year increase of 3.5%. Profit attributable to equity shareholders amounted to RMB2.14 billion, representing a year-on-year increase of 3.7%. To thank the shareholders for their continued support and recognition, the Board recommended the distribution of a final dividend of HKD13.5 cents per share in this financial year. Together with the distributed interim dividend of HKD4.5 cents per share, the dividend distribution rate of this financial year is 83.4%, demonstrating the reality that we continued to generate vigorous returns for our shareholders.

With steady operations bucking the trend, the vitality of resilience of development is being demonstrated

In the past year, the Group adhered to the strategy of "focusing on its principal business and key brands", 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, talent development and digital and intelligent operation". This consolidated the branded down apparels business as its core operation, which added impetus to innovation and enhanced its business planning and presence in its strategic development, contributing to the rise of Chinese brands in this new era. The sound financial performance of the Group was recognized by international authoritative rating institutions. "Double investment grade" granted to the Group by Moody's and S&P in FY2022/23 demonstrated the capital market's recognition of the Group's prudent financial policy and sound financial performance, and also reflected the Group's vitality and resilience against the trend in the business cycle.

Laying a solid foundation for our principal business to help improve brand strength

The Group focused on its core down apparel business, concentrated on advantageous resources, and built the core competencies of its main business. The branded down apparels business recorded a year-on-year increase of 2.7% in revenue to RMB13.57 billion in this financial year.

Positioned as "the world's leading expert in down apparel", the Bosideng brand is evolving from a market leader solely by sales volume into a globally leading brand in overall strength by upgrading and innovating products, improving quality and efficiency of channels and refining retail operations. Bosideng ranked first in the industry in terms of awareness rate, reputation and net promoter score. In FY2022/23, Bosideng brand's revenue stably lifted to approximately RMB11.76 billion, with a compound annual growth rate of 18.9% for five consecutive years.

Upholding the brand principle of "creating a wonderful life for all", the Snow Flying brand stepped up its efforts to develop its online business and supply chain collaboration and its business model innovation has achieved initial results. In FY2022/23, the Snow Flying brand recorded revenue of approximately RMB1.22 billion, representing a year-on-year increase of 25.4%. Thanks to its advantages in product development and supply chain management, the Group has maintained the stable and sound development of the OEM business by pre-planning and allocating its production resources with a focus on core strategic customers, exploring its internal development potential and lessening external pressure. In FY2022/23, its revenue amounted to approximately RMB2.29 billion, representing an increase of 20.7% compared with that in the same period of previous year.

In FY2022/23, as it continued to increase operational quality and efficiency, the Group achieved a stable increase in its trade receivables management ability. Its inventory turnover days decreased to 144 days and it has further enhanced its ability to manage working capital. Meanwhile, by taking measures such as supply chain management, inventory control and the optimization of the collection period, the Group's net cash generated from operating activities amounted to approximately RMB3.05 billion, representing a year-on-year growth of 14.3%. The Group's future sound and sustainable operations are underpinned by stable and adequate cash flow.

Highlighting the value of product innovation and sub-category advantages

Specializing on down apparel for 47 years, Bosideng has been delivering its brand value through its professional, innovative products with craftsmanship and leading the innovation development and consumption trends in the industry. During FY2022/23, the Group continued to promote the omnichannel integrated operation centered on stores with a focus on its best-selling products ("Top Sellers") to improve product operational efficiency. Also, the Group upgraded its design and development, technological functions, techniques and merchandise mix, and relaunched the new-generation lightweight down apparel collection that is more diversified, fashionable, light and warm to extend the sales cycle of down apparel, which expanded new categories for the industry. The comfortable outdoor down apparel series won five heavyweight international awards, namely the German Red Dot Award, the US MUSE Design Awards, the US Industrial Design Excellent Award (IDEA Design Award), the Italy A award and ISPO Award - Global Design Award. It collaborated with CASC, Maserati and other industries to satisfy customers' demand for personality and diversity. In addition, Bosideng's sun protective clothing products also demonstrate strong resilience as its continuous efforts in product iteration and innovation which drives the upgrading of its brand awareness and sound growth in results.

Boosting momentum by omni-channel retail and upgrading experiences by targeted marketing

We take a consumer-oriented approach and continue to promote retail reform. For offline channels, we have promoted the iteration and upgrading of channel qualities, channel structures and terminal images, and opened the first brand experience shop on Nanjing West Road in Shanghai. Focusing on individual stores operation, we achieved full integration of the front, middle and back platforms, refined the operation of shops to upgrade consumer experience and enhance the quality and efficiency of shops operation. For online channels, while exerting efforts on traditional e-commerce platforms such as Tmall, JD.com, we also introduced Douyin, Xiaohongshu and other new e-commerce platforms. The online retail has continuously made breakthroughs, which was evidenced by the fact that our ladieswear on Tmall in "Double 11" ranked first for the first time. At the same time, we broke the traditional retail boundary and converted to an online and offline omni-channel, multi-touchpoint, integrated and innovative operation mode, achieving the integration of online and offline, in-store and out-of-store transactions, and the comprehensive integration of online and offline products and members, which contributed to performance growth through the high-quality innovation in omni-channel retail. In addition, the Company has attached great importance to membership refined operations and high-quality member acquisition with a steady increase in the proportion of mainstream consumers.

Development empowered by digitalisation and reality integration, with collaborated quality and efficiency improvement of the whole chain

The Group has accelerated intelligent and digital transformation, deeply integrated the new generation of digital technology with the traditional business model of down apparel, and integrated big data into the key aspects of enterprise design and research and development, purchasing and manufacturing, warehousing and logistics, retail operations and customer service, realising the consumer-centred digital "research, production, supply, marketing, and service" whole-chain synergies, and significantly improving operational efficiency, decision-making accuracy, synergy and talent effectiveness. The Group was awarded the first batch of "Digital Pilot" enterprises by the Ministry of Industry and Information Technology of China in the current financial year. The Group will continue to promote the application of digitalisation into the entire process of enterprise operation and management, and continuously improve enterprise operation efficiency through process re-engineering, organizational restructuring and model innovation to ultimately achieve the goal of "mobile office, online business, digital operation and intelligent decision-making", and continuously create greater value for users.

Living up to warmth delivery mission of our brand with a focus on sustainable fashion development

Staying true to its original mission of "Warming the World", Bosideng has been pursuing long-term and social value creation, and delivering love and warmth to global consumers and the public, so as to build a community for mankind and nature. The Group has integrated ESG (Environmental, Social and Governance) concepts into all aspects of its operations and management, and has been committed to the new development concept and sustainable fashion to promote sustainable and high-quality corporate development. During this financial year, Morgan Stanley Capital International (i.e. MSCI) upgraded the ESG rating of the Group to an industry-leading "A" grade, representing the highest level in China's branded apparel industry. The Group filed and received a "B-" rating for climate change management from the Carbon Disclosure Project (i.e. CDP) for the first time, which is the best rating received by a Chinese textile and clothing company. At the same time, the Group upheld the warmth delivery mission of its brands, spared no effort to give back to society, and demonstrated its leading role in promoting common prosperity.

Living a warm and wonderful life and achieving sustainable high-quality development

The 20th National People's Congress of the Communist Party of China opened a new journey to comprehensively establish a modern socialist country, and mapped out a new blueprint for promoting the great rejuvenation of the Chinese nation through Chinese-style modernization. High-quality development is the primary task for building a modern socialist country in all respects. Since the beginning of this year, with the full restoration of normal economic and social operations with steady growth and effective implementation of policies and measures to expand domestic demand, China's economy continued to stabilise and improve, and the domestic demand market has accelerated the recovery, which created new opportunities for high-quality development of enterprises. People's desire for a better life has driven a rise in consumption and the rise of national brands. The Group will adhere to the original development intention of "warming the world", adhere to the strategic vision of "being the most respectable and fashionable functional apparel group around the world", insist on brand leadership, implement an individual stores operation, create customer value, practice social responsibility, and move towards a new journey of sustainable high-quality development.

Focusing on principal business and key brands

The Group has been dedicated to the down apparel business for 47 years, creating the warm story of the world's leading Chinese down apparel. Keeping our fist tight is key to becoming powerful. The Group will maintain its focus on the core down apparel business, cultivate and harvest in the field of its own expertise, build the core competitiveness of the main business and strive to become the leader of global down apparel industry.

Insisting on brand leadership and consolidating its core capabilities

The brand is the highest leadership for the development of a company, and brand confidence is the greatest source of cultural confidence. The Group will adhere to the development model guided by brands, exerting its efforts systematically from aspects such as "leading brand, innovating products, upgrading retail, adhering to high product quality and quick response, and intelligent operation", consolidating its core competitiveness and giving its brands new values in keeping with the times.

Living up to social responsibility and creating symbiotic value

The Group will step forward toward sustainable and high-quality development in the fields of environmental protection, social responsibility and corporate governance, and continue to promote the construction and improvement of its corporate governance structure. The Group will also actively align with the national "dual carbon" strategy to promote green production and lead green consumption. In addition, the Group will make efforts towards common prosperity to fulfill its social responsibility and enhance patriotism. Bosideng will create symbiotic value for customers, employees, shareholders and the society by leveraging on the comprehensive leadership of its ESG capabilities.

There is no royal road to the summit, it takes courage to get there!

On behalf of the Board, I would like to express my sincere gratitude to our members of the Board, the management team and the strivers of the Group for their efforts and dedication, and also sincerely hope that all shareholders, partners and global consumers will continue to trust and support Bosideng. The Group will always maintain the original mission of "Bosideng warms the world", carry forward the enterprise spirit of "Overcoming difficulties, Keeping abreast with the times, Fighting cooperatively, Striving for the best", step on the path of brand breakthroughs and high-quality development, build core capacities of steady and healthy operations and surmounting ups and downs, innovate the Company's value symbiosis and co-creation sharing mechanism, start a new chapter of "World Down Apparel, China Bosideng, New trend leadership", create value for a better life and make contributions to the construction of a powerful nation in clothing and brands!

Gao Dekang
Chairman and President
June 28, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

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

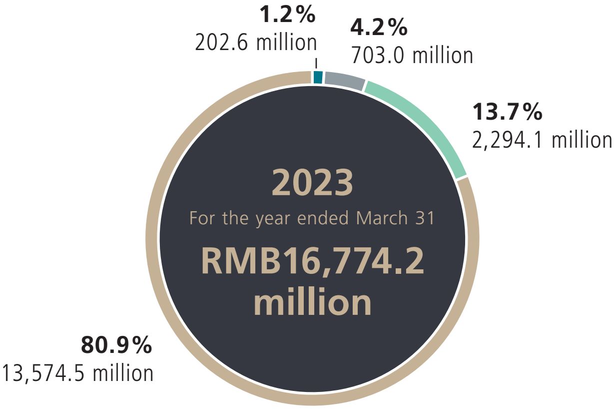
In FY2022/23, the Group adhered to the strategy of "focusing on its principal business and key brands", and continued to set Bosideng brand's position as the "world's leading expert in down apparel". It also continued to consolidate its four core competencies in "leading brand, innovating products, upgrading 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.

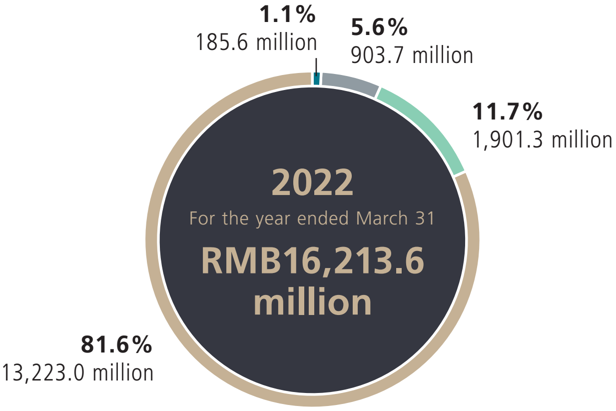
In FY2022/23, the Group's revenue amounted to approximately RMB16,774.2 million, representing an increase of approximately 3.5% compared with that in the previous financial year. The branded down apparels business, OEM management business, ladieswear apparels business and diversified apparels business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

RMB





Branded down apparels business | OEM management business | Ladieswear apparels business | Diversified apparels 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 Awards" 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.

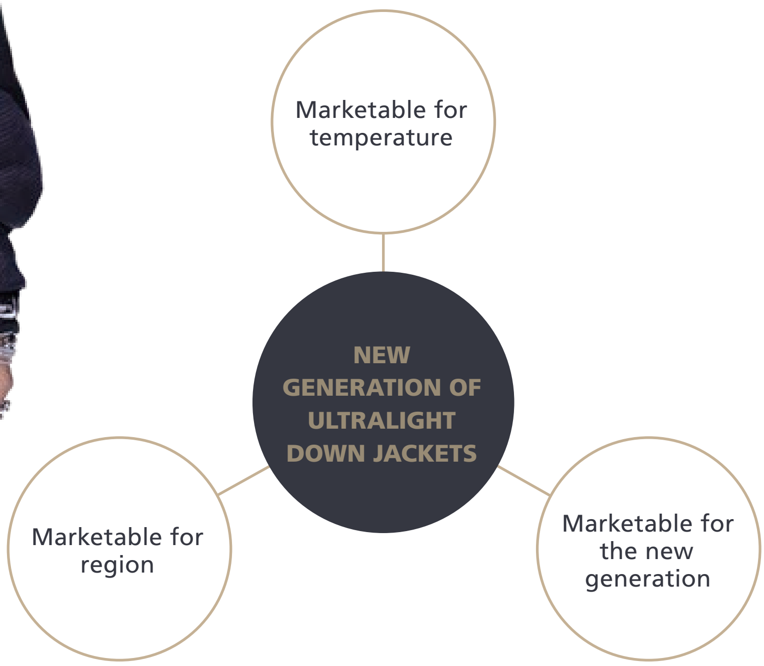

中国
CHINA

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:

SEPTEMBER 2022

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".



OCTOBER 2022

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.

NOVEMBER 2022

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.

SPRING FESTIVAL 2023

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

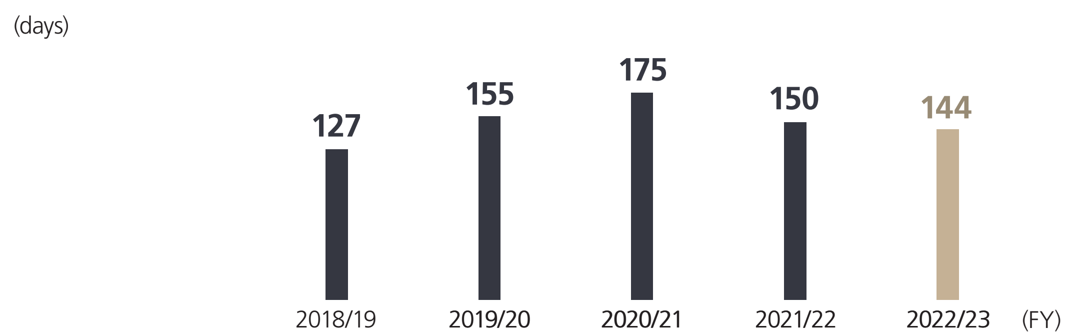
The Group believes that logistics is an essential element in conducting merchandise management and a prerequisite of efficient merchandise operation. Digitalization and intelligentization of logistics are the key to the effective digitalization and intelligentization of merchandise operation.

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.

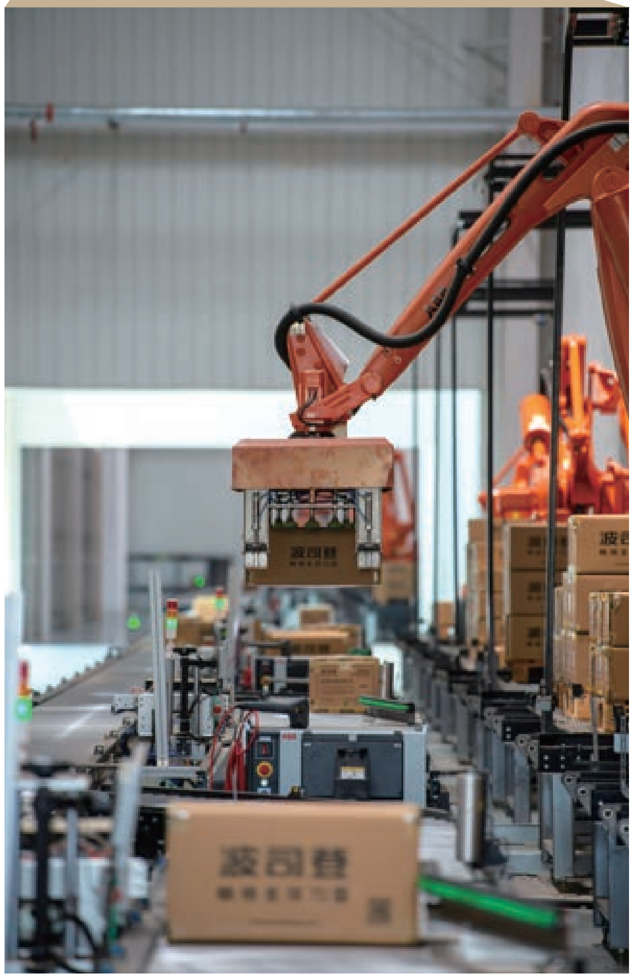
In FY2022/23, the Group continued to stick to the concept of merchandise operation management of the previous financial year. With the Group's smart central delivery centre, which serves all offline directly operated stores, franchised stores and online traditional e-commerce platforms, mixed online-to-offline ("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 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 return 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 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 Awards 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.

ISPO Award 2022

BRONZE AWARD 2022

MUSE DESIGN AWARDS

reddot winner 2022

A'DESIGN AWARD WINNER 2022 IRON

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 highlight 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.

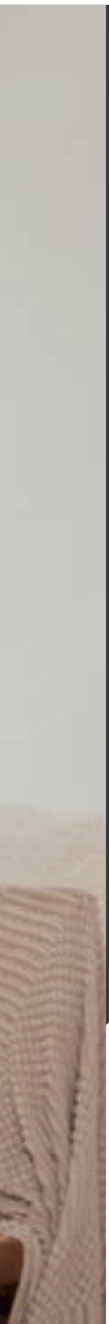
Snow Flying

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

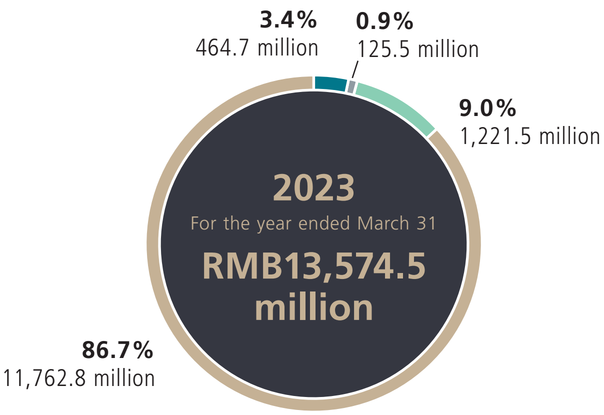
In FY2022/23, the Bengen brand recorded revenue of approximately RMB125.5 million, representing a decrease of 46.7%. Affected by the economic slowdown and the challenges of intensified competition arising from mid-to-low-end apparel brands, the business transformation progress of Bengen was relatively 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.

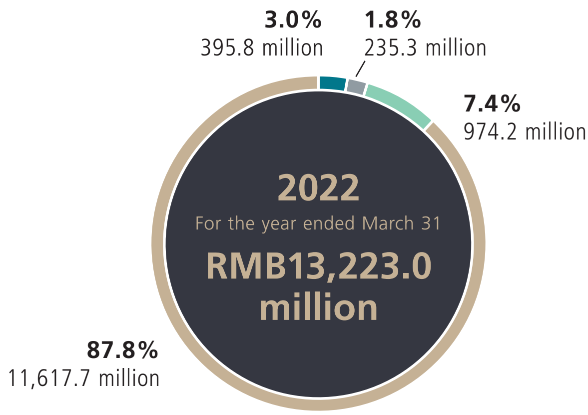


Revenue from branded down apparels business by brand

	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%

RMB





Bosideng Snow Flying Bengen Others

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

As at March 31, 2023	*Bosideng* Number of stores	*Bosideng* Change	*Snow Flying* Number of stores	*Snow Flying* Change	*Bengen* Number of stores	*Bengen* Change	**Total** Number of stores	**Total** Change
Specialty stores								
Operated by the Group	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 three reasons. 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.

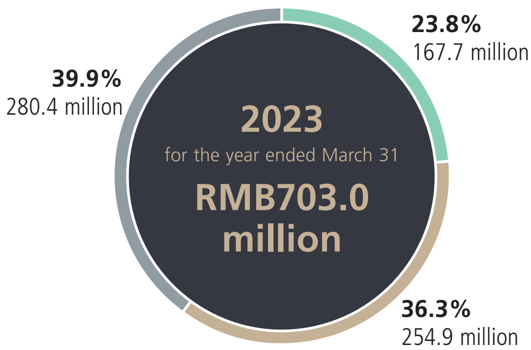
In terms of channel building, the Group upgraded the sales channels, opened new stores, enhanced the stores' image, built benchmark stores, and improved stores' operational efficiency. The Group actively expanded its online businesses by making breakthroughs on online multi-platforms and by planning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

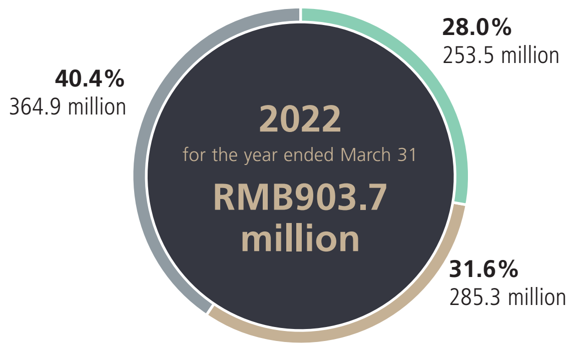
The changes in the pandemic since 2022 have brought considerable challenges and tests to the development of the ladieswear industry. The repeated flare-up of the pandemic has severely disrupted logistics management and the footfall at offline stores, causing difficulties to the Group's four ladieswear 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%

RMB



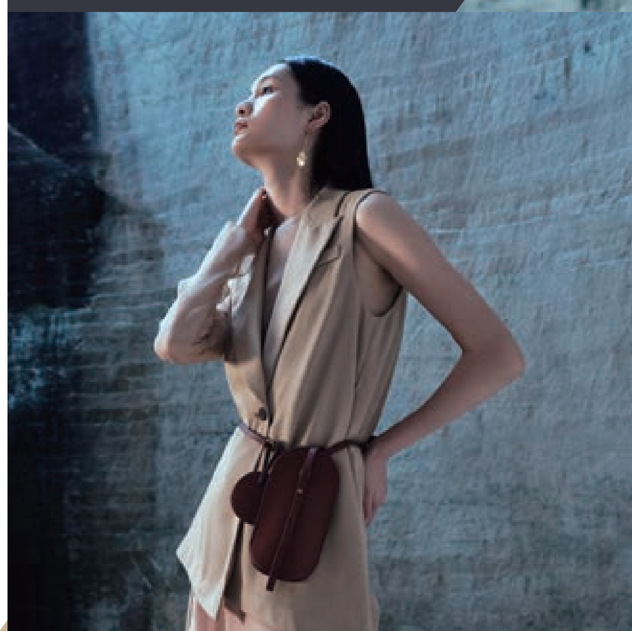


Revenue from ladieswear apparels business by sales category

	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.

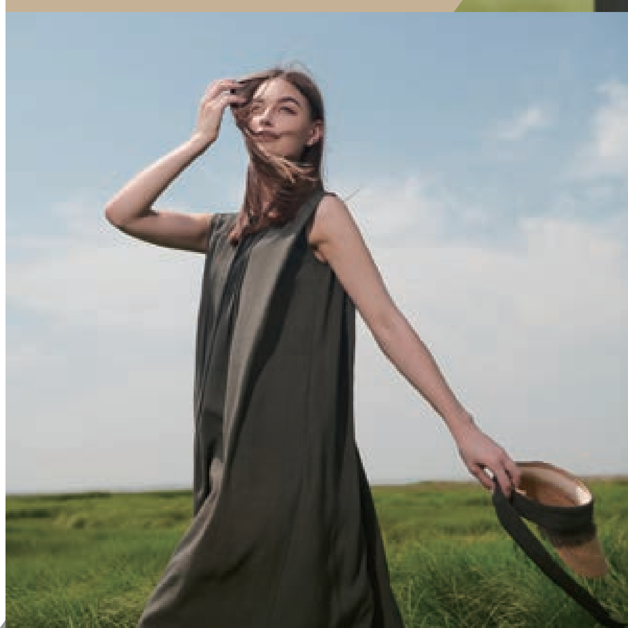


Fashion Ladieswear – BUOU BUOU

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

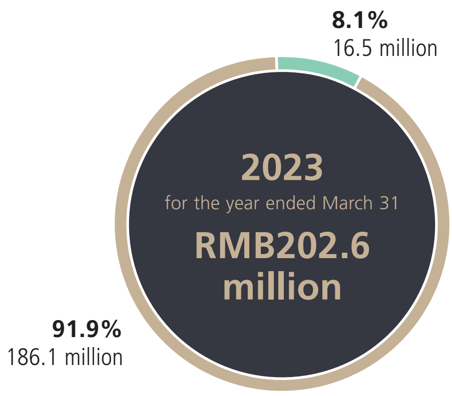
Diversified apparels business segment:

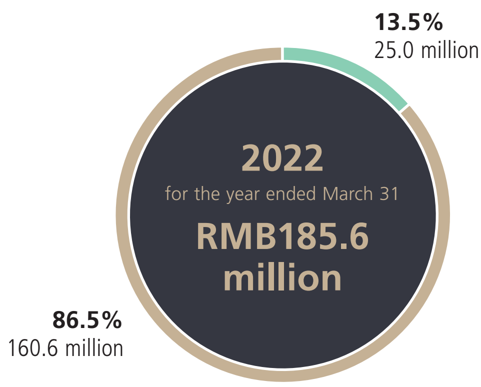
In FY2022/23, the revenue from the Group's diversified apparels business segment was approximately RMB202.6 million, representing an increase of 9.2% compared with that of the previous financial year. As the Group adhered to the overall strategy of "focusing on our principal business and shrinking diversification", 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%

RMB





Sameite Other brands and others

Revenue from diversified apparels business by sales category

	For the year ended March 31,				
	2023		2022		
Sales categories	**RMB million**	**% of diversified apparels business revenue**	RMB million	% of diversified apparels business revenue	Change
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 terms 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:

	For the year ended March 31,		
Brands	**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 RMB2,493.0 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%. Further details of the Investment are set out in Note 26 to the Financial Statements.

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%). As at March 31, 2023, the distribution of borrowings by currency unit and types of interest rate adopted were as follows:

Types of interest rate	HK dollars RMB million	Japanese yen RMB million	Renminbi RMB million	Total RMB million
Floating interest rate	525.2	235.2	–	760.4
Fixed interest rate	–	–	10.0	10.0
Total	**525.2**	**235.2**	**10.0**	**770.4**

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 and/or bank borrowings. 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.

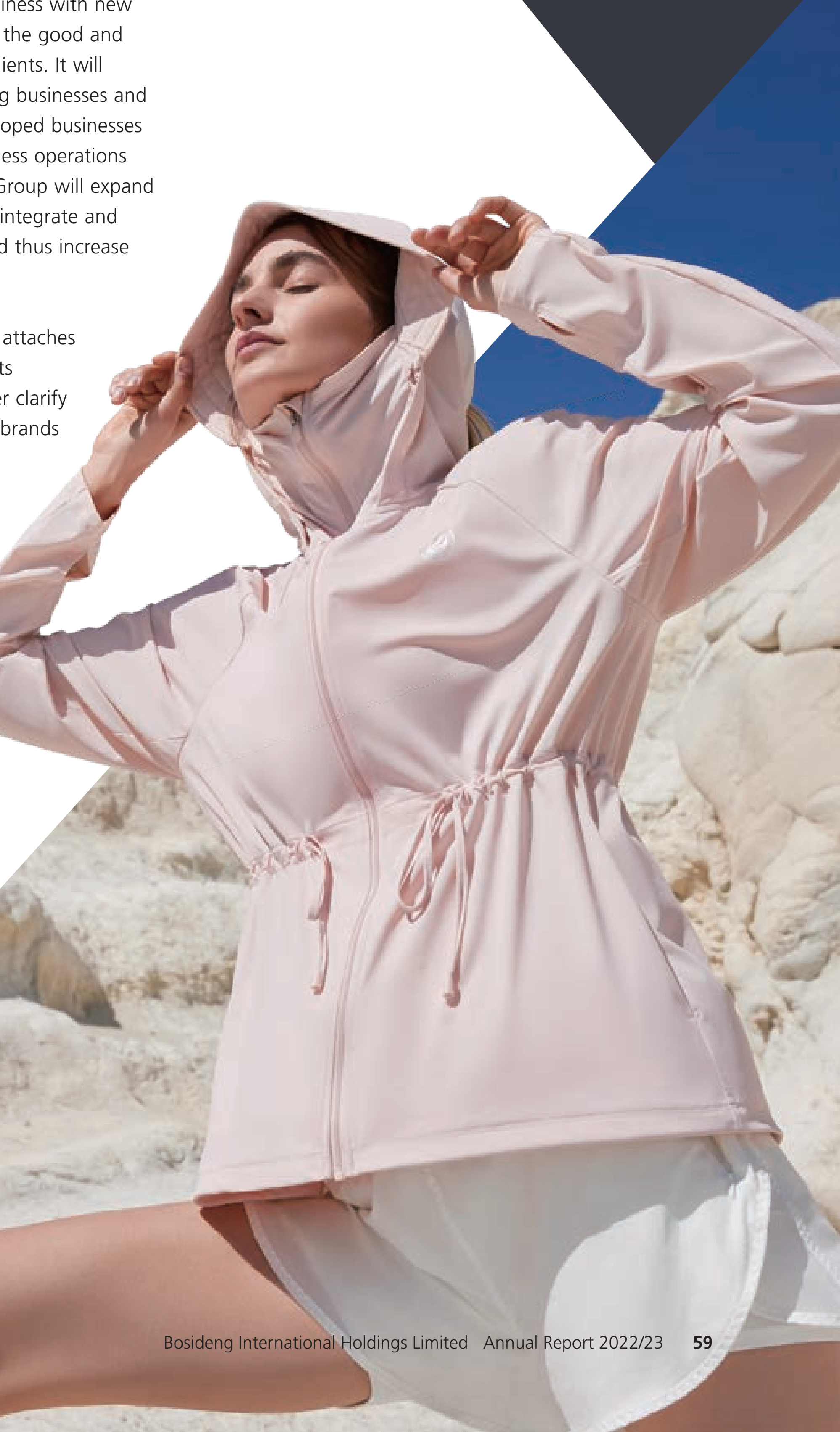
Regarding its brands, the Group will adhere to the strategy of driving its own development with branding, keep up with the times by imbuing the brands with new values. On the one hand, it will convey its key values as Bosideng, a warm apparel brand, and as a leading expert in down apparel. It will improve 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.



CORPORATE GOVERNANCE CODE

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

The Group has applied and complied with the applicable code provisions set out in the Code for the Year, except for code provisions C.2.1 and C.5.1, the details of which are disclosed below.

CORPORATE PURPOSE, STRATEGY AND CULTURE

The Board has established the Company's mission, vision, core values and strategy, and has ensured that these are aligned with a high degree of consistency and convergence of Company's corporate culture, clearly expressed to all members of the Company, and provide operating guidance for the management team. All Directors should act with integrity, lead by example, and promote the desired corporate culture.

Mission:

Warming the world

The Group will stay true to its original mission of warming the world. With a focus of human development, the Group strives to deliver exceptional craftsmanship and quality, provide sincere and thoughtful services, drive technological innovation, and create shared values that build upon customers' love and trust for a better life.

Vision:

Be the most respected fashionable and functional apparel group around the world

The Group is committed to building an organization with leading scales, a global market and excellent operations, and then becoming the preferred brand for users, the best employer for employees, an environmental enterprise co-existing with partners harmoniously and becoming a trend leader, expert in down apparel as well as a functional expert, which promotes industrial upgrading, leading the sustainable and healthy development of the industry, and gaining social respect.

Core Values:

Customers Foremost, Integrity, Motivation, Innovation, Cooperation, Responsibility

The Group is committed to meeting the evolving needs of its users and has built four major capabilities: leading brand, innovating products, upgrading channels and, adhering to high product quality and quick response, and provides high-quality products and services for users. Honesty and trustworthiness are at the core of the Group's values, and it upholds the principles of taking the right path, abiding by rules, being responsible and benefiting others. The Group faces challenges without fear, stays abreast of the latest trends, fosters teamwork, strives to be a pioneer in its industry and embodies a positive and enterprising spirit. The Group dares to innovate and push beyond boundaries, adapting to changes with an open and inclusive mindset that respects professionalism. The Group's operational concept is focused on providing excellent services to its customers, relying on its physical stores and prioritizing the needs of its customers. The Group establishes shared values, responsibility and work standards that are aligned with the global business environment.

Corporate Strategy:

Since 2018, the Group has established the development vision of "Being the most respectable and fashionable functional apparel group around the world", clarified the strategic direction of "focusing on principal business and key brands" by regarding our mission as our foundation, centering on customers, regarding the brands as the lead, and driving our development by innovation. By focusing on main theme of "fashionable functional apparel", the Group continued to consolidate the four core competencies in "leading brand, innovating products, upgrading retail and adhering to high product quality and quick response" and the two security systems in relation to "organization, mechanism, culture and talent development and digital operation and has devoted its efforts to realising Bosideng's original mission of "Bosideng warms the world".

The Group regards it as its responsibilities to empower employees internally, warm customers externally and give back to the society, and unswervingly strives towards the development goal of "creating a 100-year brand, building a 100-year enterprise" by advocating and practicing the concept of "sustainable fashion".

BOARD OF DIRECTORS

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

As at July 20, 2023 (being the Latest Practicable Date), the Board consisted of eight Directors, of whom five are executive Directors and three are independent non-executive Directors. The executive Directors are responsible for implementing business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including but not limited to, the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate Directors' and officers' liabilities insurance.

The role of the Board includes convening shareholders' meetings and reporting their work to shareholders in shareholders' meetings, implementing the resolutions of the shareholders' meetings, determining the Group's business plans and investment plans, preparing the Group's annual budget and final accounts, putting forward proposals for dividend and bonus distributions and for the increase or reduction of registered or issued share capital, formulating proposals for share repurchases in accordance with any repurchase mandate granted by the shareholders as well as exercising other powers, functions and duties as conferred by the Articles. The Board is also responsible for performing the corporate governance duties set out in code provision A.2.1 of the Code. The Directors are continually updated with the most up-to-date regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities through regular Board meetings and by acting in good faith and with due diligence and care. During the Year, the following was discussed during the Board meetings: (i) developing and reviewing the Group's policies and practices on corporate governance and making recommendations; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Group; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Group; and (v) reviewing the Group's compliance with the Code and disclosure in this annual report.

During the Year, the Board convened a total of three Board meetings based on the needs of the operations and business development of the Group, instead of holding at least four regular board meetings during the Year as required under code provision C.5.1 of the Code. Due to measures put in place in response to the COVID-19 pandemic, each Board meeting had 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 development progress and to make swift decisions as required. The Company will consider holding more regular Board meetings in the coming year to comply with the requirements under the said code provision.

The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the Year, as well as at the annual general meeting held on August 22, 2022, are as follows:

	No. of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Gao Dekang *(Chairman of the Board and CEO)*	3/3	N/A	1/1	1/1	1/1
Ms. Mei Dong	3/3	N/A	N/A	N/A	0/1
Ms. Huang Qiaolian	3/3	N/A	N/A	N/A	0/1
Mr. Rui Jinsong	3/3	N/A	N/A	N/A	0/1
Mr. Gao Xiaodong	3/3	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Mr. Dong Binggen	3/3	2/2	1/1	1/1	0/1
Mr. Wang Yao	3/3	2/2	1/1	1/1	0/1
Dr. Ngai Wai Fung	3/3	2/2	N/A	N/A	1/1

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

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

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

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

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

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Pursuant to the requirements of code provision C.1.4 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide their training records to the Company. According to the training records provided by the Directors, the trainings attended by them during the Year are summarized as follows:

Directors	Corporate Governance, Regulatory Development and Trainings on other relevant topics
Executive Directors	
Mr. Gao Dekang	√
Ms. Mei Dong	√
Ms. Huang Qiaolian	√
Mr. Rui Jinsong	√
Mr. Gao Xiaodong	√
Independent non-executive Directors	
Mr. Dong Binggen	√
Mr. Wang Yao	√
Dr. Ngai Wai Fung	√

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

Code provision C.2.1 of the Code provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD OF DIRECTORS

During the Year, the Board reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board on an annual basis. Taking into account the following measures, the Board is of the opinion that those are proper, adequate and/or effective:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meetings between the chairman of the Board and all independent non-executive Directors without the presence of other Directors, providing an effective platform for the chairman of the Board to listen to independent views on various issues concerning the Group;
- interaction with management and other Board members, including the chairman of the Board, outside of the boardroom, upon request by the Directors;
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company; and

- the Board reviews its structure, size, composition (including the skills, knowledge and experience) and the board diversity policy adopted by the Board (the "Board Diversity Policy") at least once a year to maintain a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors).

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor the external auditor, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference of the Audit Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The Financial Statements have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 20, 2023 (being the Latest Practicable Date), the Audit Committee comprised three independent non-executive Directors (i.e. Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

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

- review, and making recommendation for the Board's approval, of the 2021/22 annual results and 2022/23 interim results of the Group, as well as the financial information contained therein with a focus on compliance with accounting and auditing standards, the Listing Rules and other requirements in relation to financial reporting and the reports prepared by the external auditor relating to accounting matters and other major findings identified during the course of the interim review and annual audit;
- review of the continuing connected transactions of the Group;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the efficiency of the financial reporting procedures, and the systems of internal control and risk management;
- review of and monitoring the scope, effectiveness and results of the internal audit function, so as to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the Company's external auditor.

REMUNERATION COMMITTEE

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

As at July 20, 2023 (being the Latest Practicable Date), the Remuneration Committee consisted of one executive Director and two independent non-executive Directors (i.e. Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen).

During the Year, the Remuneration Committee held one meeting and reviewed the Group's policy on remuneration of all the Directors and senior management of the Group, assessing performance of executive Directors and approving the terms of executive Directors' service contracts by the Remuneration Committee. During the Year, the Remuneration Committee, after assessing their performance, had also determined the remuneration packages of all executive Directors and senior management of the Group (i.e. the model disclosed in code provision E.1.2(c)(i) of the Code was adopted), made recommendation to the Board of the remuneration of the independent non-executive Directors (i.e. required under code provision E.1.2(d) of the Code) and reviewed and approved matters relating to share schemes described under Chapter 17 of the Listing Rules. The Remuneration Committee noted that the Board has not resolved to approve any remuneration or cooperation arrangements with which the Remuneration Committee has disagreed with.

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

Remuneration band	Number of persons
RMB2,000,001 to RMB2,500,000	1
RMB6,500,001 to RMB7,000,000	2
RMB7,500,001 to RMB8,000,000	1
RMB10,000,001 to RMB10,500,000	1
RMB11,500,001 to RMB12,000,000	1
RMB13,000,001 to RMB13,500,000	1

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

NOMINATION COMMITTEE

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

As at July 20, 2023 (being the Latest Practicable Date), the Nomination Committee consisted of one executive Director and two independent non-executive Directors (i.e. Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

The Nomination Committee noted that all the independent non-executive Directors have served for more than nine years, and is aware of the requirement to appoint a new independent non-executive Director at the AGM pursuant to code provision B.2.4(b) of the Code. The Nomination Committee will review the structure of the Board and formulate a plan to appoint a new independent non-executive director as and when appropriate, considering a range of diversity prospectives, as well as the merit and contribution that the candidates will bring to the Board.

During the Year, the Nomination Committee held one meeting and had performed various duties, including reviewing the structure, number and composition (including the skills, knowledge and experience) of the Board and the senior management of the Group, assessing the independence of independent non-executive Directors, making recommendations to the Board on matters relating to the succession of Directors and disclosing the policy on nomination of Directors during the Year, including the nomination process adopted by the Nomination Committee for director candidates and the selection and recommendation criteria during the Year.

BOARD DIVERSITY

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

During the Year, the Company had continued to comply with its Board Diversity Policy, and the Board considered that it has a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, the textile industry, auditing and accounting. The Directors obtained degrees in various majors including business administration, engineering, economics and accounting. Furthermore, the Board has a wide range of age, ranging from 47 years old to 73 years old. The current gender ratio of all employees of the Group is approximately 81.8% (female) to approximately 18.2% (male), and the percentage of female management (including senior management and general management) exceeded 49.0%. The Group will also continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and the management levels, and continue to take opportunities to increase the proportion of female board members over time as and when suitable candidates are identified, subject to the Board being satisfied with the competence and experience of the relevant candidates after a comprehensive review process based on reasonable criteria. The Group will also try to ensure gender diversity when recruiting staff at the senior level and engage more resources in training female staff with the aim of promoting them to the senior management or directorship of the Company, and will continue to apply the principle of merit-based recruitment with reference to our diversity policy as a whole. All Directors, including independent non-executive Directors, have brought a variety of valuable business experiences, knowledge and professional skills to the Board for its efficient and effective operation. Independent non-executive Directors are invited to serve on the Board Committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee.

As at the date of this annual report, the Board comprises eight Directors, which includes five executive Directors and three independent non-executive Directors. Details of the current members of the Board are set out as follows:

Gender			Male	Female
			6	2
Nationality				Chinese
				8
Age group	40-49	50-59	60-69	70-79
	1	3	2	2
Length of service			6-10 years	Over 10 years
			2	6

Biographies of the Directors (including their ages and appointment dates) are set out in the section headed "Directors and Senior Management" in this annual report.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

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

INTERNAL CONTROL AND RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

The Board acknowledges its responsibility over the risk management and internal control systems, reviewing their effectiveness and maintaining sound and effective internal audit function of the Group. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Under the internal control and risk managements systems of the Group, the processes used to identify, evaluate and manage significant risks by the Group are summarized as follows:

- risk identification: identify risks that may potentially affect the Group's business and operations;

- risk assessment: assess the risks identified by using the assessment criteria developed by management, and consider the impact and consequence on the business and the likelihood of their occurrence;

- risk response: prioritize risks by comparing the results of the risk assessment, and determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; and

- risk monitoring and reporting: perform ongoing and periodic monitoring of the risks and ensure that appropriate internal control processes are in place, revise risk management strategies and internal control processes in case of any significant change of circumstances, and report the results of risk monitoring to management and the Board regularly.

Furthermore, set out below are the main features of the said systems:

- risk management and internal control procedures have been designed to identify risks, safeguard assets against misappropriation and disposition, and to protect the interests of stakeholders;
- comprehensive management accounting system to provide financial and operational performance assessment, proper maintenance of accounting records for the provision of reliable financial information used for reporting or for publication; and
- strict compliance with relevant laws, rules and regulations, strict prohibition on unauthorized access and use of confidential, sensitive or inside information.

The Board has conducted reviews of its systems of internal control and risk management semi-annually, through the Audit Committee, to ensure the effectiveness and adequacy of the systems. Key processes used to conduct the said reviews include considering the internal control evaluations conducted by management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to environmental, social and governance performance and reporting. In the event that any material internal control defects are identified during the reviews, the Audit Committee will review the actions performed or the plans to be carried out by management in addressing the issues and defects regarding the internal control and risk management systems. The corresponding remedial plans and recommendations to resolve such defects will then be submitted to the Board for consideration. The Board convened meetings with the Audit Committee semi-annually to discuss financial, operational and risk management controls. The Directors are of the view that the existing systems of internal control and risk management are effective and adequate to the Group.

The Company has an internal audit function, the effectiveness of which had been reviewed by the Audit Committee during the Year. Further information about the Audit Committee, including its work during the Year, is set out in the section headed "Audit Committee" in this annual report.

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

MANAGEMENT FUNCTION

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

DIRECTORS AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

The statement of the auditor of the Group about their reporting responsibilities on the Financial Statements is set out in the section headed "Independent Auditor's Report" on page 98 to page 103 of this annual report.

AUDITOR'S REMUNERATION

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

	RMB'000
Audit services (including interim financial report review)	**5,600**
Non-audit services (including advisory for tax, compliance and other special audit services)	**665**
Total	**6,265**

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

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

COMPANY SECRETARY

During the Year, Ms. Liang Shuang was the Company Secretary and she had taken no less than 15 hours of professional training. The biography of Ms. Liang is set out in the section headed "Directors and Senior Management" of this annual report.

DIVIDEND POLICY

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

WHISLEBLOWING POLICY

The whistleblowing policy has been put in place to enable all employees and other parties who deal with the Group (e.g. customers, suppliers, creditors and debtors, etc.) to report any misconduct, malpractice or irregularity within the Group. This policy allows individuals to raise concerns in writing by post, by email or by phone to the audit and supervision center which has been delegated by the Audit Committee (the "Audit and Supervision Center") to supervise and implement the day-to-day operations of such policy. Reports made under this policy will be treated with utmost confidentiality and anonymity. If there is sufficient evidence to reasonably suggest that a case involving a possible criminal offence or element of corruption exists, the Audit and Supervision Center will report to the president of the Company and/or the Audit Committee. After consulting the legal advisors of the Company, the matter will be reported to the relevant local authorities as soon as reasonably practicable in accordance with the relevant laws and regulations, and the Company's rules and regulations.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure that all the directors, senior officers, employees and contractual workers of the Group (the "Applicable Personnel") comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (the "POBO"), as well as other relevant laws of other countries or regions as applicable, to avoid any criminal and civil penalties as provided under the POBO and such other relevant anti-corruption laws of other countries or regions, and to mitigate the risk of any reputational damage that may arise from the Group's involvement in any form of bribery, corruption, money laundering and financing of terrorism, whether in Hong Kong or elsewhere. The policy includes specific requirements for integrity and conduct and outlines the policies and controls in place which applies to all levels of Applicable Personnel. The policy is regularly reviewed to ensure that it remains effective in preventing corruption and maintaining the Group's commitment to ethical business practices.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company is committed to strictly complying with the provisions of the Listing Rules in the disclosure of information and any other information that may significantly impact the decisions of the shareholders of the Company and other relevant parties on a true, accurate, complete and timely basis. In accordance with the good faith principle, the Company ensures that all of its shareholders have equal access to such information. The Company has duly fulfilled its statutory obligations in respect of information disclosures.

Effective communication with investors is a top priority for the management of the Group. Since the listing of the Company in October 2007, the executive Directors (including the CEO) and the senior management of the Group held regular briefings and results presentations, attended investors' forums and responded to investors' call-in enquiries, arranged store visits and participated in roadshows to communicate with institutional investors and financial analysts in mainland China, Hong Kong, China and overseas countries. These efforts are aimed at keeping investors abreast of the latest updates on the Company's business and development as well as its operating strategies and prospects. The Company values the advice and feedback of its investors and strives to develop an interactive and mutually beneficial relationship with them. By listening to their input, the Company can better meet the needs and expectations of its investors, which ultimately benefits both the Company and its shareholders.

Shareholders of the Company may send/raise enquiries, either by post, by email, by telephone or by facsimile, addressed to the Company's principal place of business in Hong Kong with the following contact details:

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

SHAREHOLDERS' RIGHTS

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

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

During the Year, the Company has reviewed the implementation and effectiveness of its shareholders' communication policy and considered that the policy was effectively implemented with the measures as disclosed under the sections headed "Communications with Shareholders and Investor Relations" and "Shareholders' Rights" above.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

For the purpose of, among others, (i) bringing the Articles in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; (ii) providing flexibility to the Company in relation to the conduct of general meetings; and (iii) making other consequential and housekeeping amendment, the Shareholders passed a special resolution at the 2022 AGM held on August 22, 2022 to approve the adoption of the new Articles.

For the details of the amendments to the Articles, please refer to the circular of the Company dated July 22, 2022 for the 2022 AGM. The new amended and restated Articles is available on the websites of the Company and the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Gao Dekang, aged 71, is the Chairman and the CEO and a director of certain subsidiaries of the Group. He is a representative of the 10th to 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and was appointed as an executive Director in July 2006. He is responsible for the overall strategic development of the Group and has over 47 years of experience in the apparel industry. He is a senior economist and a senior engineer and received an EMBA degree and a Master's degree in business management.

Mr. Gao has held the following public offices:

Year	Public Offices
2013	Vice President of the 6th Council of the China National Garment Association
2015	Director of the 6th Down Apparel and Related Products Committee of the China National Garment Association
2016	President of the Textile & Garment Chamber of Commerce, and All-China Federation of Industry & Commerce
2016	Invited Vice Chairman of the 4th China National Textile and Apparel Council
2016	Invited Vice President of the 4th China National Light Industry Council
2017	Member of the Executive Committee of the China Federation of Industry and Commerce
2018	Honorary Chairman of the 7th Council of the China National Garment Association
2019	Vice President of the 8th Council of the China Commerce Association for General Merchandise
2019	Vice Chairman and President of the Chairmen Board of the 6th Council of the China Federation of Industrial Economics
2021	Vice President of the 5th China National Light Industry Council
2022	Invited Vice Chairman of the 5th China National Textile and Apparel Council
2023	Chairman of Textile & Garment Chamber of Commerce, All China Association of Industry & Commerce
2023	Invited Vice Chairman of China Chain Store & Franchise Association
2023	Deputy Director of the Down Apparel Sub-committee under the National Technical Committee on Garment Standardization

Mr. Gao has been widely recognized throughout the years:

Year	Award
1993	Special Contributor to the Development of China's Apparel Industry
1997	Special Contribution Award by the Chinese Young Volunteers Association
1998	Outstanding factory manager (manager and chairman) of China
2000	Merit in the Apparel Industry in the PRC
2001	Special Contribution Award for the Mother River Protection Operation
2005	Palmery Contribution and Exploit Award in the China Feather and Down Garments Industry
2005	Down apparel expert in China
2005	Outstanding Persons of the Textile Brand Culture Development of the PRC
2006	National Title of "Outstanding Staff Caring Private Entrepreneur"
2006	2006 Brand China Person of the Year
2006	2006 CCTV China Economic Person of the Year
2007	Top ten business leaders in China
2008	Global Leader of Chinese Entrepreneurs
2009	Excellent Contributor of Chinese Socialism
2009	Outstanding Administrator of the 30th Anniversary for Total Quality Control in the PRC
2011	Leader of the Textile and Apparel Industry in China
2011	2011 Forbes 25 Influential Chinese in Global Fashion
2012	The 7th China Charity Award
2012	China's Outstanding Quality People
2013	Special Contributor to the Textile Enterprises Culture Construction in the PRC
2015	2014-2015 Outstanding Persons in the Enterprises Culture Construction in the PRC
2015	Most Respected Entrepreneur of China in 2015 by Hurun Report
2017	Person of the Year in Innovation for the Textile Industry in the PRC
2017	CCTV's Charitable Person of the Year
2018	The Pioneer of China's Feather and Down industry
2018	Outstanding Persons in the Textile Industry of 40 years of Reform and Opening up
2018	Craftsman of the Nation in the Light Industry
2019	Commemorative Medal Celebrating the 70th Anniversary of the Founding of the People's Republic of China
2020	China National Light Industry Council 1st Class Science and Technology Progress Award
2020	Role Model in the PRC Textile Industry's Fight Against COVID-19
2021	Innovative Person of the 13th Five-year Plan for the PRC Textile Industry
2022	Annual National Excellent Entrepreneur awarded by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會)
2022	Annual National Excellent Textile Entrepreneur awarded by China National Textile and Apparel Council
2022	Meritorious Entrepreneur in China's Down Apparel Industry awarded by China Feather and Down Industrial Association
2022	Contributor to the Talent Development in the PRC Textile Industry awarded by China National Textile and Apparel Council
2022	Outstanding Brand Figure of China Textile and Apparel awarded by China National Textile and Apparel Council

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

Ms. Mei Dong, aged 55, is an executive Director and the Executive President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the overall operational management of the Group. Ms. Mei is a director and/or legal representative of certain subsidiaries of the Group. She has over 30 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation Limited ("Bosideng Corporation") in June 1994, and remained with the Group after the reorganization of the businesses of the Group prior to its listing. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the spouse of Mr. Gao Dekang (the Chairman, CEO, a controlling shareholder of the Company and an executive Director) and the mother of Mr. Gao Xiaodong (an executive Director and a Vice President of the Company).

Ms. Huang Qiaolian, aged 58, is an executive Director and a Vice President of the Company. She is also the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company). Ms. Huang was appointed as an executive Director in June 2007. Ms. Huang is responsible for conducting monographic studies on the fashion trends of down apparel, unveiling the fashion trends and designing apparel products. Her works have been displayed in numerous exhibitions in countries such as Korea, Canada and Russia, and in special releases held during the New York Fashion Week and the Milan Fashion Week in 2018 and 2019, respectively. She received various honours such as contemporary renowned designer, one of the top ten fashion designers in China and the contributing designer in publishing research on the garment trends in China. She has over 20 years of experience in the fashion industry. She serves various positions in different associations and organizations, such as the chairperson of the Fashion Art Committee of the China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the special researcher for the fashion trends of China, etc.. Ms. Huang joined Bosideng Corporation in March 1997 and had remained with the Group since the reorganization of the businesses of the Group prior to its listing. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987, and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.

Mr. Rui Jinsong, aged 50, is an executive Director and the Senior Vice President of the Company. He is the General Manager of the Bosideng brand division and a director of certain other subsidiaries of the Group. He was appointed as an executive Director with effect from May 2013. Mr. Rui is fully responsible for the overall management of the operational management business of the Group's core Bosideng brand. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile Engineering in 1994. He joined Bosideng Corporation in May 2004 and had remained with the Group since the reorganization of the businesses of the Group prior to its listing, from which he acquired practical experience in brand positioning strategy, core competitiveness building and brand operating management.

Mr. Gao Xiaodong, aged 47, is a Vice President of the Company and was appointed as an executive Director in March 2017. Mr. Gao is fully in charge of the Group's diversified apparels businesses. He is a qualified senior economist and has obtained a master's degree in business administration from Centenary College in 2009. Mr. Gao joined Bosideng Corporation in 2002 as its Senior Vice President and joined the Group in 2013, from which he accumulated tremendous experience in the apparel, highway, real estate and hotel segments. Mr. Gao is the son of Mr. Gao Dekang (the Chairman, CEO, an executive Director and a controlling shareholder of the Company) and Ms. Mei Dong (an executive Director and the Executive President of the Company).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 73, a senior engineer, was appointed as an independent non-executive Director in September 2007. He graduated from Eastern China Textile Institute (currently known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman, President and Secretary of the Communist Party Committee. Mr. Dong was the Chairman of China Union Holdings Ltd. (SZSE, Stock Code: 000036) from June 2004 to June 2019. He had also been the Chairman of the Shenzhen Textile Industry Association and the President of the Shenzhen Textile Engineering Association. He is currently a member of the Standing Committee and the Invited Vice Chairman of China Textile Industry Association.

Mr. Wang Yao, aged 64, was appointed as an independent non-executive Director in September 2007. Mr. Wang currently acts as the Vice President of the Commerce Economy Association of China. In the past, he had served as a director of the China National Commercial Information Center, the Vice President of the China General Chamber of Commerce and the Vice President of the National Statistical Society of China. He received a Ph.D. in Engineering from Harbin Institute of Technology in 1989. He also obtained the qualification as a professor-grade senior engineer.

Dr. Ngai Wai Fung, aged 61, was appointed as an independent non-executive Director in September 2007. He is currently the director and group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a company specializing in company secretarial, corporate governance and compliance services for pre- and post-listing companies. Prior to that, he was a director and the head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 30 years of professional practice and senior management experience, including acting as an executive director, the chief financial officer and a company secretary, most of which are in the areas of finance, accounting, internal control, regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is currently a member of the General Committee of the Chamber of Hong Kong Listed Companies and the Chairman of its Membership Services Sub-Committee. He was the President of The Hong Kong Institute of Chartered Secretaries (currently known as The Hong Kong Chartered Governance Institute) (2014-2015), a non-official member of the Working Group on Professional Services under the Economic Development Commission of the Hong Kong Special Administrative Region (2013-2018), a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants (2013-2018) and the first batch of Finance Expert Consultants of the Ministry of Finance of the People's Republic of China (2016-2021). He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute, a fellow of The Hong Kong Chartered Governance Institute, a fellow of The Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators. Dr. Ngai obtained a Doctoral degree in Finance at the Shanghai University of Finance and Economics in 2011, a Master's degree in Corporate Finance from The Hong Kong Polytechnic University in 2002, a Master's degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's degree in Law at the University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of each of the following companies, namely Powerlong Real Estate Holdings Limited (SEHK, Stock Code: 01238) and China Energy Engineering Corporation Limited (SEHK, Stock Code: 03996). He is also an independent director of SPI Energy Co., Ltd. (listed on Nasdaq Stock Market, Stock Code: SPI). He was an independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company (SEHK, Stock Code: 06869; SSE, Stock Code: 601869) from September 2014 to January 2020, an independent non-executive director of Health and Happiness (H&H) International Holdings Limited (SEHK, Stock Code: 01112) from July 2010 to May 2020, an independent non-executive director of SITC International Holdings Company Limited (SEHK, Stock Code: 01308) from September 2010 to October 2020, an independent non-executive director of BBMG Corporation (SEHK, Stock Code: 02009; SSE, Stock Code: 601992) from November 2015 to May 2021, an independent non-executive director of China Communications Construction Company Limited (SEHK, Stock Code: 01800; SSE, Stock Code: 601800) from November 2017 to February 2022, an independent non-executive director of BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338) from December 2008 to May 2022; an independent non-executive director of TravelSky Technology Limited (SEHK, Stock Code: 00696) from January 2016 to September 2022; an independent non-executive director of Beijing Capital Grand Limited (SEHK, Stock Code: 01329) from December 2013 to May 2023, and an independent director of LDK Solar Co., Ltd. (OTC Pink Limited Information, Stock Code: LDKYQ) from July 2011 to April 2020.

SENIOR MANAGEMENT

Mr. Zhu Gaofeng, aged 48, is the Chief Financial Officer and a Vice President of the Group. Mr. Zhu is qualified as an internationally certified internal auditor and a China certified public accountant. He graduated from Yancheng Commerce School (鹽城商業學校) in Jiangsu Province in 1993, obtained a professional degree in finance and accounting from Anhui College of Finance and Trading (安徽財貿學院) in 1998 and obtained a Bachelor's degree in accounting from Yancheng Teachers University (鹽城師範學院) in 2008. Mr. Zhu joined Bosideng Corporation in 2005. Prior to joining the Group, he had worked in management positions relating to finance in Jiangsu Yueda Investment Co., Ltd. (SSE, Stock Code: 600805) for 12 years. Mr. Zhu has previously served as the auditing manager, vice-financial officer, financial controller and assistant to the president of the Group.

Mr. Wang Lijun, aged 44, is the Vice President and the General Manager of the Foreign Trade Division of the Group. Mr. Wang graduated from Changshu College (常熟高等專科學校) (currently known as Changshu Institute of Technology) majoring in Foreign Trade English in June 2000 and graduated from Nanjing University of Science and Technology with a Master's degree in business administration in June 2014. Mr. Wang joined Bosideng Corporation in July 2000 and successively served as the business supervisor, business manager, business director and Deputy General Manager of the Foreign Trade Division. In April 2017, he was appointed as the General Manager of the Foreign Trade Division, and is responsible for the overall foreign trade business of the Group. Mr. Wang has extensive experience in apparel development, technological management, production management and international expansion.

Mr. Zhao Xiang, aged 38, is the Group's Vice President and the General Manager of the Bosideng brand division e-commerce operation center. Mr. Zhao graduated from Tianjin Foreign Studies University in 2007. He joined Bosideng Corporation in 2010 and successively served as the marketing minister of the region, General Manager of retail companies as well as the director of the retail operation center, and was appointed as the General Manager of the E-Commerce Center under the Bosideng Brand Division in April 2020. He is currently responsible for the online platform operation and sales management of the Bosideng brand. Mr. Zhao has many years of practical experience in comprehensive resource allocation, team talents cultivation and retail business operation.

Mr. He Maosheng, aged 45, is the Group's Vice President and the General Manager of the Supply Chain Management Center of the Group. He graduated from Jiangxi Institute of Fashion Technology majoring in design and engineering in 1998. He joined Bosideng Corporation in December 2010 and successively served as the assistant to the director and the director of the supply chain of the Group. He was appointed as the assistant to the Executive President of the Company and the general manager of the Supply Chain Management Center of the Group in 2017 and was appointed as the Group's Vice President in 2023 to be responsible for the strategy and operation related to the supply chain business of the Group, covering core management areas such as scientific research and technology, research and development and innovation of leading products, closed-loop operation of whole life quality, integration of ecological resources, production and procurement of products, strategic control of the Group's comprehensive cost, study of refined and improved efficiency, digital and intelligent operation of factories and other core management. Mr. He has been dedicated to apparel management for 23 years, owns solid theories and practical experience in the operation and management of merchandise value chain, has developed a unique operation system model, and has built the supply chain as the Group's core competitive edge and a segment to improve efficiency and create returns and values.

Mr. Wu Xiaoming, aged 38, is the Vice President and the Director of the Human Resources Center of the Group. Mr. Wu graduated from Hefei University of Technology in 2008 with a major in information management and information systems and obtained an EMBA degree from Nanjing University in 2021. He joined the Group in December 2018 as the the Director of the Human Resources Center of the Group. He was appointed as the Vice President and the Director of the Human Resources Center of the Group in April 2023, responsible for the transformation of the Group's talent strategy. He has driven multiple substantial human resources reforms in recent years, such as organizational cultural change, improvement in talent structure, and the encouragement of reforms, which brought about the improvements in the brand and business strategy. Prior to joining the Group, Mr. Wu mainly worked in Midea Group's human resources management department for 10 years. He has solid theoretical knowledge and practical experience in strategic human resource management, organizational design, talent development, performance-based incentives and other fields.

COMPANY SECRETARY

Ms. Liang Shuang, aged 34, joined the Group in December 2018 and was appointed as the Company Secretary in May 2019. She graduated from Hong Kong Baptist University with a Bachelor of Business Administration (Honours) in Accounting in 2011 and from The University of Warwick in the United Kingdom with a Master of Science in Accounting and Finance in 2012. Ms. Liang is a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and is qualified as a Chartered Secretary and a Chartered Governance Professional. She is a member of each of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the 2nd Accounting Professional Committee under the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation. Prior to joining the Company, she worked at KPMG Hong Kong, responsible for the audit of several Hong Kong listed companies, and worked at China Everbright Limited (SEHK, Stock Code: 00165), managing private equity funds regulated under the Securities and Futures Commission of Hong Kong.

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

Below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2022/23 interim report:

- Dr. Ngai Wai Fung, an independent non-executive Director, had resigned as an independent non-executive director of Beijing Capital Grand Limited (SEHK, Stock Code: 01329) with effect from May 2023.

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

REPORT OF DIRECTORS

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

PRINCIPAL ACTIVITIES

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

The Group's revenue and net profits attributable to the shareholders of the Company during the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 104 to 106 and Note 6 to the Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the Year, the material factors underlying its results and financial position, the future development of the Group's business, and principal business risks and uncertainties are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" and "Subsequent Events" on pages 8 to 11 and on pages 12 to 59 and page 97 of this annual report, respectively. Additionally, the financial risk management objectives and policies of the Company can be found in Note 38 to the Financial Statements. These discussions form part of this report of directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. For details, please refer to the 2022/23 ESG report of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

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

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this annual report.

RESULTS AND DISTRIBUTION

The results of the Group for the Year are set out in the Financial Statements. The Board has resolved to recommend the payment of a final dividend of HKD13.5 cents (equivalent to approximately RMB12.4 cents) per Share in respect of the Year.

NON-CURRENT ASSETS

Details of the acquisition and other movements of non-current assets during the Year are set out in Notes 15 to 22 and Notes 26 to 28 to the Financial Statements.

SHARE CAPITAL

Details of the movement in the Group's share capital during the Year are set out in Note 36 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the Year are set out in Note 36 to the Financial Statements of which, the reserves available for distribution to shareholders of the Company amounted to approximately RMB3,264 million (2022: approximately RMB2,141 million).

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2023 are set out in Note 30 to the Financial Statements.

DONATIONS

The Group's charitable and other donations during the Year amounted to approximately RMB12,373,000 (2022: approximately RMB27,966,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to July 20, 2023 (being the Latest Practicable Date) were as follows:

Executive Directors:

Mr. Gao Dekang *(Chairman of the Board and CEO)*
Ms. Mei Dong
Ms. Huang Qiaolian
Mr. Rui Jinsong
Mr. Gao Xiaodong

Independent non-executive Directors:

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

All of the Directors were appointed for a fixed term of three years under their respective service contracts or appointment letters entered into with the Company, renewable automatically for successive terms of one year, until terminated by either party by giving a three-month notice. In accordance with Article 84 of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and these retiring Directors shall be eligible for re-election at that annual general meeting. Accordingly, Ms. Mei Dong, Ms. Huang Qiaolian and Mr. Rui Jinsong shall retire by rotation at the AGM.

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

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

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

As at March 31, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long position in shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company (Note 1)
Mr. Gao Dekang	Interest of controlled corporation (Note 2)	262,479,999	2.41%
	Deemed interest (Note 3)	2,763,697	0.03%
	Founder of discretionary trust (Note 4)	3,614,862,385	33.15%
	Founder of discretionary trust (Note 5)	611,656,857	5.61%
	Founder of discretionary trust (Note 6)	2,836,311,202	26.01%
	Founder of discretionary trust (Note 7)	100,000,000	0.92%
Ms. Mei Dong	Deemed interest (Note 2)	262,479,999	2.41%
	Beneficial owner (Note 3)	2,763,697	0.03%
	Beneficiary of discretionary trust (Note 4)	3,614,862,385	33.15%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.61%
	Beneficiary of discretionary trust (Note 6)	2,836,311,202	26.01%
	Beneficiary of discretionary trust (Note 7)	100,000,000	0.92%
Ms. Huang Qiaolian	Beneficial owner (Note 8)	21,937,697	0.20%
Mr. Rui Jinsong	Beneficial owner (Note 8)	70,854,242	0.65%
Mr. Gao Xiaodong	Beneficiary of discretionary trust (Note 4)	3,614,862,385	33.15%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.61%
	Beneficiary of discretionary trust (Note 6)	2,836,311,202	26.01%
	Beneficiary of discretionary trust (Note 7)	100,000,000	0.92%

Notes:

1. The percentage represents the number of Shares interested divided by the total number of the issued Shares as at March 31, 2023 of 10,903,285,385.

2. These Shares were directly held by Kong Bo Development Limited. Kong Bo Development Limited is owned as to 80% by Lucky Pure Limited, which is in turn wholly owned by Mr. Gao Dekang. As Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Mei Dong is deemed to be interested in the 262,479,999 Shares interested by Mr. Gao Dekang under the SFO.

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

4. These Shares were directly held by New Surplus, which is wholly owned by Topping Wealth Limited. Topping Wealth Limited is wholly owned by Kova Group Limited, which is wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO. Further, Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited, which is wholly owned by Bosideng Corporation Limited, which in turn is owned as to 75.04% by Kangbo Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd. (a company wholly owned by Mr. Gao Dekang). Kangbo Holdings Group Co., Ltd. is owned as to 81.56% by Jiangsu Kangbo Investment Co., Ltd. and 18.44% by Mr. Gao Dekang. Accordingly, each of Kova Group Limited, Topping Wealth Limited, Cititrust Private Trust (Cayman) Limited, Bo Flying Limited, Bosideng Corporation Limited, Kangbo Holdings Group Co., Ltd. and Jiangsu Kangbo Investment Co., Ltd. is deemed to be interested in the 3,614,862,385 Shares held by New Surplus under the SFO. Mr. Gao Dekang is a director of each of New Surplus, Topping Wealth Limited, Lucky Pure Limited (as mentioned in note 2 above), Bo Flying Limited, Blooming Sky Ventures Limited (as mentioned in note 6 below), Kong Bo Investment Limited (as mentioned in note 6 below), Jiangsu Kangbo Investment Co., Ltd., Honway Enterprises Limited (as mentioned in note 5 below), Bosideng Corporation Limited and Kangbo Holdings Group Co., Ltd. Mr. Gao Xiaodong is a director of Bosideng Corporation Limited and Kangbo Holdings Group Co., Ltd., and a general manager of Jiangsu Kangbo Investment Co., Ltd.

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

6. These Shares were directly held by Kong Bo Investment Limited. Kong Bo Investment Limited is owned as to 90% by Blooming Sky Ventures Limited, which is wholly owned by Blooming Sky Investment Limited, which is in turn wholly owned by a trust, the trustee of which is BOS Trustee Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.

7. These Shares were directly held by Blooming Sky Ventures Limited (as mentioned in note 6 above).

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

Save as disclosed above, as at March 31, 2023, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or were deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at March 31, 2023, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or the chief executive of the Company, had an interest or short position in the Shares which would be required to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the number of the issued Shares carrying rights to vote in all circumstances at a general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company (Note 5)
Jiangsu Kangbo Investment Co., Ltd.	Interest of controlled corporation (Note 1)	3,614,862,385	33.15%
Kangbo Holdings Group Co., Ltd.	Interest of controlled corporation (Note 1)	3,614,862,385	33.15%
Bosideng Corporation Limited	Interest of controlled corporation (Note 1)	3,614,862,385	33.15%
Bo Flying Limited	Interest of controlled corporation (Note 1)	3,614,862,385	33.15%
BOS Trustee Limited	Trustee (Note 3)	2,936,311,202	26.93%
Blooming Sky Investment Limited	Interest of controlled corporation (Note 3)	2,936,311,202	26.93%
Blooming Sky Ventures Limited	Interest of controlled corporation (Note 3)	2,936,311,202	26.93%
Kong Bo Investment Limited	Beneficial interest (Note 4)	2,836,311,202	26.01%

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company (Note 5)
Cititrust Private Trust (Cayman) Limited	Trustee (Note 2)	611,656,857	5.61%
	Trustee (Note 1)	3,614,862,385	33.15%
Kova Group Limited	Interest of controlled corporation (Note 1)	3,614,862,385	33.15%
Topping Wealth Limited	Interest of controlled corporation (Note 1)	3,614,862,385	33.15%
New Surplus	Beneficial interest (Note 1)	3,614,862,385	33.15%
First-Win Enterprises Limited	Interest of controlled corporation (Note 2)	611,656,857	5.61%
Honway Enterprises Limited	Beneficial interest (Note 2)	611,656,857	5.61%

Notes:

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

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

3. Same as the interests as disclosed in notes 6 and 7 in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

4. Same as the interests as disclosed in note 6 in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

5. The percentage represents the number of Shares interested divided by the total number of the issued Shares as at March 31, 2023 of 10,903,285,385.

Save as disclosed above, as at March 31, 2023, no person had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at a general meeting of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those transactions as disclosed under the section headed "Connected Transactions" and Note 40 to the Financial Statements under the section "Related Party Transactions", no Director or an entity connected with a Director had a material interest in any transaction, arrangement or contract of significance to the Group's business which was subsisting during the Year or as at March 31, 2023 in which the Group was a party.

REMUNERATION POLICY

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

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

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

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

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

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

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

The Group has no obligations to make further payments of post-retirement benefits beyond the above-mentioned contributions.

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the Year were approximately RMB195,535,000 (2022: approximately RMB152,594,000). The Group's contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture result from the schemes.

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

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions and connected transactions with the Parent Group, which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Certain related party transactions as disclosed in Note 40 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above-mentioned connected transactions.

Further details of these transactions are set out below, in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the Prospectus and in the Company's announcements dated March 11, 2010, January 9, 2012, April 22, 2013, June 26, 2014, December 23, 2014, March 23, 2016, March 28, 2017, March 22, 2019, May 27, 2019, August 26, 2019, October 23, 2020, November 2, 2020, December 20, 2021 and March 29, 2022, respectively, and circulars dated March 31, 2010, February 7, 2012, July 25, 2014, January 21, 2015, May 12, 2017, July 26, 2019 and March 8, 2022, respectively.

Save as those transactions as disclosed under this section and Note 40 to the Financial Statements under the section headed "Related Party Transactions", at no time during the Year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder of the Company or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder of the Company or any of its subsidiaries to the Company or any of its subsidiaries.

FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

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

The Renewed Framework Manufacturing Outsourcing and Agency Agreement is a renewed version of the existing agreement dated September 15, 2007 (as supplemented by an agreement dated May 27, 2019) which had an initial term of three years from September 15, 2007 to September 14, 2010 and had been renewed and further extended to September 14, 2022. The Renewed Framework Manufacturing Outsourcing and Agency Agreement has an initial term of three years from September 15, 2022. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Renewed Framework Manufacturing Outsourcing and Agency Agreement is renewable at the option of the Company for another term of three years or such other terms as agreed by the parties by giving at least three months' notice prior to the expiry of the term.

The annual caps of the Renewed Framework Manufacturing Outsourcing and Agency Agreement for the three financial years ending March 31, 2025, were RMB2,010,000,000, RMB2,460,000,000 and RMB3,000,000,000, respectively.

The actual amount of fees paid or payable by the Group to the Parent Group for the Year was approximately RMB1,519,319,000 (2022: RMB1,370,271,000).

LEASE AGREEMENTS

As at March 31, 2023, the Parent Group leased 15 properties with a total area of approximately 67,159 square metres to the Group, which were mainly used as the Group's regional offices, warehouses and showrooms, pursuant to the property lease agreement dated September 15, 2007 and agreements supplemental to the property lease agreement entered into between the Company and Mr. Gao Dekang.

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

On April 22, 2013, the Company and Mr. Gao Dekang entered into the supplemental lease agreement, pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 22, 2013 and has been renewed and further extended to April 21, 2025. The new leases to be entered into under the supplemental lease agreement shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the term. Under the property lease agreement and its supplemental agreements, the annual rental paid and expected to be paid by the Group to the Parent Group for the leasing of properties have been determined on an arm's length basis by reference to the prevailing market condition in the PRC and the market rates of comparable properties, which in any event are not higher than the rent applicable to a third party tenant at the relevant time.

The Board has approved the annual caps of RMB18,000,000, RMB19,000,000 and RMB20,000,000 for the three financial years ending March 31, 2025, respectively, on December 20, 2021.

The actual amount of rental paid or payable by the Group to the Parent Group for the Year was approximately RMB11,895,000 (2022: RMB14,757,000).

FRAMEWORK INTEGRATED SERVICE AGREEMENT

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

The Framework Integrated Service Agreement had an initial term of three years from September 15, 2007 to September 14, 2010 and had been renewed and further extended to September 14, 2025. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Framework Integrated Service Agreement is renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the term.

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

The Board has approved the annual caps of RMB20,000,000, RMB21,000,000 and RMB22,000,000 for the three financial years ending March 31, 2025, respectively, on December 20, 2021.

The actual amount of service fees paid or payable by the Group to the Parent Group for the Year was approximately RMB15,913,000 (2022: RMB14,753,000).

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above and in Note 40 to the Financial Statements were entered into:

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

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

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

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

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Share Option Scheme", "Share Award Schemes" and "Convertible Bonds" below, no equity-linked agreement was entered into or renewed by the Company during the Year or subsisted as at March 31, 2023.

SHARE OPTION SCHEME

The adoption of the Share Option Scheme was proposed by the Board on July 26, 2017 and approved by the shareholders of the Company on August 25, 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

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

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

The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Adoption Date (being 1,068,256,038 Shares, accounting for approximately 9.80% of the total number of issued Shares as at the Latest Practicable Date) without prior approval from the Company's shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time.

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

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

As of March 31, 2023, the Company can further grant 411,747,039 Options under the Share Option Scheme (as of March 31, 2022: 389,457,038). According to the scheme mandate limit of the Share Option Scheme, the Company may further grant 411,747,039 Options, representing approximately 3.78% of the issued share capital of the Company as at July 20, 2023, being the Latest Practicable Date. There is no service provider sublimit provided under the Share Option Scheme.

Further information of the Options is set out in Note 37 to the Financial Statements and details of the movement of the Options during the Year are included in the table as follows:

	Number of Options							
Category of participants	As at March 31, 2022	Granted during the Year	Exercised during the Year (Note 1)	Cancelled during the Year	Lapsed during the Year	**As at March 31, 2023 (Note 2)**	Date of grant (Note 4)	Exercise price (Note 3)
Directors								
Rui Jinsong	15,960,000	–	2,680,000	–	–	**13,280,000**	26/10/2018	HKD1.07
	21,000,000	–	4,500,000	–	–	**16,500,000**	23/04/2020	HKD1.94
	36,960,000	**–**	**7,180,000**	**–**	**–**	**29,780,000**		
Huang Qiaolian	8,000,000	–	1,026,000	–	–	**6,974,000**	23/04/2020	HKD1.94
	8,000,000	**–**	**1,026,000**	**–**	**–**	**6,974,000**		
Others								
Employees	35,084,000	–	1,902,000	–	3,410,001	**29,771,999**	26/10/2018	HKD1.07
	228,584,000	–	7,376,000	–	17,080,000	**204,128,000**	23/04/2020	HKD1.94
	103,200,000	–	–	–	1,800,000	**101,400,000**	20/12/2021	HKD4.98
Consultant (Note 5)	100,000,000	–	–	–	–	**100,000,000**	23/10/2020	HKD3.41
	466,868,000	**–**	**9,278,000**	**–**	**22,290,001**	**435,299,999**		
Total	**511,828,000**	**–**	**17,484,000**	**–**	**22,290,001**	**472,053,999**		

Notes:

1. The weighted average closing prices of the Shares immediately before the dates on which the Options were exercised was approximately HKD4.00 (for Options exercised by Rui Jinsong (an executive Director)), approximately HKD4.30 (for Options exercised by Huang Qiaolian (an executive Director)) and approximately HKD4.11 (for Options exercised by employees), respectively.

2. As at March 31, 2023, the Company had a total of 472,053,999 outstanding Options, of which:

 2.1 43,051,999 Options were granted on October 26, 2018 under the Share Option Scheme, of which:

  2.1.1 7,121,999 Options had been vested;

  2.1.2 each of 7,180,000 Options shall be vested during each of the periods ending on October 25, 2024, 2025, 2026 and 2027, respectively; and

  2.1.3 7,210,000 Options shall be vested during the period commencing from October 26, 2027 and ending on October 25, 2028;

 2.2 227,602,000 Options were granted on April 23, 2020 under the Share Option Scheme, of which:

  2.2.1 62,010,000 Options had been vested;

  2.2.2 45,432,000 Options shall be vested during the period commencing from July 23, 2022 and ending on July 22, 2024; and

  2.2.3 120,160,000 Options shall be vested during the period commencing from July 23, 2023 and ending on July 22, 2024;

 2.3 100,000,000 Options were granted on October 23, 2020 under the Share Option Scheme, of which:

  2.3.1 30,000,000 Options shall be vested during the period commencing from October 23, 2021 and ending on October 22, 2024;

  2.3.2 30,000,000 Options shall be vested during the period commencing from October 23, 2022 and ending on October 22, 2024;

  2.3.3 40,000,000 Options shall be vested during the period commencing from October 23, 2023 and ending on October 22, 2024; and

 2.4 101,400,000 Options were granted on December 20, 2021 under the Share Option Scheme, of which:

  2.4.1 18,588,000 Options had been vested;

  2.4.2 11,832,000 Options shall be vested during the period commencing from December 20, 2022 and ending on December 19, 2025;

  2.4.3 30,420,000 Options shall be vested during the period commencing from December 20, 2023 and ending on December 19, 2025; and

  2.4.4 40,560,000 Options shall be vested during the period commencing from December 20, 2024 and ending on December 19, 2025.

3. The closing price of the Shares immediately before the respective dates of grant (being October 26, 2018, April 23, 2020, October 23, 2020, and December 20, 2021) was HKD1.08, HKD1.97, HKD3.44 and HKD4.89 per Share, respectively.

4. The validity period for each batch of Options granted on October 26, 2018, April 23, 2020, October 23, 2020 and December 20, 2021 is 10 years, 51 months, 48 months and 48 months from the respective date of grant.

5. As disclosed in the announcement of the Company dated October 23, 2020, such 100,000,000 Options were granted to Wise Triumph Group Limited (the "Consultant"), who is an independent consultancy company of the Group which provides multi-latitude strategic consulting services to the Group. The Board believes that the grant of the Options will help motivate the Consultant to continue to contribute to the future multi-latitude development and expansion of the Group, including but not limited to aspects such as brand, strategy and overall business development both in China and overseas. The vesting criteria and conditions include the overall consolidated financial results of the Group and the Consultant's own key performance indicators, including but not limited to the result indicators of the Bosideng brand for the relevant financial years as well as the objectives of the competitive strategies of the Bosideng brand, for the three financial years ended March 31, 2023.

6. Since no Option was granted during the Year, the percentage of the number of Shares that may be issued in respect of the Options granted under the Share Option Scheme of the Company during the Year divided by the weighted average number of Shares of the relevant classes in issue during the Year was 0%.

SHARE AWARD SCHEMES

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

As the 2011 Share Award Scheme had expired, the Company adopted the Share Award Scheme on April 23, 2020 to recognize and reward the contribution of certain eligible persons (including the directors and core management team of the Group) and to incentivize them for the growth and development of the Group through an award of Shares. Both the 2011 Share Award Scheme and the Share Award Scheme only involve existing Shares. Subject to any early termination of the Share Award Scheme and any resolutions by the Directors to renew the term of the Share Award Scheme, the Share Award Scheme shall remain in force for a period commencing on the adoption date, i.e. April 23, 2020, and will end on the business day immediately prior to the tenth (10th) anniversary of the said adoption date, i.e. April 22, 2030. The remaining life of the Share Award Scheme is approximately seven years. The participants under the Share Award Scheme are any employees and directors of the Group based on the absolute discretion of the members of the senior management of the Company who are in charge of the finance department and human resources department of the Company, delegated with the power and authority by the Board to administer the Share Award Scheme.

The terms of both the 2011 Share Award Scheme and the Share Award Scheme do not specify any amount required to be paid on the acceptance of awarded Shares. The basis of determining the purchase price of the awarded shares under both the 2011 Share Award Scheme and the Share Award Scheme is 50% of the average closing price per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the relevant date of grant.

Further information of the awarded Shares granted pursuant to the 2011 Share Award Scheme is set out in Note 37 to the Financial Statements and the details of the movement of the awarded Shares during the Year are included in the table as follows:

		Number of awarded Shares					
Category of participants	Date of grant	Outstanding as at March 31, 2022 (Note 1)	Granted during the Year	Vested during the Year (Note 3)	Lapsed during the Year	**Outstanding as at March 31, 2023**	Purchase price per awarded Share
Directors							
Rui Jinsong	April 23, 2020	21,000,000	–	4,500,000	–	**16,500,000**	HKD0.97
Huang Qiaolian	April 23, 2020	8,000,000	–	–	4,800,000	**3,200,000**	HKD0.97
		29,000,000	**–**	**4,500,000**	**4,800,000**	**19,700,000**	
Five highest paid individuals during the Year (Note 2)							
Employees	April 23, 2020	23,100,000	–	4,950,000	–	**18,150,000**	HKD0.97
Employees	December 20, 2021	8,000,000	–	2,400,000	–	**5,600,000**	HKD2.49
		31,100,000	**–**	**7,350,000**	**–**	**23,750,000**	
Others (in aggregate)							
Employees	April 23, 2020	11,200,000	–	1,200,000	–	**10,000,000**	HKD0.97
Employees	December 20, 2021	8,000,000	–	2,400,000	–	**5,600,000**	HKD2.49
		19,200,000	**–**	**3,600,000**	**–**	**15,600,000**	
Total		**79,300,000**	**–**	**15,450,000**	**4,800,000**	**59,050,000**	

Notes:

1. The validity period for each batch of awarded Shares granted on April 23, 2020 and December 20, 2021 is 51 months and 48 months from the respective date of grant.

2. One of the five highest paid individuals during the Year was Mr. Rui Jinsong. Information relating to his awarded Shares were shown under the category of Directors above.

3. The weighted average closing price of the Shares immediately before the vesting date of the awarded Shares held by Mr. Rui Jinsong, the five highest paid individuals (including Mr. Rui Jinsong) and others are approximately HK$4.20, HK$4.11 and HK$3.91, respectively.

4. During the Year, no awarded Share was cancelled.

Since 1 January 2023, unless separately approved by the shareholders of the Company in general meeting (with the relevant eligible participant and such eligible participant's close associates (with the meaning ascribed thereto under the Listing Rules) (or such eligible participant's associates if such eligible participant is a connected person of the Company) abstaining from voting), no eligible participant shall be granted an Option or awarded Shares if such grant will result in the total number of Shares issued and to be issued in respect of all Options and awarded Shares granted (excluding any lapsed Options and awarded Shares) to such eligible participant in the 12-month period up to and including the date of such grant would in aggregate exceed 1 % of the total number of issued Shares of the Company.

CONVERTIBLE BONDS

The Company completed the issue of the Convertible Bonds with an initial aggregate principal amount of USD275 million on December 17, 2019, raising net proceeds of approximately USD271 million, all of which had been used on or before the year ended March 31, 2021 in accordance with the intended use as disclosed in the Company's announcement dated December 5, 2019. For details of the usage, please refer to the "Convertible Bonds" section under the "Report of Directors" of the Company's 2020/21 annual report.

The Convertible Bonds bear simple coupon interest at 1% per annum, and the interest shall be payable semi-annually. The rights of the bondholders to convert the Convertible Bonds into Conversion Shares are as follows:

- subject to redemption options pursuant to the terms and conditions of the Convertible Bonds, 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), the Convertible Bonds would be convertible into 438,470,977 Conversion Shares; and

- since the issue of the Convertible Bonds on December 17, 2019 up to July 20, 2023 (being the Latest Practicable Date), the conversion price has been adjusted as follows:

Effective Date	Adjustment to Conversion Price	Maximum number of Conversion Shares	Outstanding amount of Convertible Bonds as at the effective date
August 27, 2020	HKD4.91 per share adjusted to HKD4.73 per share	455,156,976	USD275,000,000
December 19, 2020	HKD4.73 per share adjusted to HKD4.67 per share	461,004,817	USD275,000,000
August 26, 2021	HKD4.67 per share adjusted to HKD4.56 per share	472,125,548	USD275,000,000
December 23, 2021	HKD4.56 per share adjusted to HKD4.52 per share	476,303,650	USD275,000,000
August 26, 2022	HKD4.52 per share adjusted to HKD4.37 per share	492,652,745	USD275,000,000
December 16, 2022	HKD4.37 per share adjusted to HKD4.28 per share	451,064,817	USD246,600,000

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. The Company had received Optional Put Exercise Notices in respect of USD28,400,000 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 of USD246,600,000, 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.

As at March 31, 2023, no Convertible Bonds had been converted into new Conversion Shares.

For further details of the Convertible Bonds, please refer to Note 33 to the Financial Statements and the Company's announcements dated December 5, 2019, December 17, 2019, August 21, 2020, December 3, 2020, August 20, 2021, December 1, 2021, August 22, 2022, and November 24, 2022, respectively.

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

During the Year, save for the redemption of the Put Bonds in the principal amount of USD28,400,000 on December 17, 2022 by the Company as mentioned above, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total number of issued Shares were held by the public as at July 20, 2023 (being the Latest Practicable Date).

MAJOR SUPPLIERS AND CUSTOMERS

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

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

COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 39 to the Financial Statements.

INDEMNITY OF DIRECTORS

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

SUBSEQUENT EVENTS

No material events happened subsequent to the Year and up to the date of this annual report.

AUDITOR

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

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

Hong Kong, June 28, 2023

KPMG

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

OPINION

We have audited the consolidated financial statements of Bosideng International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 104 to 210, which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Assessment of impairment of goodwill *Refer to note 17 to the consolidated financial statements and the accounting policies on page 117.*	
The Key Audit Matter	**How the matter was addressed in our audit**
For the purpose of impairment testing, goodwill in the consolidated statement of financial position is allocated to three cash-generating units ("CGUs") which are derived from the Group's acquisitions of three ladieswear businesses (including JESSIE brand, BUOU BUOU brand and Tianjin ladieswear). An assessment of impairment of goodwill is performed by management annually. Management assessed impairment of goodwill as at March 31, 2023 with reference to a valuation report dated as of June 14, 2023 prepared by an external valuer appointed by management and the recoverable amount of each CGU is determined by management by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in estimating future sales growth rates and the discount rates applied. We identified assessing impairment of goodwill as a key audit matter because assessing impairment involves forecasting future cash flows which is complex and inherently uncertain and could be subject to management bias.	Our audit procedures to assess the impairment of goodwill included the following: • assessing management's identification of CGUs and the allocation of assets and liabilities to each CGU with reference to the requirements of the prevailing accounting standards; • assessing the qualification, experience and expertise of the external valuer appointed by management in assessing the impairment of goodwill and considering their objectivity and independence; • involving our internal valuation specialists to assist us in evaluating the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • comparing the most significant inputs in the discounted cash flow forecasts, including growth rates of future revenue, future margins and cost, with the latest financial budgets approved by the board of directors, historical performance, management's forecasts, industry reports and business developments subsequent to the reporting date and assessing the discount rates applied in the discounted cash flow forecasts by benchmarking against the discount rates of similar retailers; • obtaining sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts and considering the resulting impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there is any indication of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in respect of assessing impairment of goodwill with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

Valuation of inventories

Refer to note 23 to the consolidated financial statements and the accounting policies on page 128.

The Key Audit Matter	How the matter was addressed in our audit
Sales of inventories in the apparel industry can be volatile with consumer demand changing according to current fashion trends. The Group typically sells or disposes of off-season inventories at a markdown from the original price to make room for new season inventories. Accordingly, the actual future selling prices of some items of inventories may fall below their purchase costs. Management calculates the inventory provision based on the forecast net realizable value of sales of inventories. The forecast quantities to be sold and the corresponding selling prices are prepared based on the Group's sales and marketing strategies, the current market conditions and the historical experience of distributing and selling products of a similar nature. Management also compares the subsequent sales quantities and selling prices with the forecast in each of the subsequent periods. We identified the valuation of inventories as a key audit matter because of the significant management judgement exercised by the management in determining the appropriate level of inventory provisions which involves predicting the amounts of inventories which will be unsold at the end of each season and the markdowns necessary to sell such off-season inventories on a discounted basis in future years. Both of these factors can be inherently uncertain and could be subject to management bias.	Our audit procedures to assess the valuation of inventories included the following: • assessing whether the inventory provisions at the reporting date were consistent with the Group's inventory provision policy by recalculating the inventory provisions based on the mechanisms and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards; • attending the Group's inventory counts at the year end to assess, on a sample basis, the quantity and condition of inventories at that date; • assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the ageing of the sampled items with information relating to production dates on the labels of garments or receipt dates on the receipt notes of raw materials we inspected during our attendance at the Group's inventory counts; • assessing the Group's inventory provision policy by comparing management's forecasts of the quantities of inventories which are unlikely to be sold in the foreseeable future at current selling price and the corresponding forecast markdowns with the historical sales amounts and markdown data for the current and the prior years; • comparing inventory balances by season with respective balances in prior years and the movement by season with historical movements to identify inventories which were relatively slow moving; • comparing the carrying amounts of a sample of inventory items at the reporting date with the selling prices actually achieved subsequent to the reporting date; and • enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the audit committee of the Company (the "Audit Committee") in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

June 28, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Revenue	6	**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	7	**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	17	**(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	10	**83,237**	117,390
Share of losses of associates and joint ventures	18,19	**(22,296)**	(14,089)
Profit before taxation		**2,887,313**	2,672,148
Income tax	11	**(730,930)**	(613,376)
Profit for the year		**2,156,383**	2,058,772

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

	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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	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	14		
– basic (RMB cents)		**19.75**	19.14
– diluted (RMB cents)		**19.29**	18.78

The notes on pages 113 to 210 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 36(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2023 (Expressed in Renminbi)

	Note	At March 31, 2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	15	**1,727,741**	1,758,082
Right-of-use assets	16	**978,126**	1,121,890
Intangible assets and goodwill	17	**1,342,278**	1,496,159
Interest in associates	18	**66,071**	41,864
Interest in joint ventures	19	**169,470**	94,107
Investment properties	20	**262,514**	266,280
Prepayments	21	**5,498**	13,332
Other financial assets	26	**169,738**	173,827
Deferred tax assets	22	**649,092**	611,458
Pledged bank deposits	27	**500,117**	770,000
Time deposits	28	**350,000**	200,000
		6,220,645	6,546,999
Current assets			
Inventories	23	**2,689,283**	2,688,186
Trade and bills receivables	24	**922,985**	1,236,748
Deposits, prepayments and other receivables	25	**1,355,434**	1,281,234
Amounts due from related parties	40	**142,808**	200,268
Other financial assets	26	**4,069,019**	6,521,270
Pledged bank deposits	27	**528,115**	182,148
Time deposits	28	**1,296,184**	124,300
Cash and cash equivalents	29	**3,718,211**	2,502,563
		14,722,039	14,736,717

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2023 (Expressed in Renminbi)

	Note	At March 31, 2023 RMB'000	2022 RMB'000
Current liabilities			
Current income tax liabilities	11(d)	**669,005**	620,299
Interest-bearing borrowings	30	**770,406**	933,950
Lease liabilities	31	**263,945**	269,526
Trade and other payables	32	**4,346,472**	4,777,954
Amounts due to related parties	40	**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	22	**142,388**	166,166
Lease liabilities	31	**525,859**	627,590
Convertible bonds	33	**1,603,110**	1,599,598
Other non-current liabilities	34	**13,056**	53,820
		2,284,413	2,447,174
Net assets		**12,604,369**	12,226,440
Capital and reserves			
Share capital	36(c)	**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

Approved and authorized for issue by the board of directors on June 28, 2023.

Gao Dekang
Chairman of the Board of Directors

Gao Xiaodong
Director

The notes on pages 113 to 210 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the equity shareholders of the Company										
	Share capital RMB '000 (note 36(c))	Share premium RMB '000	Treasury shares held for the Share Award Scheme RMB '000 (note 35(b))	Capital reserves RMB '000 (note 36(d))	Statutory reserves RMB '000 (note 36(d))	Translation reserves RMB '000 (note 36(d))	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at April 1, 2022	817	1,894,121	(140,334)	159,613	998,770	(488,868)	184,924	9,584,060	12,193,103	33,337	12,226,440
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	2,138,574	2,138,574	17,809	2,156,383
Foreign currency translation differences – foreign operations	–	–	–	–	–	(107,083)	–	–	(107,083)	–	(107,083)
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	–	–	–	–	–	–	(16,483)	–	(16,483)	–	(16,483)
Total comprehensive income for the year	–	–	–	–	–	(107,083)	(16,483)	2,138,574	2,015,008	17,809	2,032,817
Transactions with owners, recorded directly in equity											
Equity-settled share-based transactions	1	34,643	–	(1,449)	–	–	–	–	33,195	–	33,195
Treasury shares held for Share Award Scheme	–	–	30,410	(13,392)	–	–	–	2,254	19,272	–	19,272
Capital contribution to a subsidiary from a non-controlling interest	–	–	–	–	–	–	–	–	–	10,000	10,000
Redemption of convertible notes	–	–	–	–	–	–	(15,797)	–	(15,797)	–	(15,797)
Appropriation to reserves	–	–	–	–	2,702	–	–	(2,702)	–	–	–
Dividends	–	–	–	–	–	–	–	(1,697,670)	(1,697,670)	(3,888)	(1,701,558)
	1	34,643	30,410	(14,841)	2,702	–	(15,797)	(1,698,118)	(1,661,000)	6,112	(1,654,888)
Balance at March 31, 2023	818	1,928,764	(109,924)	144,772	1,001,472	(595,951)	152,644	10,024,516	12,547,111	57,258	12,604,369

The notes on pages 113 to 210 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the equity shareholders of the Company										
	Share capital RMB '000 (note 36(c))	Share premium RMB '000	Treasury shares held for the Share Award Scheme RMB '000 (note 35(b))	Capital reserves RMB '000 (note 36(d))	Statutory reserves RMB '000 (note 36(d))	Translation reserves RMB '000 (note 36(d))	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at April 1, 2021	811	1,725,945	(171,495)	138,817	856,313	(526,194)	106,271	8,938,646	11,069,114	181,616	11,250,730
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	2,062,323	2,062,323	(3,551)	2,058,772
Foreign currency translation differences – foreign operations	–	–	–	–	–	37,326	–	–	37,326	–	37,326
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	–	–	–	–	–	–	81,794	–	81,794	–	81,794
Total comprehensive income for the year	–	–	–	–	–	37,326	81,794	2,062,323	2,181,443	(3,551)	2,177,892
Transactions with owners, recorded directly in equity											
Equity-settled share-based transactions	6	168,176	–	35,710	–	–	–	–	203,892	–	203,892
Treasury shares held for Share Award Scheme	–	–	31,161	(14,914)	–	–	–	(9,147)	7,100	–	7,100
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	(96)	(96)
Written put option to non-controlling interests	–	–	–	–	–	–	20,655	–	20,655	(109,920)	(89,265)
Disposal of equity investment at FVOCI, net of tax (non-recycling) (note 26(b))	–	–	–	–	–	–	(23,796)	23,796	–	–	–
Appropriation to reserves	–	–	–	–	142,457	–	–	(142,457)	–	–	–
Dividends	–	–	–	–	–	–	–	(1,289,101)	(1,289,101)	(34,712)	(1,323,813)
	6	168,176	31,161	20,796	142,457	–	(3,141)	(1,416,909)	(1,057,454)	(144,728)	(1,202,182)
Balance at March 31, 2022	817	1,894,121	(140,334)	159,613	998,770	(488,868)	184,924	9,584,060	12,193,103	33,337	12,226,440

The notes on pages 113 to 210 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

	For the year ended March 31,	
	2023	2022
	RMB'000	RMB'000
Operating activities		
Profit for the year	**2,156,383**	2,058,772
Adjustments for:		
Income tax	**730,930**	613,376
Depreciation	**913,548**	856,904
Amortization	**35,881**	35,881
Impairment losses	**118,000**	40,000
Equity-settled share-based transactions	**5,957**	71,746
Change in fair value of derivative financial liabilities	**–**	(9,344)
Dividend income from other financial assets	**–**	(2,443)
Net loss/(gain) on disposal of property, plant and equipment and right-of-use assets	**19,301**	(12,444)
Net interest expenses	**40,372**	46,638
Unrealized/realized fair value change of other financial assets	**(140,451)**	(181,662)
Share of losses of associates and joint ventures	**22,296**	14,089
Operating profit before changes in working capital	**3,902,217**	3,531,513
Increase in inventories	**(1,097)**	(42,246)
Decrease/(increase) in trade and bills receivables and deposits, prepayments and other receivables	**291,605**	(486,497)
Decrease/(increase) in amounts due from related parties	**78,460**	(43,757)
Increase in pledged bank deposits for bills payable	**(76,084)**	(342,536)
(Decrease)/increase in trade and other payables	**(262,764)**	751,447
(Decrease)/increase in amounts due to related parties	**(4,299)**	1,694
Cash generated from operations	**3,928,038**	3,369,618
Interest paid	**(139,237)**	(106,648)
Income tax paid	**(738,142)**	(592,905)
Net cash generated from operating activities	**3,050,659**	2,670,065

CONSOLIDATED CASH FLOW STATEMENT

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

	For the year ended March 31,	
	2023	2022
	RMB'000	RMB'000
Investing activities		
Payments in relation to completion of acquisition of non-controlling interests in Jessie group	**(136,933)**	–
Payments in relation to investments in associates and joint ventures	**(111,920)**	(149,628)
Acquisition of property, plant and equipment	**(508,164)**	(576,657)
Acquisition of other financial assets	**(9,010,163)**	(8,789,446)
Proceeds from disposal of other financial assets	**11,584,977**	8,488,140
(Increase)/decrease in time deposits	**(1,321,884)**	215,001
Dividend income from other financial assets	**–**	2,443
Interest received	**141,647**	116,507
Proceeds from disposal of investment properties	**–**	7,800
Payments of a loan provided to an associate	**(21,000)**	–
Net cash generated from/(used in) investing activities	**616,560**	(685,840)
Financing activities		
Proceeds from interest-bearing borrowings	**1,165,032**	507,037
Repayment of interest-bearing borrowings	**(1,374,974)**	(194,846)
Decrease in bank deposits pledged for bank loans	**–**	47,641
Payments for purchase of shares in connection with the Share Award Scheme	**–**	(13,993)
Proceeds from exercise of share options	**27,238**	118,274
Proceeds of upfront payment received from employees in connection with Share Award Scheme	**–**	32,640
Capital element of lease liabilities paid	**(400,389)**	(419,773)
Dividends paid	**(1,721,671)**	(1,309,457)
Payments for redemption of convertible bonds	**(198,203)**	–
Proceeds from capital contribution to a subsidiary from non-controlling interests	**10,000**	–
Net cash used in financing activities	**(2,492,967)**	(1,232,477)
Net increase in cash and cash equivalents	**1,174,252**	751,748
Cash and cash equivalents at the beginning of the year	**2,502,563**	1,771,330
Effect of foreign currency exchange rate changes	**41,396**	(20,515)
Cash and cash equivalents at the end of the year	**3,718,211**	2,502,563

The notes on pages 113 to 210 form part of these 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. A summary of the significant accounting policies adopted by the Group is set out in note 4.

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 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of measurement

The consolidated financial statements for the year ended March 31, 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 (see note 4(d)).

2 BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

3 CHANGES IN ACCOUNTING POLICIES

The 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 4(i)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable (see note 4(i)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

(d) Other investments in equity securities

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

Investments in equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 38(f). These investments are subsequently accounted for as follows, depending on their classification:

(i) Investments other than equity investments

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other investments in equity securities (continued)

(i) Investments other than equity investments (continued)

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

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

(ii) Equity investments

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

(e) Investment properties

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

Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 4(i)(ii)). Cost includes expenditure that is directly attributable to the acquisition of the investment property. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of 20 to 50 years. Depreciation methods, useful lives and residual values are re-assessed at the end of each reporting period and adjusted if appropriate. Rental income from investment properties is accounted for as described in note 4(u)(iv).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

(iv) Depreciation

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

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

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

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

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

(g) Intangible assets (other than goodwill)

(i) Customer relationships

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

(ii) Trademarks

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (other than goodwill) (continued)

(iii) Subsequent expenditure

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

(iv) Amortization

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

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

(h) Leased assets

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

(i) As a lessee

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

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (continued)

(i) As a lessee (continued)

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 4(d)(i), 4(i)(i) and 4(x)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for ECLs on the following items:

– financial assets measured at amortized cost (including cash and cash equivalents, pledged bank deposits, time deposits with maturity over 3 months, trade and bills receivables, deposits, prepayments and other receivables and receivables due from related parties, which are held for the collection of contractual cash flows which represent solely payments of principal and interest).

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

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

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

For all other financial instruments, the Group recognized a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

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

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

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

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

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

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

Basis of calculation of interest income

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

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (continued)

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

- property, plant and equipment;
- right-of-use assets;
- investment properties;
- investments in associates and joint ventures;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

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

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of CGUs if otherwise.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

– *Recognition of impairment losses*

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

– *Reversals of impairment losses*

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

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

(iii) Interim financial reporting and impairment

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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

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

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

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

(k) Contract liabilities

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

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

(l) Trade, bills and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 4(i)(i)).

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Cash and cash equivalents

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

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 4(w)).

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Convertible bonds that contain an equity component

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

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

The liability component is subsequently carried at amortized cost. Interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognized in the other reserve until the bonds are converted or redeemed.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Termination benefits

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

(r) Share-based payment transactions

(i) Equity-settled share-based payment transaction with employees

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payment transactions (continued)

(i) Equity-settled share-based payment transaction with employees (continued)

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

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

(ii) Equity-settled share-based payment transaction with parties other than employees

For equity-settled share-based payment transaction with parties other than employees, services are recognized as expenses when they are received with reference to the fair value of the services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the services received, the entity shall measure their value by reference to the fair value of the equity instruments granted. The fair value shall be measured at the date the counterparty renders service.

(s) Income tax

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

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

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

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

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

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

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

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

  – the same taxable entity; or

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(u) Revenue and other income

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

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of apparel products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income (continued)

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

(i) Sale of goods

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

The Group has applied the practical expedient that for sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) Government grants

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

(iii) Royalty income

Royalties represent brand authorization business that the Group provides customers with the right to use brands and charges authorization fees. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

(iv) Rental income from operating leases

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Translation of foreign currencies

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

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

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

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

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

(w) Borrowing costs

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Finance income and finance costs

The Group's finance income and finance costs include:

– interest income;

– interest expense;

– the net realized/unrealized gain or loss on financial assets at FVPL;

– the foreign currency gain or loss on financial assets and financial liabilities;

– dividend income:

  - dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

  - dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

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

– the gross carrying amount of the financial asset; or

– the amortized cost of the financial liability.

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

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Related parties (continued)

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

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

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

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

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

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

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

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

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

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

(z) Segment reporting

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

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

5 ACCOUNTING JUDGMENT AND ESTIMATES

Accounting judgements and sources of estimation uncertainty

Notes 11, 17, 24, 25, 26 and 37 contain information about the assumptions and their risk factors relating to income tax, goodwill impairment, impairment for bad and doubtful debts, fair value of financial instruments and fair value of share options and restricted shares granted. Other critical accounting judgements and key sources of estimation uncertainty are as follows:

(a) Net realizable value of inventories

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

(b) Impairment for non-current assets

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

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

5 ACCOUNTING JUDGMENT AND ESTIMATES (CONTINUED)

Accounting judgements and sources of estimation uncertainty (continued)

(c) Determining the lease term

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

6 REVENUE AND SEGMENT REPORTING

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

- Down apparels – The down 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.

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

(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.

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 6(d).

(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.

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment results (continued)

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 RMB'000	**OEM management RMB'000**	**Ladieswear apparels RMB'000**	**Diversified apparels RMB'000**	**Group 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 RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group 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)

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	For the year ended March 31, 2023 RMB'000	2022 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 RMB'000	2022 RMB'000
Profit before taxation		
Reportable segment profit	**2,949,213**	2,639,582
Amortization expenses	**(35,881)**	(35,881)
Government grants (note 7(i))	**309,583**	273,975
Impairment losses on goodwill (note 17)	**(118,000)**	(40,000)
Share of losses of associates and joint ventures	**(22,296)**	(14,089)
Finance income (note 10)	**293,214**	315,998
Finance costs (note 10)	**(209,977)**	(198,608)
Unallocated expenses	**(278,543)**	(268,829)
Consolidated profit before taxation	**2,887,313**	2,672,148

(d) Geographic information

Except for land and buildings and investment properties with the aggregate carrying amount of RMB238,173,000 (March 31, 2022: RMB234,726,000) located in the United Kingdom, all of the Group's property, plant and equipment and investment properties are located in mainland China at March 31, 2023.

The geographical location information of property, plant and equipment and investment property is based on the physical location of the assets.

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
PRC	**15,402,131**	15,170,499
North America	**794,739**	672,502
Europe and other regions	**577,350**	370,607
	16,774,220	16,213,608

7 OTHER INCOME

	Note	For the year ended March 31, 2023 RMB'000	2022 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.

8 PERSONNEL EXPENSES

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	**1,638,310**	1,473,479
Equity-settled share-based payments (note 37)	**5,957**	89,647
Contributions to defined contribution plans	**195,535**	152,594
	1,839,802	1,715,720

Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees. The Group remits all pension fund contributions to the respective tax bureau, which are responsible for the payment and liabilities relating to the pension funds.

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

The Company's and its subsidiaries' contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Company and its subsidiaries should any forfeiture be resulted from the schemes.

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

9 EXPENSE BY NATURE

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

	For the year ended March 31,	
	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

10 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 (note 26(a))	**13,676**	39,260
Total interest income on financial assets	**145,689**	122,549
Unrealized/realized net gain in financial assets classified as FVPL (note 26(c))	**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 33)	**(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

11 INCOME TAX

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Current tax		
Provision for income tax for the year	**786,848**	685,608
Deferred tax		
Origination of temporary differences (note 22(a))	**(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.

11 INCOME TAX (CONTINUED)

(a) Income tax in profit or loss represents: (continued)

(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 11(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 11(a)(iv))	**111,210**	67,703
Others	**(15,916)**	(12,179)
Income tax	**730,930**	613,376

11 INCOME TAX (CONTINUED)

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31,					
	2023			2022		
	Before tax amount RMB'000	Tax effect RMB'000	Net of tax amount RMB'000	Before tax amount RMB'000	Tax effect RMB'000	Net of tax amount RMB'000
Net change in fair value of other financial assets measured at FVOCI	**(21,977)**	**5,494**	**(16,483)**	109,059	(27,265)	81,794
Disposal of other financial assets measured at FVOCI	**–**	**–**	**–**	(31,728)	7,932	(23,796)
Total	**(21,977)**	**5,494**	**(16,483)**	77,331	(19,333)	57,998

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

	For the year ended March 31,	
	2023 RMB'000	2022 RMB'000
Balance at the beginning of the year	**620,299**	519,664
Provision for current income tax recognized in profit or loss for the year	**786,848**	685,608
Provision for current income tax recorded directly in other comprehensive income for the year	**–**	7,932
Payments during the year	**(738,142)**	(592,905)
Income tax payable at the end of the year	**669,005**	620,299

12 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended March 31, 2023

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined Contribution Schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	330	4,820	–	–	–	5,150
Mei Dong	330	3,722	–	–	137	4,189
Huang Qiaolian	330	1,459	–	–	–	1,789
Rui Jinsong	330	2,690	–	27,262	137	30,419
Gao Xiaodong	330	1,310	–	–	137	1,777
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao (i)	–	–	–	–	–	–
Ngai Wai Fung	385	–	–	–	–	385
	2,365	14,001	–	27,262	411	44,039

For the year ended March 31, 2022

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined Contribution Schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	330	4,708	–	–	–	5,038
Mei Dong	330	3,610	–	–	124	4,064
Huang Qiaolian	330	1,418	–	5,631	–	7,379
Rui Jinsong	330	3,455	–	60,945	124	64,854
Gao Xiaodong	330	1,310	–	–	124	1,764
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Wang Yao (i)	–	–	–	–	–	–
Ngai Wai Fung	385	–	–	–	–	385
	2,365	14,501	–	66,576	372	83,814

12 DIRECTORS' EMOLUMENTS (CONTINUED)

(i) During the years ended March 31, 2023 and 2022, Mr. Wang Yao, an independent non-executive director, waived director's fee of RMB330,000.

During the years ended March 31, 2023 and 2022, no amount was paid or payable by the Group to the directors or any of the other four highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as compensation for loss of office.

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (for the year ended March 31, 2022: one) is a director whose emoluments is disclosed in note 12. For the year ended March 31, 2023, the aggregate of the emoluments in respect of the other four (for the year ended March 31, 2022: four) individuals are listed as follows:

	For the year ended March 31,	
	2023	2022
	RMB'000	RMB'000
Salaries and other emoluments	**8,794**	4,579
Equity-settled share-based payments	**34,497**	70,759
Contributions to defined contribution schemes	**461**	425
	43,752	75,763

For the year ended March 31, 2023, the other four (for the year ended March 31, 2022: four) individuals with the highest emoluments are within the following band:

	For the year ended March 31,	
	2023	2022
	Number of individuals	Number of individuals
RMB7,500,001 to RMB8,000,000	**1**	–
RMB10,000,001 to RMB10,500,000	**1**	–
RMB11,500,001 to RMB12,000,000	**1**	–
RMB13,000,001 to RMB13,500,000	**1**	–
RMB14,500,001 to RMB15,000,000	**–**	1
RMB15,500,001 to RMB16,000,000	**–**	1
RMB19,000,001 to RMB19,500,000	**–**	1
RMB25,500,001 to RMB26,000,000	**–**	1

14 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 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 (note 37) 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

15 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At April 1, 2021	1,040,660	293,449	399,576	1,288,291	106,982	3,128,958
Additions	7,452	7,923	54,378	349,115	41,098	459,966
Transfer among items under property, plant and equipment	7,109	–	–	–	(7,109)	–
Transfer to investment properties	(74,033)	–	–	–	–	(74,033)
Disposal	(2,398)	(159)	(9,445)	(8,594)	–	(20,596)
Movement of exchange rate	(5,586)	–	(397)	–	–	(5,983)
At March 31, 2022	973,204	301,213	444,112	1,628,812	140,971	3,488,312
Additions	848	14,451	76,602	333,441	30,846	456,188
Transfer among items under property, plant and equipment	103,067	32	3,150	22,833	(129,082)	–
Disposal	(457)	(1,673)	(19,741)	(54,738)	–	(76,609)
Movement of exchange rate	1,433	–	231	–	–	1,664
At March 31, 2023	**1,078,095**	**314,023**	**504,354**	**1,930,348**	**42,735**	**3,869,555**
Accumulated depreciation:						
At April 1, 2021	(260,267)	(43,547)	(269,459)	(793,881)	–	(1,367,154)
Depreciation charged for the year	(54,489)	(25,215)	(45,750)	(312,003)	–	(437,457)
Transfer to investment properties	47,751	–	–	–	–	47,751
Disposal	2,119	165	14,556	6,942	–	23,782
Movement of exchange rate	2,458	–	390	–	–	2,848
At March 31, 2022	(262,428)	(68,597)	(300,263)	(1,098,942)	–	(1,730,230)
Depreciation charged for the year	(48,387)	(25,845)	(55,210)	(344,437)	–	(473,879)
Disposal	135	1,531	19,574	41,903	–	63,143
Movement of exchange rate	(623)	–	(225)	–	–	(848)
At March 31, 2023	**(311,303)**	**(92,911)**	**(336,124)**	**(1,401,476)**	**–**	**(2,141,814)**
Net book value:						
At March 31, 2023	**766,792**	**221,112**	**168,230**	**528,872**	**42,735**	**1,727,741**
At March 31, 2022	710,776	232,616	143,849	529,870	140,971	1,758,082

Except for freehold land and buildings with the carrying amount of RMB36,987,000 (March 31, 2022: RMB36,850,000) which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2023. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at March 31, 2023, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

16 RIGHT-OF-USE ASSETS

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

	Properties leased for own use RMB'000	Land use rights RMB'000	Total RMB'000
Cost:			
At 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

16 RIGHT-OF-USE ASSETS (CONTINUED)

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

	For the year ended March 31, 2023 RMB'000	2022 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 10)	**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.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 29(c) and 31, respectively.

(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.

16 RIGHT-OF-USE ASSETS (CONTINUED)

(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.

17 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.

17 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

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 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.

17 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

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

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

	At March 31, 2023 RMB'000	2022 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

18 INTERESTS IN ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Anhui Liuqiao International Supply Chain Co., Ltd. ("Anhui Liuqiao")	Incorporated	Mainland China	Registered capital RMB100,000,000	35%	–	35%	Trading of down raw materials (Note 1)
Lang Giang Textile Joint Stock Company ("Lang Giang")	Incorporated	Vietnam	Registered capital Vietnam Dong ("VND") 105,000,000,000	25%	–	25%	Garment manufacturing (Note 2)
Tan Duong Export Garment Co., Ltd. ("Tan Duong")	Incorporated	Vietnam	Registered capital VND 60,575,291,615	49%	–	49%	Garment manufacturing (Note 3)

Note 1: Anhui Liuqiao is a down supplier in the Chinese market,which is invested by a subsidiary of the Company on November 29, 2021.

Note 2: Lang Giang operates in Vietnam and is principally engaged in garment manufacturing, which is invested by a subsidiary of the Company on November 26, 2021.

Note 3: Tan Duong operates in Vietnam and is principally engaged in garment manufacturing, which is invested by a subsidiary of the Company on January 13, 2023.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of the above associates that are not individually material:

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**66,071**	41,864
Aggregate amounts of the Group's share of those associates'		
– Profit/(losses) for the year	**4,369**	(420)
– Other comprehensive income	**–**	–
Total comprehensive income	**4,369**	(420)

19 INTEREST IN JOINT VENTURES

Details of the Group's interest in joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Bogner GCA Holding PTE. Ltd. ("Bogner GCA Holding")	Incorporated	Singapore	Registered capital USD30,800,000	55%	–	55%	Wholesale and retail of clothes and accessories(i)
Bogner GCA IP GmbH & Co. KG ("Bogner IPCo")	German limited partnership	Germany	Registered capital EUR100	45%	–	45%	Holding and administration of assets(ii)
Bogner GCA IP Management GmbH ("Bogner IPCo GP")	German limited liability company	Germany	Registered capital EUR25,000	45%	–	45%	Management of Bogner IPCo(iii)

(i) Bogner GCA Holding was established by the Group together with WILLY BOGNER GMBH & CO. KGAA ("WILLY BOGNER"). On February 24, 2022, the Group had made cash contribution of USD16,940,000 (equivalent to RMB107,196,000) for 55% ownership interest in Bogner GCA Holding. Bogner GCA Holding is mainly engaged in the sourcing and distribution of high-end outdoor sport fashion apparels of Bogner brand.

(ii) Bogner IPCo was newly established by the Group together with WILLY BOGNER. On June 29, 2022, the Group had made cash contribution of USD13,860,000 (equivalent to RMB92,911,000) for 45% ownership interest in Bogner IPCo. Bogner IPCo is a German limited partnership, which is mainly engaged in holding and administration of assets, in particular, trademarks and licensing of trademarks of Bogner brand.

(iii) Bogner IPCo GP was newly established by the Group together with WILLY BOGNER. On June 29, 2022, the Group had made cash contribution of EUR11,000 (equivalent to RMB78,000) for 45% ownership interest in Bogner IPCo GP. Bogner IPCo GP participates as a general partner and assumes the management of Bogner IPCo.

Bogner GCA Holding, Bogner IPCo and Bogner IPCo GP are unlisted corporate entities whose quoted market price are not available.

19 INTEREST IN JOINT VENTURES (CONTINUED)

(a) Summarized financial information of Bogner GCA Holding and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	At March 31, 2023 RMB'000	2022 RMB'000
Gross amounts of Bogner GCA Holding's		
Current assets	**141,061**	177,398
Non-current assets	**23,361**	12,582
Current liabilities	**(29,629)**	(18,876)
Equity	**134,793**	171,104

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Revenue	**36,621**	13,324
Loss for the year	**(48,499)**	(24,852)
Other comprehensive income	**–**	–
Total comprehensive income	**(48,499)**	(24,852)
Reconciled to the Group's interest in Bogner GCA Holding		
Gross amounts of Bogner GCA Holding's net assets	**134,793**	171,104
Group's effective interest	**55%**	55%
Group's share of Bogner GCA Holding's net assets	**74,136**	94,107
Carrying amount of the Group's interest	**74,136**	94,107

19 INTEREST IN JOINT VENTURES (CONTINUED)

(b) Summarized financial information of Bogner IPCo and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	At March 31, 2023 RMB'000
Gross amounts of Bogner IPCo's	
Current assets	1,236
Non-current assets	211,448
Current liabilities	(1,019)
Equity	211,665

	For the period from June 29, 2022 (date of incorporation) to March 31, 2023 RMB'000
Revenue	1,172
Profit for the year	16
Other comprehensive income	–
Total comprehensive income	16
Reconciled to the Group's interest in Bogner IPCo	
Gross amounts of Bogner IPCo's net assets	211,665
Group's effective interest	45%
Group's share of Bogner IPCo's net assets	95,249
Carrying amount of the Group's interest	95,249

19 INTEREST IN JOINT VENTURES (CONTINUED)

(c) Summarized financial information of IPCo GP which is not individually material, are disclosed below:

	For the period from June 29, 2022 (date of incorporation) to March 31, 2023 RMB'000
Gross amounts of Bogner IPCo GP's	
Amounts of the Group's share of the joint venture	
Profit for the year	–
Total comprehensive income	–

	At March 31, 2023 RMB'000
Carrying amount of individually immaterial joint venture in the consolidated financial statements	**85**

20 INVESTMENT PROPERTIES

	At March 31, 2023 RMB'000	2022 RMB'000
Cost:		
At the beginning of the year	**365,615**	313,367
Addition	**763**	2,008
Transfer from property, plant and equipment and right-of-use assets	**–**	78,153
Disposal during the year	**–**	(10,541)
Effect of movement in exchange rates	**4,423**	(17,372)
At March 31	**370,801**	365,615
Accumulated depreciation:		
At the beginning of the year	**(99,335)**	(47,888)
Charge for the year	**(8,663)**	(8,599)
Transfer from property, plant and equipment and right-of-use assets	**–**	(51,111)
Disposal during the year	**–**	7,249
Effect of movement in exchange rates	**(289)**	1,014
At March 31	**(108,287)**	(99,335)
Net book value:		
At March 31	**262,514**	266,280

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2023, freehold investment properties of RMB201,186,000 (March 31, 2022: RMB197,876,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB61,328,000 (March 31, 2022: RMB68,405,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically three to ten years.

As at March 31, 2023, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP26,190,000 (equivalent to approximately RMB222,945,000) (March 31, 2022: GBP26,447,000 (equivalent to approximately RMB220,513,000)), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis. The aggregate fair value of the investment properties located in mainland China was approximately RMB183,970,000 (2022: RMB188,250,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

During the year ended March 31, 2023, rental income of RMB3,541,000 (March 31, 2022: RMB6,157,000) was recognized in profit or loss.

20 INVESTMENT PROPERTIES (CONTINUED)

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

	At March 31, 2023 RMB'000	2022 RMB'000
Within 1 year	**6,565**	12,640
After 1 year but within 5 years	**20,042**	40,023
After 5 years	**5,538**	37,928
	32,145	90,591

21 PREPAYMENTS

	At March 31, 2023 RMB'000	2022 RMB'000
Prepayments for processing fees	**5,498**	13,332

As at March 31, 2023, prepayments represented:

- the prepayments of USD400,000 (equivalent to RMB2,749,000) (March 31, 2022: USD700,000, equivalent to RMB4,444,000) were made by the Group to BAC Giang BGG Garment Corporation ("BGG"), a garment manufacturer in Vietnam, for production orders, of which USD100,000 (equivalent to RMB688,000) (March 31, 2022: USD400,000, equivalent to RMB2,539,000) are expected to be settled gradually over one year.

- the prepayments of USD2,015,000 (equivalent to RMB13,846,000) (March 31, 2022: USD2,872,000, equivalent to RMB18,232,000) were made by the Group to BAC Giang LGG Garment Corporation ("LGG"), a garment manufacturer in Vietnam, for production orders, of which USD700,000 (equivalent to RMB4,810,000) (March 31, 2022: USD1,700,000, equivalent to RMB10,793,000) are expected to be settled gradually over one year.

22 DEFERRED TAX ASSETS AND LIABILITIES

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and Trademark RMB'000	Property, plant and equipment RMB'000	Withholding tax on dividends RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Unused tax losses RMB'000	Depreciation charge of right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At March 31, 2021	114,789	31,448	(116,154)	(5,118)	(38,000)	7,715	352,309	8,175	37,229	392,393
(Charged)/credited to profit or loss	(22,887)	(368)	8,971	841	(67,703)	2,631	68,546	2,334	(1,836)	(9,471)
Credited to OCI	–	–	–	–	–	–	–	–	(19,333)	(19,333)
Released upon distribution of dividends	–	–	–	–	81,703	–	–	–	–	81,703
At March 31, 2022 and April 1, 2022	91,902	31,080	(107,183)	(4,277)	(24,000)	10,346	420,855	10,509	16,060	445,292
(Charged)/credited to profit or loss	(13,324)	(10,774)	8,971	841	111,210	133,947	(79,143)	1,608	13,792	167,128
Released upon distribution of dividends	–	–	–	–	(111,210)	–	–	–	–	(111,210)
Credited to OCI	–	–	–	–	–	–	–	–	5,494	5,494
At March 31, 2023	**78,578**	**20,306**	**(98,212)**	**(3,436)**	**(24,000)**	**144,293**	**341,712**	**12,117**	**35,346**	**506,704**

Deferred tax assets in respect of unused tax losses, which will expire within five years under current tax legislation, are related to certain subsidiaries of the Group in mainland China, which are expected to derive profits in the foreseeable future. Accordingly, it is considered probable that sufficient taxable profits will be available to utilize their unused tax losses before they expire.

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

	At March 31, 2023 RMB'000	2022 RMB'000
Net deferred tax assets	**649,092**	611,458
Net deferred tax liabilities	**(142,388)**	(166,166)
	506,704	445,292

22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(c) Deferred tax assets and liabilities not recognized

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

	At March 31, 2023 RMB'000	2022 RMB'000
Accumulated tax losses of subsidiaries	**180,032**	165,102
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(7,281,156)**	(7,157,541)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain overseas subsidiaries of the Group as at March 31, 2023, as management considered that it is not probable that future taxable profit against which the losses can be utilized will be available in the relevant tax jurisdictions and entities. The tax losses of overseas entities do not expire under current tax legislation.

Except for the dividend to be distributed out of earnings of PRC subsidiaries (note 11(a)(iv)), deferred tax liabilities in relation to withholding tax have not been recognized in respect of the above retained earnings from PRC subsidiaries as the Company controls the timing and amounts of distribution and does not expect to incur such liabilities in the foreseeable future.

23 INVENTORIES

	At March 31, 2023 RMB'000	2022 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 RMB'000	2022 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

24 TRADE AND BILLS RECEIVABLES

	At March 31, 2023 RMB'000	2022 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 RMB'000	2022 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. Further details on the Group's credit policy and exposure to credit and currency risk related to trade and bills receivables are disclosed in notes 38(a) and 38(d).

25 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31, 2023 RMB'000	2022 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

26 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.

26 OTHER FINANCIAL ASSETS (CONTINUED)

(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.

27 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as security for the following activities:

	At March 31, 2023 RMB'000	2022 RMB'000
Non-current		
Bills payable	**500,117**	770,000
Current		
Bills payable	**528,115**	182,148
	1,028,232	952,148

The pledged bank deposits as at March 31, 2023 will be released upon the settlement of the relevant bills payable.

28 TIME DEPOSITS

	At March 31, 2023 RMB'000	2022 RMB'000
Time deposits with maturity over three months but less than one year	**1,296,184**	124,300
Time deposits with maturity over one year	**350,000**	200,000
Time deposits	**1,646,184**	324,300

29 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At March 31,	
	2023	2022
	RMB'000	RMB'000
Cash at bank and on hand	**5,542,510**	2,809,011
Less: Pledged bank deposits	**(528,115)**	(182,148)
Time deposits with maturity over three months but less than one year	**(1,296,184)**	(124,300)
Cash and cash equivalents	**3,718,211**	2,502,563

(i) Cash at bank and on hand are denominated in:

	At March 31,	
	2023	2022
	RMB'000	RMB'000
– RMB	**4,392,552**	2,251,526
– USD	**1,026,967**	450,297
– HKD	**115,566**	101,119
– GBP	**3,812**	4,054
– EUR	**1,666**	1,935
– JPY	**1,947**	80
	5,542,510	2,809,011

Among the Group's cash at bank balances that are denominated in Renminbi, RMB4,391,896,000(March 31, 2022: RMB2,250,906,000) of which are deposited with banks in mainland China. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(ii) Cash and cash equivalents include bank balance of RMB17,574,000 (March 31, 2022: RMB27,821,000) with restriction on use which represented cash collection on behalf of employees in relation to shares disposed of by employees under share-based payment schemes.

29 CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (note 30)	Convertible Bonds RMB'000 (note 33)	Lease liabilities RMB'000 (note 31)	Total RMB'000
At April 1, 2021	670,923	1,609,472	638,699	2,919,094
Changes from financing cash flows:				
Proceeds from new bank loans	507,037	–	–	507,037
Repayment of bank loans	(194,846)	–	–	(194,846)
Capital element of lease rentals paid	–	–	(419,773)	(419,773)
Total changes from financing cash flows	312,191	–	(419,773)	(107,582)
Exchange adjustments	(49,164)	(55,689)	–	(104,853)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	718,047	718,047
Effect of early termination of lease contracts	–	–	(39,857)	(39,857)
Interest expenses (note 10)	–	68,416	47,455	115,871
Interest paid/interest element of lease rentals paid	–	(17,593)	(47,455)	(65,048)
Total other changes	–	50,823	678,190	729,013
At March 31 and April 1, 2022	933,950	1,604,606	897,116	3,435,672
Changes from financing cash flows:				
Proceeds from new bank loans	1,165,032	–	–	1,165,032
Repayment of bank loans	(1,374,974)	–	–	(1,374,974)
Payments for redemption of convertible bonds	–	(198,203)	–	(198,203)
Capital element of lease rentals paid	–	–	(400,389)	(400,389)
Total changes from financing cash flows	(209,942)	(198,203)	(400,389)	(808,534)
Exchange adjustments	46,398	137,683	–	184,081
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	344,944	344,944
Effect of early termination of lease contracts	–	–	(51,867)	(51,867)
Equity component of convertible bonds	–	15,797	–	15,797
Interest expenses (note 10)	–	66,886	47,514	114,400
Interest paid/interest element of lease rentals paid	–	(18,798)	(47,514)	(66,312)
Total other changes	–	63,885	293,077	356,962
At March 31, 2023	**770,406**	**1,607,971**	**789,804**	**3,168,181**

29 CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	For the year ended March 31,	
	2023	2022
	RMB'000	RMB'000
Within operating cash flows	**1,837,879**	1,947,021
Within financing cash flows	**400,389**	419,773
	2,238,268	2,366,794

30 INTEREST-BEARING BORROWINGS

At March 31, 2023, the interest-bearing borrowings were repayable as follows:

	At March 31,	
	2023	2022
	RMB'000	RMB'000
Within 1 year or on demand	**770,406**	933,950

At March 31, 2023, the interest-bearing borrowings were secured as follows:

	At March 31,	
	2023	2022
	RMB'000	RMB'000
Bank loans		
– Secured (i)	**262,620**	283,854
– Unsecured (ii)	**507,786**	650,096
	770,406	933,950

(i) Bank borrowings of RMB262,620,000 as at March 31, 2023 was secured by letter of guarantee arrangement (March 31, 2022: RMB283,854,000).

(ii) Unsecured bank borrowings of RMB272,623,000 as at March 31, 2023 was intra-group guarantee (March 31, 2022: RMB412,633,000).

Further details of the Group's management of liquidity risk are set out in note 38(b).

31 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	At March 31, 2023 RMB'000	2022 RMB'000
Within 1 year	**263,945**	269,526
After 1 year but within 2 years	**273,118**	243,758
After 2 years but within 5 years	**153,122**	256,307
After 5 years	**99,619**	127,525
	525,859	627,590
	789,804	897,116

32 TRADE AND OTHER PAYABLES

	At March 31, 2023 RMB'000	2022 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 (note 29(a))	**17,574**	27,821
– Receipts in advance in relation to unvested restricted shares (note 37(a))	**40,764**	33,021
– Interest payable in relation to convertible bonds (note 33)	**4,861**	5,008
– Others	**128,422**	116,633
	4,346,472	4,777,954

32 TRADE AND OTHER PAYABLES (CONTINUED)

All of the trade and other payables are expected to be settled within one year.

As of the end of the reporting period, the ageing analysis of trade 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.

33 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 32)	**(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.

33 CONVERTIBLE BONDS (CONTINUED)

Liability component (continued)

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.

34 OTHER NON-CURRENT LIABILITIES

	At March 31, 2023 RMB'000	2022 RMB'000
Payables in relation to equity-settled share-based transactions (note 37(a))	**13,056**	53,820

35 INVESTMENT IN SUBSIDIARIES

(a) Subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
1. Enterprises established outside the PRC						
1) Down segment and OEM management						
Bosideng International Fashion Limited 波司登國際服飾有限公司	BVI, July 11, 2006 Limited company	USD1	100%	100%	–	Retail sales of apparels and investment holding
Golden Progress Limited 金浩進有限公司	Hong Kong, October 12, 2015 Limited company	HKD1	100%	–	100%	Investment holding
Delight Kingdom Group Limited 景勵集團有限公司	BVI, January 3,2017 Limited company	USD100	100%	–	100%	Investment holding
Bosideng UK Limited 波司登(英國)有限公司	United Kingdom, March 23,2012 Limited company	GBP1	100%	–	100%	Sourcing and distribution of down apparels
Bosideng Retail Limited 波司登零售有限公司	United Kingdom, March 23, 2012 Limited company	GBP8,000,000	100%	–	100%	Sourcing and distribution of down apparels
Rocawear (China) Limited 洛卡(中國)有限公司	Hong Kong, July 2, 2009 Limited company	USD100	100%	–	100%	Investment holding

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
2) Ladieswear apparels						
Jessie International Holdings Limited 杰西國際控股有限公司	BVI, September 20, 2011 Limited company	USD1	100%	–	100%	Investment holding
Joy Smile Development Limited 欣悦發展有限公司	BVI, June 15, 2015 Limited company	USD2	100%	–	100%	Investment holding
Kandy E-Incorporation Limited 康德藝有限公司	Hong Kong, September 11, 2014 Limited company	HKD1	100%	–	100%	Investment holding
Talent Shine Limited 廸暉有限公司	Hong Kong, April 10, 2007 Limited company	HKD10,000	100%	–	100%	Investment holding
Union Techwell Development Limited 聯得發展有限公司	BVI, February 8, 2012 Limited company	USD50,000	100%	–	100%	Investment holding
HeYuan (Hong Kong) Industrial Limited 和元(香港)實業有限公司	Hong Kong, January 18, 2013 Limited company	HKD10,000	100%	–	100%	Investment holding
HeYuan (Hong Kong) Fashion Design Limited 和元(香港)時裝設計有限公司	Hong Kong, January 18, 2013 Limited company	RMB39,500,000	100%	–	100%	Provision of service for brand design and development
BuouBuou International Holdings Limited 邦寶國際控股有限公司	BVI, March 13, 2014 Limited company	USD60,000	100%	–	100%	Investment holding

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
3) Diversified apparels						
Ying Fai Int'l Investment Limited 盈輝國際投資有限公司	BVI, June 2, 2008 Limited company	USD10,000	100%	–	100%	Investment holding
Long Pacific (H.K.) Ltd. 長隆(香港)有限公司	Hong Kong, May 22, 2008 Limited company	HKD1	100%	–	100%	Investment holding
2. Enterprises established in the PRC						
1) Down segment and OEM management						
Bosideng International Fashion (China) Limited 波司登國際服飾(中國)有限公司	PRC, June 23, 2005 Limited liability company	USD138,000,000	100%	–	100%	Sourcing and distribution of down apparels
Bosideng Down Wear Limited 波司登羽絨服裝有限公司	PRC, March 30, 2006 Limited liability company	USD80,000,000	100%	–	100%	Sourcing and distribution of down apparels
Gaoyou Bosideng Fashion Co., Ltd. 高郵波司登服飾有限公司	PRC, September 13, 2013 Limited liability company	RMB10,000,000	100%	–	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Supply Chain Co. Ltd. 江蘇波司登供應鏈管理有限公司	PRC, June 16, 2014 Limited liability company	RMB50,000,000	100%	–	100%	Providing of logistic and storage service
Suzhou Bosideng Logistics Co.,Ltd. 蘇州波司登物流有限公司	PRC, April 1, 2019 Limited liability company	RMB560,000,000	100%	–	100%	Providing of logistic and storage service

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shanghai Bosideng Information Technology Co., Ltd. 上海波司登信息科技有限公司	PRC, December 20, 2011 Limited liability Company	RMB50,000,000	100%	–	100%	Network consulting and e-business of down and non-down apparels
Shanghai Bosideng Clothing Design and Development Centre Co., Ltd. 上海波司登服裝設計開發中心有限公司	PRC, March 23, 2001 Limited liability Company	RMB2,000,000	100%	–	100%	Designing and distribution of down and non-down apparels
Xuezhongfei Enterprise Co., Ltd. 雪中飛實業有限公司	PRC, February 8, 2012 Limited liability Company	RMB500,000,000	70%	–	70%	Sourcing and distribution of down apparels
Bosideng Fashion (Shanghai) Limited 波司登服飾(上海)有限公司	PRC, April 21, 1999 Limited liability company	RMB497,208,633	100%	–	100%	Sourcing and distribution of down apparels
Jiangsu Bingjie Fashion Limited 江蘇冰潔時尚服飾有限公司	PRC, February 24, 2016 Limited liability company	RMB9,000,000	70%	–	70%	Sourcing and distribution of down apparels
Kangbo Fashion Limited 康博服飾有限公司	PRC, September 18, 2006 Limited liability company	USD85,000,000	100%	–	100%	Sourcing and distribution of down apparels
Shanghai Shuangyu Fashion Limited 上海雙羽服飾有限公司	PRC, June 28, 2006 Limited liability company	USD68,000,000	100%	–	100%	Sourcing and distribution of down apparels
Rocawear (Shanghai) Fashion Co., Ltd. 洛卡薇爾(上海)服飾有限公司	PRC, August 28, 2008 Limited liability company	USD10,000,000	100%	–	100%	Sourcing and distribution of down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shuomingde Investment Co., Ltd. 朔明德投資有限公司	PRC, January 17, 2017 Limited liability company	RMB500,000,000	100%	–	100%	Investment holding
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	PRC, April 11, 2002 Limited liability company	RMB5,000,000	100%	–	100%	Sourcing and distribution of OEM products
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	PRC, April 13, 2009 Limited liability company	RMB200,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Trade Development Co., Ltd. 上海波司登商貿發展有限公司	PRC, November 10, 2011 Limited liability company	RMB200,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Electronic Commerce Co., Ltd. 上海波司登電子商務有限公司	PRC, July 31, 2012 Limited liability company	RMB28,000,000	100%	–	100%	E-commerce of down and non-down apparels
Shanghai Bosideng Clothing Co., Ltd. 上海波司登服裝有限公司	PRC, March 22, 2021 Limited liability company	RMB50,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Bosideng Technology Co., Ltd. 江蘇波司登科技有限公司	PRC, April 13, 2009 Limited liability company	RMB100,000,000	100%	–	100%	Distribution of down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Suzhou Bosideng E-commerce Technology Co., Ltd. 蘇州波司登電子商務科技有限公司	PRC, March 27, 2023 Limited liability company	RMB5,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Boyu Trading Co., Ltd. 江蘇波羽商貿有限公司	PRC, December 13,2019 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Shanghai Bosideng Marketing management Co., Ltd. 上海波司登市場營銷管理有限公司	PRC, July 12, 2022 Limited liability company	RMB50,000,000	100%	–	100%	Distribution of down apparels
Tianjin Bosideng Trading Co., Ltd. 天津市波司登貿易有限公司	PRC, February 10, 1999 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Liaoning Bosideng Trading Co., Ltd. 遼寧波司登貿易有限公司	PRC, September 3, 2002 Limited liability company	RMB20,000,000	100%	–	100%	Distribution of down apparels
Beijing Bosideng Trading Co., Ltd. 北京市波司登貿易有限公司	PRC, October 26, 1998 Limited liability company	RMB30,000,000	100%	–	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	PRC, April 30, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	PRC, November 8, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Urumchi Bosideng Trading Co., Ltd. 烏魯木齊波司登貿易有限公司	PRC, October 17, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Chongqing Bosideng Trading Co., Ltd. 重慶波司登貿易有限公司	PRC, May 16, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Hangzhou Bosideng Trading Co., Ltd. 杭州波司登貿易有限公司	PRC, April 28, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Nanchang Bosideng Trading Co., Ltd. 南昌波司登貿易有限公司	PRC, May 12, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Changsha Bosideng Trading Co., Ltd. 長沙波司登服飾貿易有限公司	PRC, April 25, 2006 Limited liability company	RMB510,000	100%	–	100%	Distribution of down apparels
Ji'nan Bosideng Trading Co., Ltd. 濟南波司登貿易有限公司	PRC, October 19, 1998 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Qingdao Bosideng Trading Co., Ltd. 青島波司登貿易有限公司	PRC, May 8, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Jiangxi Bosideng Marketing Co., Ltd. 江西波司登營銷有限公司	PRC, June 29, 2017 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Zhejiang Bosideng Trading Co., Ltd. 浙江波司登商貿有限公司	PRC, December 13, 2019 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Snow-Flying Outdoor Co., Ltd. 江蘇雪中飛戶外用品有限公司	PRC, May 20, 2016 Limited liability company	RMB16,900,000	70%	–	100%	E-commerce of down and non-down apparels
Suqian Bosideng Marketing Co., Ltd. 宿遷波司登營銷有限公司	PRC, August 25, 2021 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Snow-Flying Electronic Commerce Co., Ltd. 江蘇雪中飛電子商務有限公司	PRC, May 18, 2021 Limited liability company	RMB10,000,000	70%	–	100%	E-commerce of down and non-down apparels
Jiangsu Bingjie Electronic Commerce Technology Co. Ltd. 江蘇冰潔電子商務科技有限公司	PRC, Dec 6, 2021 Limited liability company	RMB10,000,000	70%	–	100%	E-commerce of down and non-down apparels
2) Ladieswear apparels						
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	PRC, March 26, 2001 Limited liability company	RMB76,500,000	100%	–	100%	Sourcing and distribution of non-down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Talent Shine Import & Export (Shenzhen) Co., Ltd. 迪輝達進出口(深圳)有限公司	PRC, July 16, 2007 Limited liability company	HKD8,300,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shenzhen Buoubuou Fashion Co., Ltd. 深圳邦寶時尚服飾有限公司	PRC, July 5, 2013 Limited liability company	HKD26,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shenzhen Weiyi Garment Processing Co., Ltd. 深圳市唯伊服裝加工有限公司	PRC, May 8, 2015 Limited liability company	RMB3,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Buoubuou Electronic Commerce Co., Ltd. 上海邦寶電子商務有限公司	PRC, November 3, 2014 Limited liability company	RMB10,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Chongqing Buoubuou Garment Sales Co., Ltd. 重慶邦寶服裝銷售有限公司	PRC, June 25, 2015 Limited liability company	RMB1,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
You Nuo (Tianjin) Clothing Limited 優諾(天津)服裝有限公司	PRC, August 4, 2014 Limited liability company	RMB30,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Klova (Tianjin) Clothing Limited 柯蘿芭(天津)服裝有限公司	PRC, November 24, 2015 Limited liability company	RMB1,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Koreano (Tianjin) Clothing Limited 天津柯利亞諾時裝有限公司	PRC, April 20, 1992 Limited liability company	RMB1,650,000	100%	–	100%	Sourcing and distribution of non-down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Luhua (Tianjin) Clothing Limited 盧華(天津)服裝有限公司	PRC, July 1, 2003 Limited liability company	USD4,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Kandy E-Incorporation (China) Clothing Limited 康德藝(中國)時裝有限公司	PRC, November 30, 2018 Limited liability company	USD10,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
3) Diversified apparels						
Jiangsu Vetallo Garment Co., Ltd. 江蘇威德羅服飾有限公司	PRC, October 13, 2006 Limited liability company	USD35,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Sameite Garments Co., Ltd. 江蘇颯美特服飾有限公司	PRC, April 18, 2016 Limited liability company	RMB20,000,000	70%	–	70%	Sourcing and distribution of non-down apparels
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔時裝服飾有限公司	PRC, July 6, 2016 Limited liability company	RMB10,000,000	70%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Bosideng Kidswear Co., Ltd. 上海波司登兒童服飾有限公司	PRC, April 28, 2017 Limited liability company	RMB14,000,000	100%	–	100%	Sourcing and distribution of non-down apparels

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Fanchun Shanghai Network Technology Co., Ltd. 梵椿(上海)網絡科技有限公司	PRC, May 4, 2018 Limited liability company	RMB30,500,000	51%	–	51%	Sourcing and distribution of non-down apparels
Shanghai Pinmeng Kidswear Co., Ltd. 上海品萌兒童服飾有限公司	PRC, May 17, 2018 Limited liability company	RMB30,000,000	51%	–	100%	Sourcing and distribution of non-down apparels
Ningbo Hameng Network Technology Co., Ltd. 寧波哈萌網絡科技有限公司	PRC, October 24, 2018 Limited liability company	RMB4,750,000	51%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Bosideng Advertising Media Co. Ltd. 江蘇波司登廣告傳媒有限公司	PRC, August 9, 2021 Limited liability company	RMB 10,000,000	100%	–	100%	Advertisement agency
Jiangsu Kangying Fashion Co., Ltd. 江蘇康盈時裝有限公司	PRC, May 24, 2021 Limited liability company	RMB 10,000,000	100%	–	100%	Sourcing and distribution of non-down apparels

i) The English translation of the names of the companies registered in the PRC above is for reference only. The official names of these companies are in Chinese.

As at March 31, 2023 and 2022, none of the Group's subsidiaries have non-controlling interests which are material to the Group's consolidated financial statements.

35 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) A trust for the share award scheme (the "Trust")

On September 23, 2011, the Company adopted a share award scheme (the "2011 Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares.

On August 5, 2016, the Company amended the 2011 Share Award Scheme so that (i) directors of the Company shall also be eligible to participate in the 2011 Share Award Scheme, subject to the terms of their service agreements or other agreements with the Company or any member of the Company; and (ii) the relevant scheme limits under the 2011 Share Award Scheme can be increased, with effect from that date.

On April 23, 2020, as the 2011 Share Award Scheme expired in March 31, 2018, the Company adopted a new share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees (including the directors and core management team of the Group) and to incentivize them for the growth and development of the Group through an award of the Company's shares.

The Company has appointed a trustee for administration of the Share Award Scheme (the "Trustee"). The principal activity of the Trustee is administrating and holding the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in the Trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of the Company's shares held by the Trustee under the Share Award Scheme will not exceed 10% of the total issued shares of the Company at any time.

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "Awarded Shares") through their continued employment with the Group, the Group is required to consolidate the Trust.

As at March 31, 2023, the Company had contributed RMB274,459,000 (March 31, 2022: RMB274,459,000) to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

During the year ended March 31, 2023, 10,650,000 and 4,800,000 shares were vested to employees on October 20, 2022 and December 20, 2022, respectively (note 37(a)). As at March 31, 2023, total number of shares held by the Trustee was 55,850,000 (March 31, 2022: 71,300,000) at a total cost (including related transaction costs) of RMB109,924,000 (March 31, 2022: RMB140,334,000).

36 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital RMB'000 (note 36(c))	Share premium RMB'000 (note 36(e))	Capital reserves RMB'000 (note 36(d))	Other reserves RMB'000 (note 33)	Translation reserves RMB'000 (note 36(d))	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2021	811	1,725,945	236,391	260,576	(788,009)	403,448	1,839,162
Changes in equity for the year:							
Profit for the year	–	–	–	–	–	1,480,680	1,480,680
Other comprehensive income:							
– Exchange realignment	–	–	–	–	(84,974)	–	(84,974)
Equity-settled share-based transactions	6	168,176	35,710	–	–	–	203,892
Dividends	–	–	–	–	–	(1,297,023)	(1,297,023)
Balance at March 31, 2022	817	1,894,121	272,101	260,576	(872,983)	587,105	2,141,737
Changes in equity for the year:							
Profit for the year	–	–	–	–	–	2,665,662	2,665,662
Other comprehensive income:							
– Exchange realignment	–	–	–	–	147,133	–	147,133
Equity-settled share-based transactions	1	34,643	(1,449)	–	–	–	33,195
Redemption of convertible bonds (note 33)	–	–	–	(15,797)	–	–	(15,797)
Dividends	–	–	–	–	–	(1,707,117)	(1,707,117)
Balance at March 31, 2023	**818**	**1,928,764**	**270,652**	**244,779**	**(725,850)**	**1,545,650**	**3,264,813**

(b) Dividends

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

	For the year ended March 31, 2023 RMB'000	2022 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.

36 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends (continued)

(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

(c) Share capital

Movements in the authorized and issued and fully paid share capital of the Company during the years are as follows:

	2023		2022	
	No. of shares ('000)	**USD'000**	No. of shares ('000)	USD'000
Authorized: Ordinary shares	**20,000,000**	**200**	20,000,000	200
RMB equivalent ('000)		**1,556**		1,556
Ordinary shares, issued and fully paid: At April 1	**10,885,801**	**109**	10,798,192	108
Issue of ordinary shares for equity-settled share-based transactions (note 37)	**17,484**	**–**	87,609	1
At March 31	**10,903,285**	**109**	10,885,801	109
RMB equivalent ('000)		**818**		817

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company issued a total number of 17,484,000 new ordinary shares for the exercised share options during the year ended March 31, 2023 (March 31, 2022: 87,609,000) (see note 37(b)).

Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of USD100, divided into 100 shares of par value of USD1.00 each. Through a series of changes in share capital, the authorized share capital is USD200,000 divided into 20,000,000,000 ordinary shares of USD0.00001 each after the completion of the Hong Kong Public Offering and the International Placing.

36 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves at March 31, 2023 and 2022 represent the value of employee services in respect of shares granted to employees.

(ii) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the entities now comprising the Group which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

(iii) Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC which are dealt with in accordance with the accounting policies as set out in note 4(v).

(iv) Other reserves

The other reserves comprise the cumulative net change in the fair value of financial assets classified as FVOCI until the investments are derecognized or impaired and the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognized in accordance with the accounting policy adopted for convertible bonds in note 4(p).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, lease liabilities and convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

36 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

	Note	At March 31 2023 RMB'000	2022 RMB'000
Liabilities:			
Interest-bearing borrowings	30	**770,406**	933,950
Lease liabilities	31	**789,804**	897,116
Convertible bonds	33	**1,607,971**	1,604,606
Total debts		**3,168,181**	3,435,672
Add: Proposed dividends	36(b)	**1,354,379**	1,256,567
Less: Cash and cash equivalents	29	**(3,718,211)**	(2,502,563)
Adjusted net debts		**804,349**	2,189,676
Total equity		**12,604,369**	12,226,440
Less: Proposed dividends	36(b)	**(1,354,379)**	(1,256,567)
Adjusted capital		**11,249,990**	10,969,873
Adjusted net debt-to-capital ratio		**7%**	20%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme (the "2007 Share Option Scheme") was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the board of directors of the Company on September 15, 2007. As the 2007 Share Option Scheme expired in October 2017, the adoption of a new share option scheme (the "Share Option Scheme") was proposed by the board of directors of the Company on July 26, 2017 and approved by the shareholders on August 25, 2017. The terms of each of the 2007 Share Option Scheme and the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

On September 23, 2011, the Company adopted a share award scheme (the "2011 Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares.

On August 5, 2016, the Company amended the 2011 Share Award Scheme so that (i) directors of the Company shall also be eligible to participate in the 2011 Share Award Scheme, subject to the terms of their service agreements or other agreements with the Company or any member of the Company; and (ii) the relevant scheme limits under the 2011 Share Award Scheme can be increased, with effect from that date.

On April 23, 2020, as the 2011 Share Award Scheme expired in March 31, 2018, the Company adopted a new share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees (including the directors and core management team of the Group) and to incentivize them for the growth and development of the Group through an award of the Company's shares.

37 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

At March 31, 2023, the Company had the following share-based payment arrangements:

(a) Restricted shares

(i) On April 23, 2020, the Company granted an aggregate of 87,000,000 restricted shares to eligible persons who were directors, senior management and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.97 per share.

These restricted shares vest for a period up to three years, with 30% of the restricted shares to be vested in 3 years commencing from 15 months after April 23, 2020, 30% to be vested in 2 years commencing from 27 months after April 23, 2020, and the remaining 40% to be vested in 1 year commencing from 39 months after April 23, 2020, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2021, 2022, and 2023 as well as the cumulative performance for the two years and three years ended March 31, 2022 and 2023, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.97 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2023, upfront payments for all restricted shares were received by the Group and such payments were recorded as other current payable of RMB30,972,000.

Up to March 31, 2023, 34,350,000 restricted shares had been vested, 10,650,000 of which were vested during the year ended March 31, 2023. As at March 31, 2023, 4,800,000 restricted shares had been forfeited due to unqualified performance or resignation and all of which were forfeited during the year ended March 31, 2023. As at March 31, 2023, the number of restricted shares outstanding for vesting was 47,850,000 (March 31, 2022: 63,300,000).

(ii) On December 20, 2021, the Company granted an aggregate of 16,000,000 restricted shares to eligible persons who were senior management and employees of the Group. The holders are entitled to purchase restricted shares at HKD2.49 per share.

These restricted shares vest for a period up to three years, with 30% of the restricted shares to be vested in 3 years commencing from 12 months after December 20, 2021, 30% to be vested in 2 years commencing from 24 months after December 20, 2021, and the remaining 40% to be vested in 1 year commencing from 36 months after December 20, 2021, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2022 and 2023 and ending March 31, 2024 as well as the cumulative performance for the two years ended March 31, 2023 and three years ending March 31, 2024, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD2.49 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2023, upfront payment for all restricted shares were received by the Group and such payments were recorded as other current payable of RMB9,792,000 and non-current other payables of RMB13,056,000, respectively.

Up to March 31, 2023, 4,800,000 restricted shares had been vested, all of which were vested during the year ended March 31, 2023. As at March 31, 2023, the number of restricted shares outstanding for vesting was 11,200,000 (March 31, 2022: 16,000,000).

37 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share Options

(i) On October 26, 2018, the Company granted 260,000,000 share options to eligible persons who were directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD1.07 per share.

These share options are valid for ten years, with 30% of the share options to be vested evenly in 9 years commencing from 12 months after October 26, 2018, 30% to be vested evenly in 8 years commencing from 24 months after October 26, 2018, and the remaining 40% to be vested evenly 7 years commencing from 36 months after October 26, 2018, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2019, 2020 and 2021.

Up to March 31, 2023, 24,288,000 share options had been exercised, 4,582,000 of which were exercised during the year ended March 31, 2023, and 192,660,001 share options had been forfeited due to unqualified performance or resignation, of which 3,410,001 were forfeited during the year ended March 31, 2023. As at March 31, 2023, the remaining number of exercisable share options was 7,121,999 (March 31, 2022: 4,523,999), and the number of share options outstanding was 35,930,000 (March 31, 2022: 46,520,001).

(ii) On April 23, 2020, the Company granted 330,000,000 share options to eligible persons who were directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD1.94 per share.

These share options are valid for 51 months, with 30% of the share options to be vested in 3 years commencing from 15 months after April 23, 2020, 30% to be vested in 2 years commencing from 27 months after April 23, 2020, and the remaining 40% to be vested in 1 year commencing from 39 months after April 23, 2020, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2021, 2022, and 2023 as well as the cumulative performance for the two years and three years ended March 31, 2022 and 2023, respectively.

Up to March 31, 2023, 78,750,000 share options had been exercised, 12,902,000 of which were exercised during the year ended March 31, 2023, and 23,648,000 share options had been forfeited due to unqualified performance or resignation, 17,080,000 of which were forfeited during the year ended March 31, 2023. As at March 31, 2023, the remaining number of exercisable share options was 62,010,000 (March 31, 2022: 30,224,000), and the number of share options outstanding was 165,592,000 (March 31, 2022: 227,360,000).

37 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share Options (continued)

(iii) On December 20, 2021, the Company granted 103,200,000 share options to eligible persons who were senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD4.98 per share.

These share options are valid for 48 months, with 30% of the share options to be vested in 3 years commencing from 12 months after December 20, 2021, 30% to be vested in 2 years commencing from 24 months after December 20, 2021, and the remaining 40% to be vested in 1 year commencing from 36 months after December 20, 2021, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2022 and 2023 and ending March 31, 2024 as well as the cumulative performance for the two years ended March 31, 2023 and three years ending March 31, 2024, respectively.

Up to March 31, 2023, 18,588,000 share option had been vested, but none of which had been exercised during the year ended March 31, 2023, and 1,800,000 share options had been forfeited due to resignation, all of which were forfeited during the year ended March 31, 2023. As at March 31, 2023, the remaining number of exercisable share options was 18,588,000 (March 31, 2022: Nil), and the number of share options outstanding was 82,812,000 (March 31, 2022: 103,200,000).

(iv) On October 23, 2020, the Company granted 100,000,000 share options to Wise Triumph Group Limited, an eligible independent consultant of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD3.41 per share.

These share options are valid for 48 months, with 30% of the share options to be vested in 3 years commencing from 12 months after October 23, 2020, 30% to be vested in 2 years commencing from 24 months after October 23, 2020, and the remaining 40% to be vested in 1 year commencing from 36 months after October 23, 2020, respectively. In addition to the service condition, there are other vesting conditions related to:

i) the Group's performance for each of the three years ended March 31, 2021, 2022, and 2023 as well as the cumulative performance for the two years and three years ended March 31, 2022 and 2023, respectively; and

ii) the Bosideng brand's performance for each of the three years ended March 31, 2022 and 2023, and ending March 31, 2024 as well as the cumulative performance for the two years ended March 31, 2023 and three years ending March 31, 2024, respectively.

Up to March 31, 2023, no share option had been vested (March 31, 2022: Nil), and the number of share options outstanding was 100,000,000 (March 31, 2022: 100,000,000).

37 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of restricted shares and share options and assumptions

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the restricted shares granted is measured based on an Asian option model. The discount of lack of marketability ("DLOM") during the lock-up period of the restricted shares is used as one of the key inputs into this model. The key inputs and assumptions used in the model are as follows:

Fair value of restricted shares granted on April 23, 2020 and assumptions	
Fair value at grant date	HKD0.6748 ~ 0.70000
Share price at grant date	HKD1.90
Purchase price	HKD0.97
Expected DLOM (weighted average)	12.11% ~13.43%
Lock-up period	12 months
Expected dividend	4.04%
Risk-free interest rate (based on government bonds)	0.872% ~ 0.914%

Fair value of restricted shares granted on December 20, 2021 and assumptions	
Fair value at grant date	HKD1.70755
Share price at grant date	HKD4.69
Purchase price	HKD2.49
Expected DLOM (weighted average)	10.50%
Lock-up period	12 months
Expected dividend	3.05%
Risk-free interest rate (based on government bonds)	0.26%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as one of the key inputs into this model. Expectations of early exercise and demission rate are incorporated into the binomial lattice model. The key inputs and assumptions used in the model are as follows:

Fair value of share options granted on October 26, 2018 and assumptions	
Fair value at grant date	HKD0.300 ~ 0.365
Share price at grant date	HKD1.07
Exercise price	HKD1.07
Expected volatility (weighted average)	45.31%
Expected life (weighted average)	10 years
Expected dividend	5.012%
Risk-free interest rate (based on government bonds)	2.395%

Fair value of share options granted on April 23, 2020 and assumptions	
Fair value at grant date	HKD0.153 ~ 0.202
Share price at grant date	HKD1.90
Exercise price	HKD1.94
Expected volatility (weighted average)	44.52%
Expected life (weighted average)	51 months
Expected dividend	4.04%
Risk-free interest rate (based on government bonds)	0.81%

37 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of restricted shares and share options and assumptions (continued)

Fair value of share options granted on October 23, 2020 and assumptions	
Fair value of share options at measurement date	HKD1.081 ~ 1.130
Share price at measurement date	HKD3.41 ~ 3.50
Exercise price	HKD3.41
Expected volatility (weighted average)	48.43% ~ 52.80%
Expected life (weighted average)	48 months
Expected dividend	2.49% ~ 3.10%
Risk-free interest rate (based on government bonds)	0.31% ~ 0.74%

Fair value of share options granted on December 20, 2021 and assumptions	
Fair value at grant date	HKD1.453 ~ 1.535
Share price at grant date	HKD4.69
Exercise price	HKD4.98
Expected volatility (weighted average)	53.10%
Expected life (weighted average)	48 months
Expected dividend	3.05%
Risk-free interest rate (based on government bonds)	0.86%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Both restricted shares and share options were granted under a service condition and certain non-market performance conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the restricted shares and share option grants.

(d) Expense recognized in profit or loss

For details of the related employee benefit expenses, see note 8.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to business risks primarily arising from the weather conditions and competition.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and bills receivables, deposits, prepayments, other receivables and amount due from related parties. The Group's exposure to credit risk arising from cash and cash equivalents, pledged bank deposits, deposits with banks and other financial assets is limited because the counterparties are banks, for which the Group considers to have low credit risk.

(i) Trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 0.37% (2022: 1.19%) and 1.38% (2022: 1.81%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

(i) Trade and bills receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bills receivables as at March 31, 2023:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit term	**1.36%**	**820,849**	**11,160**
1 to 3 months past due	**6.17%**	**106,302**	**6,558**
Over 3 months but less than 6 months past due	**19.36%**	**10,445**	**2,022**
Over 6 months but less than 12 months past due	**65.57%**	**11,009**	**7,219**
Over 1 year past due	**97.84%**	**62,048**	**60,709**
		1,010,653	**87,668**

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bills receivables as at March 31, 2022:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit term	2.81%	1,009,448	28,338
1 to 3 months past due	7.45%	249,264	18,571
Over 3 months but less than 6 months past due	23.79%	18,263	4,345
Over 6 months but less than 12 months past due	59.56%	5,838	3,477
Over 1 year past due	89.76%	84,637	75,971
		1,367,450	130,702

The credit risk exposure of the Group as at March 31, 2023 was mainly arising from the receivables from department stores and distributors.

Expected loss rates are based on historical actual loss experience. These rates are adjusted for factors that are specific to the debtors, and to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

There is no significant concentration of credit risk with respect to customers receivables, as the Group has a large number of customers.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

(i) Trade and bills receivables (continued)

Movement in the loss allowance account in respect of trade and bills receivables during the year were as follows:

	For the year ended March 31	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**130,702**	132,044
(Reversal)/provision for impairment losses	**(16,008)**	26,872
Uncollectible amounts written off	**(27,026)**	(28,214)
At March 31	**87,668**	130,702

A decrease in the gross carrying amount of the trade and bills receivables contributed to the decrease in the loss allowance as at March 31, 2023.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no significant concentration of credit risk.

(ii) Deposits, prepayments, other receivables and amount due from related parties

Credit risk in respect of deposits, prepayments, other receivables and amount due from related parties are limited since the counterparties are of good reputation and their receivables are settled on a regular basis.

The Group measures loss allowances for deposits, prepayments, other receivables and amount due from related parties at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed there is no significant loss allowance recognized in accordance with IFRS 9 for Deposits, prepayments, other receivables and amount due from related parties as at March 31, 2023.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	March 31, 2023 Contractual undiscounted cash flow						March 31, 2022 Contractual undiscounted cash flow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
The Group												
Interest-bearing borrowings	**776,947**	**–**	**–**	**–**	**776,947**	**770,406**	938,959	–	–	–	938,959	933,950
Lease liabilities	**271,224**	**294,818**	**177,161**	**148,509**	**891,712**	**789,804**	276,959	263,124	296,546	190,110	1,026,739	897,116
Trade and other payables	**4,341,611**	**–**	**–**	**–**	**4,341,611**	**4,341,611**	4,772,946	–	–	–	4,772,946	4,772,946
Payables due to related parties	**4,074**	**–**	**–**	**–**	**4,074**	**4,074**	8,373	–	–	–	8,373	8,373
Convertible bonds	**16,946**	**1,711,507**	**–**	**–**	**1,728,453**	**1,607,971**	17,458	17,458	1,763,213	–	1,798,129	1,604,606
Non-current other payables	**–**	**13,056**	**–**	**–**	**13,056**	**13,056**	–	40,764	13,056	–	53,820	53,820
	5,410,802	**2,019,381**	**177,161**	**148,509**	**7,755,853**	**7,526,922**	6,014,695	321,346	2,072,815	190,110	8,598,966	8,270,811

As shown in the above analysis, bank loans of the Group amounting to RMB770,406,000 were due to be repaid during the year ending March 31, 2024. The short-term liquidity risk inherent in this contractual maturity date is expected to be addressed after the end of the reporting period by obtaining new loan financing from new and existing lenders.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below:

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing borrowings at the end of the reporting period:

	At March 31, 2023		At March 31, 2022	
	Effective Interest rate	**RMB'000**	Effective Interest rate	RMB'000
Fixed rate borrowings				
Lease liabilities (note31)	**4.75 ~ 4.90%**	**(789,804)**	4.75 ~ 4.90%	(897,116)
Convertible bonds (note 33)	**4.30%**	**(1,607,971)**	4.30%	(1,604,606)
Interest-bearing borrowings	**3.80%**	**(10,000)**	4.25%	(1,095)
		(2,407,775)		(2,502,817)
Variable rate borrowings				
Interest-bearing borrowings	**1.55 – 3.93%**	**(760,406)**	1.50% – 3.16%	(932,855)

(ii) Sensitivity analysis

At March 31, 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB7,679,000 (for the year ended March 31, 2022: decreased/increased by approximately RMB9,337,000). Other components of equity would not have been affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as at March 31, 2022.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB have to take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. The Group is exposed to currency risk primarily through bank deposits, trade receivables, prepayments for material and service suppliers and interest-bearing borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Hong Kong Dollars and Japanese Yen.

(i) Exposure to currency risk

The following table details the Group's major exposures at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Renminbi)					
	At March 31, 2023			At March 31, 2022		
	United States Dollars RMB'000	**Hong Kong Dollars RMB'000**	**Japanese Yen RMB'000**	United States Dollars RMB'000	Hong Kong Dollars RMB'000	Japanese Yen RMB'000
Bank deposits	**57,813**	**115,566**	**1,947**	218,838	101,119	80
Trade receivables	**150,519**	**–**	**–**	130,108	–	–
Prepayments for materials and service suppliers	**47,956**	**–**	**–**	55,825	–	–
Trade payables	**(121)**	**–**	**–**	(3,402)	–	–
Interest-bearing borrowings	**–**	**(525,243)**	**(235,163)**	–	(283,854)	(236,368)
	256,167	**(409,677)**	**(233,216)**	401,369	(182,735)	(236,288)

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	For the year ended March 31, 2023			For the year ended March 31, 2022		
	(Decrease)/ increase in foreign exchange rate %	**Effect on profit after tax and retained earnings RMB'000**	**Effect on other components of equity RMB'000**	(Decrease)/ increase in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000
United States Dollars	**10%**	**± 19,168**	**–**	10%	± 30,620	–
Hong Kong Dollars	**10%**	**∓ 40,968**	**–**	10%	∓ 18,273	–
Japanese Yen	**10%**	**∓ 23,322**	**–**	10%	∓ 23,629	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended March 31, 2022.

(e) Business risk

The Group's primary business is research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, which experiences seasonal fluctuations. As such, the sales volumes and revenue in the second half of the financial year are normally substantially higher than those during the first half of the financial year. The Group's financial results are influenced by the weather conditions during the year and the rapidity with which designs are copied by competitors and reproduced at lower prices, as well as by the Group's ability to develop new designs that capture market demand, maintain an effective distribution network, manufacture sufficient quantities to meet cyclical sales, and manage an optimal level of inventories. Based on these factors, the Group may experience significant fluctuations in its future financial results.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group		Fair value measurements as at March 31, 2023 categorized into		
	Fair value at March 31, 2023 RMB'000	Significant observable inputs (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated at FVOCI	**118,732**	**118,732**	**–**	**–**
Financial assets classified as FVPL	**3,968,637**	**1,193**	**3,967,444**	**–**

The Group		Fair value measurements as at March 31, 2022 categorized into		
	Fair value at March 31, 2022 RMB'000	Significant observable inputs (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated at FVOCI	140,709	140,709	–	–
Financial assets classified as FVPL	5,384,605	317	5,384,288	–

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Valuation techniques and inputs used in level 2 fair value measurements

The fair value of other financial assets in Level 2 is determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2023 and 2022.

39 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

Commitments of the Group in respect of plant, property and equipment, equity investment and advertising and promotional expenses outstanding at March 31, 2023 not provided for in the consolidated financial statements were as follows:

	At March 31,	
	2023	2022
	RMB'000	RMB'000
Contracted for	**167,639**	138,680

(b) Contingent liabilities

As at March 31, 2023, the Group did not have any significant contingent liabilities.

40 RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

Name of parties	Relationship
Bosideng Corporation Limited ("Bosideng Corporation") 波司登股份有限公司(「波司登股份」)	Solely ultimately beneficially owned by Mr. Gao Dekang, the controlling equity shareholders of the Group
Kangbo Holdings Group Co., Ltd. ("Kangbo Holdings") 康博控股集團有限公司(「康博控股」)	Effectively controlled by Mr. Gao Dekang and his family (the "Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") 山東康博置業有限公司(「山東康博置業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. ("Shandong Kangbo Industrial") 山東康博實業有限公司(「山東康博實業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司(「江蘇蘇甬」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Changshu Kangbo Landscaping Co., Ltd. ("Changshu Kangbo") 常熟市康博園林綠化有限公司(「常熟康博」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since April 1, 2014
Kangbo Gaoyou Enterprise development Co., Ltd. ("Kangbo Gaoyou") 康博(高郵)企業發展有限公司(「康博高郵」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since November 29, 2018
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣製衣有限公司(「江蘇康欣」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Anhui Liuqiao 安徽柳橋國際供應鏈有限公司(「安徽柳橋」)	Associate since November 16, 2021
Bogner GCA Holding 博格納大中華控股有限公司(「博格納大中華控股」)	Joint venture since July 23, 2021.

40 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Purchase of raw materials:		
Bosideng Corporation	**45**	212
Jiangsu Kangxin	**–**	13
	45	225
Lease and service charges under lease agreements:		
Bosideng Corporation	**11,895**	14,757
	11,895	14,757
Processing fee costs:		
Bosideng Corporation	**1,388,992**	1,241,121
Shandong Kangbo Industrial	**3,490**	10,942
Kangbo Gaoyou	**37,476**	28,882
Jiangsu Kangxin	**89,361**	89,326
	1,519,319	1,370,271
Integrated service fees:		
Bosideng Corporation	**13,962**	14,563
Jiangsu Suyong	**284**	93
Changshu Kangbo	**1,667**	97
	15,913	14,753
A loan provided to an associate:		
Anhui Liuqiao	**21,000**	–
Interest income charged to an associate:		
Anhui Liuqiao	**788**	–
Integrated service income charged to a joint venture:		
Bogner GCA Holding	**129**	–

Rental expenses for lease of properties

Based on IFRS16, for the lease of properties from Bosideng Corporation, the Group had recognized a lease liability with the balance of RMB20,442,000 (March 31, 2022: RMB29,272,000), and a right-of-use asset with the balance of RMB18,874,000 as at March 31, 2023 (March 31, 2022: RMB27,754,000). In addition, the Group recorded depreciation of right-of-use asset of RMB8,880,000 (2022: RMB8,174,000) and an interest expense of RMB1,160,000 (2022: RMB1,483,000).

Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of purchasing of raw materials, processing fee costs, lease and service charges under lease agreements and integrated service fees above constituted non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

40 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	At March 31, 2023 RMB'000	2022 RMB'000
Amounts due from:		
Prepayments to related parties (i):		
Bosideng Corporation	**86,265**	164,517
Kangbo Gaoyou	**3,880**	901
Shandong Kangbo Industrial	**–**	1,729
Jiangsu Kangxin	**1,186**	–
	91,331	167,147
Other receivables due from related parties:		
Bosideng Corporation (ii)	**29,553**	32,633
Jiangsu Kangxin	**–**	488
Anhui Liuqiao (iii)	**21,788**	–
Bogner GCA Holding	**136**	–
	51,477	33,121
	142,808	200,268
Amounts due to:		
Trade and other payables due to related parties:		
Bosideng Corporation	**3,979**	1,513
Jiangsu Kangxin	**–**	6,835
Changshu Kangbo	**95**	25
	4,074	8,373

(i) The prepayments to related parties mainly arose from the transaction of raw material and processing service procurement from related parties which are expected to be settled within one year.

(ii) The receivables due from Bosideng Corporation are interest free and expected to be recovered within one year or on demand.

(iii) The other receivables due from Anhui Liuqiao represented a loan provided with maturity date on August 15, 2023. The loan bears 6% interest rate per annum.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 12 and certain of the highest paid employees as disclosed in note 13, is as follows:

	For the year ended March 31, 2023 RMB'000	2022 RMB'000
Short-term employee benefits	**28,769**	25,871
Equity compensation benefits	**67,684**	164,056
Total	**96,453**	189,927

41 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At March 31, 2023 RMB'000	2022 RMB'000
Non-current asset			
Investment in and amounts due from subsidiaries		**2,008,049**	1,451,028
		2,008,049	1,451,028
Current assets			
Trade, bills and other receivables		**48,459**	42,153
Dividends due from a subsidiary		**2,870,510**	3,043,247
Cash and cash equivalents		**735,759**	495,199
		3,654,728	3,580,599
Current liabilities			
Interest-bearing borrowings		**497,783**	932,855
Trade and other payables		**41,813**	54,705
Amounts due to subsidiaries		**255,258**	303,314
		794,854	1,290,874
Net current assets		**2,859,874**	2,289,725
Total assets less current liabilities		**4,867,923**	3,740,753
Non-current liability			
Convertible bonds		**1,603,110**	1,599,016
Net assets		**3,264,813**	2,141,737
Capital and reserves			
Share capital	36(c)	**818**	817
Reserves	36(d)	**3,263,995**	2,140,920
Total equity		**3,264,813**	2,141,737

42 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2023 to be Kangbo Holdings Group Co., Ltd. (previously known as Bosideng Holdings Group Co., Ltd.), which is incorporated in the PRC.

43 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.

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended March 31, 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after (unless specified)
IFRS 17, *Insurance contracts*	January 1, 2023
Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*	January 1, 2023
Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	January 1, 2023
Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	January 1, 2023
Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*	January 1, 2024
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	January 1, 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	January 1, 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	January 1, 2024
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang *(Chairman of the Board and CEO)* *(Notes 1 & 2)*
Ms. Mei Dong
Ms. Huang Qiaolian
Mr. Rui Jinsong
Mr. Gao Xiaodong

Independent Non-executive Directors

Mr. Dong Binggen *(Notes 1, 2 & 3)*
Mr. Wang Yao *(Notes 1, 2 & 3)*
Dr. Ngai Wai Fung *(Note 3)*

COMPANY SECRETARY

Ms. Liang Shuang

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Ms. Liang Shuang

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

Email: bosideng_ir@bosideng.com
Tel: (852) 2866 6918
Fax: (852) 2866 6930

WEBSITES

http://company.bosideng.com
http://www.bosideng.com

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5709, 57/F., The Center
99 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17 Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
China CITIC Bank Corporation Limited
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Sumitomo Mitsui Banking Corporation Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

Notes:

(1) Members of the Remuneration Committee, Mr. Wang Yao is the Chairman of the Remuneration Committee

(2) Members of the Nomination Committee, Mr. Gao Dekang is the Chairman of the Nomination Committee

(3) Members of the Audit Committee, Dr. Ngai Wai Fung is the Chairman of the Audit Committee

SHAREHOLDER INFORMATION

IMPORTANT DATES

Closure of Register of Members

August 17, 2023 to August 22, 2023
(for attending the AGM) (both days inclusive)

August 28, 2023 to August 30, 2023
(for entitlement to the final dividend) (both days inclusive)

ANNUAL GENERAL MEETING

On or around August 22, 2023

DIVIDEND

Final dividend	:	HKD13.5 cents per Share
Payable	:	On or around September 15, 2023

FINANCIAL YEAR END

March 31

BOARD LOT

2,000 Shares

DEFINITIONS

Terms	Definitions
"2011 Share Award Scheme"	the share award scheme adopted by the Company on September 23, 2011, which expired on March 31, 2018
"AGM"	the forthcoming annual general meeting of the Company
"Articles"	the existing amended and restated articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Board Diversity Policy"	the board diversity policy of the Company adopted by the Board
"CEO"	the chief executive officer of the Company
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (applicable to the Year)
"Company"	Bosideng International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 10, 2006
"Company Secretary"	the company secretary of the Company
"Conversion Share(s)"	the Share(s) to be issued by the Company upon conversion of the Convertible Bonds
"Convertible Bond(s)"	the convertible bonds with an initial aggregate principal amount of USD275,000,000 with a coupon of 1.00 per cent. due 2024 issued by the Company on December 17, 2019
"COVID-19"	the Coronavirus disease 2019
"Directors"	director(s) of the Company
"Dividend Policy"	the dividend policy of the Company adopted by the Board
"European dollar"	the lawful currency of the European Union
"Financial Statements"	the audited consolidated financial statements of the Group for the Year

Terms	Definitions
"Framework Integrated Service Agreement"	the framework integrated service agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, pursuant to which the Parent Group agreed to provide various ancillary services to the Group
"Group"	the Company and its subsidiaries
"HKD" or "HK dollars" and "HK cents"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Japanese yen"	the lawful currency of Japan
"Latest Practicable Date"	the latest practicable date prior to the printing of this annual report (being July 20, 2023)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Moody's"	Moody's Investors Service, Inc.
"MPF Scheme"	the Mandatory Provident Fund Scheme, a defined contribution scheme managed by an independent trustee
"New Surplus"	New Surplus International Investment Limited, a shareholder of the Company
"Nomination Committee"	the nomination committee of the Company
"OEM"	original equipment manufacturing
"Options"	the share options granted under the Share Option Scheme
"Parent Group"	Mr. Gao Dekang and his associates (other than the members of the Group)
"Pound sterling"	the lawful currency of the United Kingdom
"PRC" or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated September 27, 2007

DEFINITIONS

Terms	Definitions
"Remuneration Committee"	the remuneration committee of the Company
"Renewed Framework Manufacturing Outsourcing and Agency Agreement"	the renewed framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated March 3, 2022, pursuant to which the Group agreed to outsource its manufacturing process of down apparel, OEM products and/or its down related materials to the Parent Group on a non-exclusive basis
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of USD0.00001 each
"Share Award Scheme"	the share award scheme adopted by the Company on April 23, 2020
"Share Option Scheme"	the share option scheme adopted by the Company on August 25, 2017
"Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription and issue of the Convertible Bonds pursuant to the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated December 4, 2019 entered into between the Company and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers, in relation to, among other things, the Subscription
"SZSE"	the Shenzhen Stock Exchange
"S&P"	S&P Global Ratings
"USD" or "US dollars"	the lawful currency of the United States of America
"Year" or "FY2022/23"	the year ended March 31, 2023
"%"	per cent.

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波司登

BOSIDENG

Bosideng International Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 3998

世界羽绒服 中国波司登 引领新潮流

高德康