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波司登 BOSIDENG

波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023

HIGHLIGHTS

- Revenue increased by 20.9% to approximately RMB7,471.7 million.
- Gross profit margin was approximately 50.0%, flat as that for the same period last year.
- Operating profit margin increased by 1.2 percentage points to 16.5%.
- Profit attributable to equity shareholders of the Company increased by 25.1% to approximately RMB918.6 million.
- The Board declared payment of an interim dividend of HKD5.0 cents per ordinary share.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Bosideng International Holdings Limited (the “**Company**” or “**Bosideng**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or the “**Bosideng Group**”) for the six months ended September 30, 2023, together with the unaudited comparative figures for the corresponding period in 2022. These interim financial statements have not been audited, but have been reviewed by the audit committee of the Company and approved by the Board. The interim results have also been reviewed by the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose report on review of interim financial report will be set out in the *Interim Report 2023/24*.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended September 30, 2023 – unaudited

(Expressed in Renminbi)

		Six months ended September 30,	
	Note	2023	2022
		RMB'000	RMB'000
Revenue	6	7,471,665	6,180,465
Cost of sales		<u>(3,738,188)</u>	<u>(3,091,352)</u>
Gross profit		3,733,477	3,089,113
Other income	7	110,357	104,985
Selling and distribution expenses		(2,029,940)	(1,623,126)
Administrative expenses		(582,479)	(525,058)
Impairment losses on goodwill	12	–	(98,000)
Other expenses		<u>(448)</u>	<u>(2,757)</u>
Profit from operations		1,230,967	945,157
Finance income		178,021	184,167
Finance costs		<u>(96,505)</u>	<u>(115,042)</u>
Net finance income	9	81,516	69,125
Share of losses of associates and joint ventures		(11,949)	(7,087)
Profit before taxation		1,300,534	1,007,195
Income tax	10	<u>(384,349)</u>	<u>(282,666)</u>
Profit for the period		916,185	724,529

Six months ended September 30,
2023 **2022**
RMB'000 **RMB'000**

Other comprehensive income for the period:

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 (non-recycling)	10,703	(38,745)
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	10,703	(38,745)
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Item that may be reclassified subsequently to profit or loss:

Exchange differences on translation of financial statements of operations outside Mainland China	(67,033)	(181,640)
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	(67,033)	(181,640)
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Other comprehensive income for the period, net of tax

	(56,330)	(220,385)
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Total comprehensive income for the period

	859,855	504,144
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Six months ended September 30,

	<i>Note</i>	2023	2022
		RMB'000	RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		918,637	734,286
Non-controlling interests		(2,452)	(9,757)
		<u>916,185</u>	<u>724,529</u>
Profit for the period			
Total comprehensive income attributable to:			
Equity shareholders of the Company		862,307	513,901
Non-controlling interests		(2,452)	(9,757)
		<u>859,855</u>	<u>504,144</u>
Total comprehensive income for the period			
Earnings per share			
	<i>11</i>		
– basic (RMB cents)		8.47	6.79
		<u>8.47</u>	<u>6.79</u>
– diluted (RMB cents)		8.35	6.74
		<u>8.35</u>	<u>6.74</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at September 30, 2023 – unaudited

(Expressed in Renminbi)

	<i>Note</i>	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,585,550	1,727,741
Right-of-use assets		1,024,975	978,126
Intangible assets and goodwill	12	1,324,339	1,342,278
Interests in associates		66,958	66,071
Interests in joint ventures		147,303	169,470
Investment properties		263,598	262,514
Prepayments		11,701	5,498
Other financial assets	16	588,862	169,738
Deferred tax assets		601,089	649,092
Pledged bank deposits		402,156	500,117
Time deposits		350,000	350,000
		<u>6,366,531</u>	<u>6,220,645</u>
Current assets			
Inventories	13	3,872,726	2,689,283
Trade and bills receivables	14	4,343,391	922,985
Deposits, prepayments and other receivables	15	1,363,075	1,355,434
Amounts due from related parties		269,088	142,808
Other financial assets	16	3,039,369	4,069,019
Pledged bank deposits		858,290	528,115
Time deposits		661,752	1,296,184
Cash and cash equivalents		2,807,826	3,718,211
		<u>17,215,517</u>	<u>14,722,039</u>
Current liabilities			
Current income tax liabilities		521,876	669,005
Interest-bearing borrowings		918,352	770,406
Lease liabilities		287,651	263,945
Trade, bills and other payables	17	7,340,937	4,346,472
Amounts due to related parties		339	4,074
		<u>9,069,155</u>	<u>6,053,902</u>
Net current assets		<u><u>8,146,362</u></u>	<u><u>8,668,137</u></u>
Total assets less current liabilities		<u><u>14,512,893</u></u>	<u><u>14,888,782</u></u>

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Non-current liabilities		
Deferred tax liabilities	157,236	142,388
Lease liabilities	508,077	525,859
Convertible bonds	1,702,177	1,603,110
Other non-current liabilities	13,056	13,056
	<u>2,380,546</u>	<u>2,284,413</u>
Net assets	<u>12,132,347</u>	<u>12,604,369</u>
Capital and reserves		
Share capital	818	818
Reserves	12,088,733	12,546,293
Equity attributable to equity shareholders of the Company	12,089,551	12,547,111
Non-controlling interests	42,796	57,258
Total equity	<u>12,132,347</u>	<u>12,604,369</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 REPORTING ENTITY AND CORPORATE INFORMATION

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

The Company has a financial year end date of March 31. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with the International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorized for issue on November 27, 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended March 31, 2023, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending March 31, 2024. Details of the changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended March 31, 2023. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The financial information relating to the financial year ended March 31, 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended March 31, 2023 are available in the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 28, 2023.

3 CHANGES IN ACCOUNTING POLICIES

(a) New and amended IFRSs

The Group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except the amendments to IAS 12, none of these amendments 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 in this interim financial report. Impact of the adoption of the amended to IFRS is discussed below:

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognized the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

4 SEASONALITY OF OPERATIONS

The Group's down related apparel segment is subject to seasonal fluctuations. As a result, the sales volume and revenue in the second half of the financial year are normally substantially higher than those during the first half of the financial year.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2022/23 annual financial statements.

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 related apparels – The down related apparel segment carries on the business of sourcing and distributing branded down apparels and related products and certain brand authorization.
- OEM management – The OEM management segment carries on the business of sourcing and distributing OEM products.
- Ladieswear apparels – The ladieswear apparel segment carries on the business of sourcing and distributing branded ladieswear apparels.
- Diversified apparels – The diversified apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded school uniforms and children's wear, etc.

(a) Disaggregation of revenue

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

	For the six months ended	
	September 30,	
	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	7,436,939	6,154,348
– Royalty income	32,846	24,195
	<u>7,469,785</u>	<u>6,178,543</u>
Revenue from other sources		
Gross rentals from investment properties	1,880	1,922
	<u>1,880</u>	<u>1,922</u>
Consolidated revenue	<u><u>7,471,665</u></u>	<u><u>6,180,465</u></u>

All revenue was recognized at point in time.

(b) Segment results

Disaggregation of revenue from contracts with customers by 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 period is set out below:

	For the six months ended September 30, 2023				
	Down related apparel RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	4,939,684	2,042,879	392,718	96,384	7,471,665
Inter-segment revenue	15,514	1,908	–	13,764	31,186
Reportable segment revenue	4,955,198	2,044,787	392,718	110,148	7,502,851
Reportable segment profit/(loss)	938,368	341,802	(5,962)	(1,587)	1,272,621
Amortization of intangible assets	–	–	(17,939)	–	(17,939)
	For the six months ended September 30, 2022				
	Down related apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	3,857,086	1,895,381	340,240	87,758	6,180,465
Inter-segment revenue	2,388	26,731	–	11,997	41,116
Reportable segment revenue	3,859,474	1,922,112	340,240	99,755	6,221,581
Reportable segment profit/(loss)	795,067	315,721	(37,129)	(4,272)	1,069,387
Amortization of intangible assets	–	–	(17,939)	–	(17,939)
Impairment losses on goodwill	–	–	(98,000)	–	(98,000)

(c) **Reconciliations of reportable segment revenue, profit before taxation**

	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	7,502,851	6,221,581
Elimination of inter-segment revenue	(31,186)	(41,116)
	<u>7,471,665</u>	<u>6,180,465</u>
Consolidated revenue	<u>7,471,665</u>	<u>6,180,465</u>
	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Profit before taxation		
Reportable segment profit	1,272,621	1,069,387
Amortization expenses	(17,939)	(17,939)
Government grants	110,357	104,985
Impairment losses on goodwill	–	(98,000)
Finance income	178,021	184,167
Finance costs	(96,505)	(115,042)
Share of losses of associates and joint ventures	(11,949)	(7,087)
Unallocated expenses	(134,072)	(113,276)
	<u>1,300,534</u>	<u>1,007,195</u>
Consolidated profit before income tax	<u>1,300,534</u>	<u>1,007,195</u>

7 **OTHER INCOME**

	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Government grants (i)	<u>110,357</u>	<u>104,985</u>

- (i) The Group received unconditional discretionary grants amounting to RMB110,357,000 during the six months ended September 30, 2023 (six months ended September 30, 2022: RMB104,985,000) from various local PRC government authorities.

8 EXPENSES BY NATURE

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

	For the six months ended	
	September 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories recognized as expenses included in cost of sales	3,738,188	3,091,352
Depreciation		
– assets leased out	4,898	4,324
– owned property, plant and equipment	300,389	235,463
– right-of-use assets	245,543	225,845
Amortization charge		
– intangible assets	17,939	17,939
Impairment losses on goodwill	–	98,000
Lease charge of short-term leases exempt from capitalization under IFRS 16	18,842	20,013
Variable lease payments	293,352	255,736

9 NET FINANCE INCOME

	For the six months ended	
	September 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Recognized in profit or loss:		
Interest income on bank deposits and loan receivable due from a related party	86,820	53,507
Interest income on financial assets measured at amortized cost	2,362	11,597
	<hr/>	<hr/>
Total interest income on financial assets	89,182	65,104
Unrealized/realized net gain in financial assets classified as fair value through profit or loss (“FVPL”)	66,312	95,495
Dividend income	1,427	–
Net foreign exchange gain	21,100	23,568
	<hr/>	<hr/>
Finance income	178,021	184,167
	<hr/>	<hr/>
Interest on interest-bearing borrowings and discounted bills	(30,248)	(44,077)
Interest on convertible bonds	(35,269)	(36,461)
Bank charges	(7,542)	(10,162)
Interest expenses on lease liabilities	(23,446)	(24,342)
	<hr/>	<hr/>
Finance costs	(96,505)	(115,042)
	<hr/>	<hr/>
Net finance income recognized in profit or loss	81,516	69,125
	<hr/> <hr/>	<hr/> <hr/>

10 INCOME TAX

(a) Income tax in profit or loss represents:

	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Current tax		
Provision for income tax	325,066	219,208
Deferred tax		
Reversal of temporary differences	59,283	63,458
	<u>384,349</u>	<u>282,666</u>

- (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 or the BVI.
- (ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have any assessable profits subject to any income tax in the United Kingdom during the period.
- (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 of 16.5% on the estimated assessable Hong Kong profits for the six months ended September 30, 2023 and 2022.

For the six months ended September 30, 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**”), an enterprise engaged in ladieswear apparel design, production and distribution incorporated in the PRC. Shanghai Bosideng Information Technology Co., Ltd. was granted a preferential rate of 15% for high-tech enterprises for three years started from 2022, and You Nuo was granted a preferential rate of 15% for high-tech enterprises for three years started from 2020.

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

During the six months ended September 30, 2023, a PRC dividend withholding tax of RMB47,500,000 (six months ended September 30, 2022: Nil) was provided against the dividend distributed during the period and to be distributed in the foreseeable future out of earnings of the PRC subsidiaries.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended September 30, 2023 is based on the profit attributable to ordinary equity shareholders of the Company of RMB918,637,000 (six months ended September 30, 2022: RMB734,286,000) and the weighted average number of ordinary shares of 10,851,270,000 (six months ended September 30, 2022: 10,814,897,000 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended September 30, 2023 is based on the profit attributable to equity shareholders of the Company of RMB953,906,000 (six months ended September 30, 2022: RMB734,286,000), after adjusting for the effective interest on the liability component of convertible bonds of RMB35,269,000, and the weighted average number of ordinary shares of 11,421,420,000 (six months ended September 30, 2022: 10,896,909,000 shares), after adjusting for the effect of the Company's share-based payment arrangements and the effect of conversion of convertible bonds.

For the six months ended September 30, 2022, the potential ordinary shares in respect of the effect of conversion of convertible bonds was anti-dilutive as it would lead to an increase in the earnings per share.

12 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Customer	Trademarks	Total
	<i>RMB'000</i>	<i>relationships</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:				
At March 31, 2023 and September 30, 2023	1,708,151	648,822	633,795	2,990,768
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Amortization and impairment losses:				
At March 31, 2023	(758,741)	(639,043)	(250,706)	(1,648,490)
Amortization charge for the period	-	(2,095)	(15,844)	(17,939)
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At September 30, 2023	(758,741)	(641,138)	(266,550)	(1,666,429)
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Net book value:				
At September 30, 2023	949,410	7,684	367,245	1,324,339
	=====	=====	=====	=====
At March 31, 2023	949,410	9,779	383,089	1,342,278
	=====	=====	=====	=====

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 period is included in "selling and distribution expenses" in the consolidated statement of profit or loss and other comprehensive income.

13 INVENTORIES

	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Raw materials	1,202,356	878,207
Work in progress	16,458	11,930
Finished goods	2,653,912	1,799,146
	<u>3,872,726</u>	<u>2,689,283</u>

14 TRADE AND BILLS RECEIVABLES

	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Trade receivables	4,448,107	746,835
Bills receivable	21,127	263,818
Less: loss allowance for doubtful debts	(125,843)	(87,668)
	<u>4,343,391</u>	<u>922,985</u>

The gross carrying amount of trade and bills receivables from contracts with customers amounted to RMB4,469,234,000 as at September 30, 2023 (March 31, 2023: RMB1,010,653,000).

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

As at September 30, 2023, the Group endorsed certain acceptance bills totaling RMB950,000 (March 31, 2023: RMB82,791,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, none of the bills receivable and the payables to suppliers has been derecognized by the Group (March 31, 2023: RMB22,512,000).

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 credit loss allowance on bad and doubtful debts, is as follows:

	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Within credit terms	4,200,462	809,689
1 to 3 months past due	119,758	99,744
Over 3 months but less than 6 months past due	15,018	8,423
Over 6 months but less than 12 months past due	6,807	3,790
Over 1 year past due	1,346	1,339
	<u>4,343,391</u>	<u>922,985</u>

15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Deposits	581,208	598,997
Prepayments for materials and processing fee	333,891	393,716
Prepayments for other services	252,972	117,480
	<u>586,863</u>	<u>511,196</u>
Third party other receivables:		
– Value-added tax (“VAT”) recoverable	115,042	169,801
– Advances to employees	49,797	43,053
– Others	30,165	32,387
	<u>195,004</u>	<u>245,241</u>
Total	<u><u>1,363,075</u></u>	<u><u>1,355,434</u></u>

16 OTHER FINANCIAL ASSETS

	<i>Note</i>	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Non-current			
Financial assets measured at amortized cost	<i>(a)</i>	–	51,006
Equity securities designated at FVOCI (non-recycling)	<i>(b)</i>	133,003	118,732
Financial assets classified as FVPL	<i>(c)</i>	455,859	–
		<u>588,862</u>	<u>169,738</u>
Current			
Financial assets measured at amortized cost	<i>(a)</i>	50,151	100,382
Financial assets classified as FVPL	<i>(c)</i>	2,989,218	3,968,637
		<u>3,039,369</u>	<u>4,069,019</u>
Total		<u><u>3,628,231</u></u>	<u><u>4,238,757</u></u>

- (a) Financial assets measured at amortized cost are principal guaranteed short-term or long-term investments with banks in the PRC. These investments have guaranteed returns with 1.65% per annum (March 31, 2023: expected non-guaranteed or guaranteed returns ranging from 2.29% to 3.03%).

During the period, the interest on financial assets measured at amortized cost of RMB2,362,000 was recognized as finance income (six months ended September 30, 2022: RMB11,597,000).

- (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 September 30, 2023, the shares held by Shuo Ming De were 14,270,669, 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 period, the changes in fair value of the investment, after tax effects, of RMB10,703,000 was recognized as a gain in other comprehensive income (six months ended September 30, 2022: loss of RMB38,745,000).

Dividend income of RMB1,427,000 was received for this investment during the six months ended September 30, 2023 (six months ended September 30, 2022: Nil).

- (c) As at September 30, 2023, financial assets classified as FVPL represented listed equity investments of RMB929,000 (March 31, 2023: RMB1,193,000) and investments with banks and other financial institutions of RMB3,444,148,000 (March 31, 2023: RMB3,967,444,000).

- (i) Listed equity investments

The listed equity investments held by the Group, other than investment 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 six months ended September 30, 2023, the net realized/unrealized loss of other listed equity investments held by the Group of RMB264,000 was recognized as a loss in net finance income (six months ended September 30, 2022: loss of RMB110,000).

No dividend income has been recognized for the six months ended September 30, 2023 (six months ended September 30, 2022: Nil).

- (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. 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 period, the net realized/unrealized gain in these investments of RMB66,576,000 was recognized as a gain in finance income (six months ended September 30, 2022: net realized/unrealized gain of RMB95,605,000). Neither the single investment nor investments made with the same bank or other financial institution on an aggregate basis accounted for over 5% of the Group’s total assets.

17 TRADE, BILLS AND OTHER PAYABLES

	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Trade payables	2,126,288	667,461
Bills payable	<u>3,737,114</u>	<u>2,429,863</u>
	5,863,402	3,097,324
Other payables and accrued expenses		
– Deposits from customers	263,190	165,919
– Contract liabilities (i)	219,887	337,427
– Construction payables	205,576	176,376
– Accrued advertising expenses	73,049	65,323
– Accrued payroll, welfare and bonus	173,198	286,475
– VAT and other tax payable	341,062	23,145
– Payables in relation to shares disposed of by employees under share-based payment schemes	15,106	17,574
– Receipts in advance in relation to unvested restricted shares	39,029	40,764
– Interest payable in relation to convertible bonds	5,079	4,861
– Others	<u>142,359</u>	<u>131,284</u>
	<u>7,340,937</u>	<u>4,346,472</u>

- (i) The amount of revenue recognized for the six months ended September 30, 2023 that was included in the contract liabilities balance at the beginning of the period was RMB337,427,000.

All of the trade, bills 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 payable, based on the invoice date, is as follows:

	At September 30, 2023 <i>RMB'000</i>	At March 31, 2023 <i>RMB'000</i>
Within 1 month	5,582,976	2,891,259
1 to 3 months	<u>280,426</u>	<u>206,065</u>
	<u>5,863,402</u>	<u>3,097,324</u>

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim periods:

	Six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Interim dividend declared and paid after the interim period of HKD5.0 cents per ordinary share (2022: interim dividend of HKD4.5 cents per ordinary share)	498,012	450,054

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

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

	Six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HKD13.5 cents per ordinary share (2022: final dividend of HKD13.5 cents per ordinary share)	1,345,200	1,285,646

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

(b) Purchase of own shares

During the interim period, the Company did not repurchase any of its own ordinary shares on the Stock Exchange.

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to September 30, 2023, the board of directors of the Company proposed an interim dividend of HKD545,294,000 (approximately RMB498,012,000), representing HKD5.0 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of FY2023/24, facing the evolving international political and economic landscapes, it has become the biggest challenge for many companies to seek certainty in a market environment full of complexities and uncertainties.

This year is the starting year of the comprehensive implementation of the spirit of the twentieth of the Communist Party Congress. Moving into the second half of the fiscal year, with a series of policies to stimulate the economy taking effect, the endogenous momentum of the economy has continued to increase. Textile and apparel brand consumer market has ushered in continuous recovery and improvement, creating new opportunities for high-quality development of enterprises.

Based on the long-termism and value creation concept, the Group, with full confidence in its development, has focused on its core business and clearly defined the strategic direction of “focusing on its principal business and key brands”. With mission as the foundation, customers as the center, brand as the lead, and innovation as the drive, we have always been together with consumers, and strive to build capacities to operate robustly and through cycles, so as to create value for people’s better life, and achieve sustainable high-quality development of enterprises.

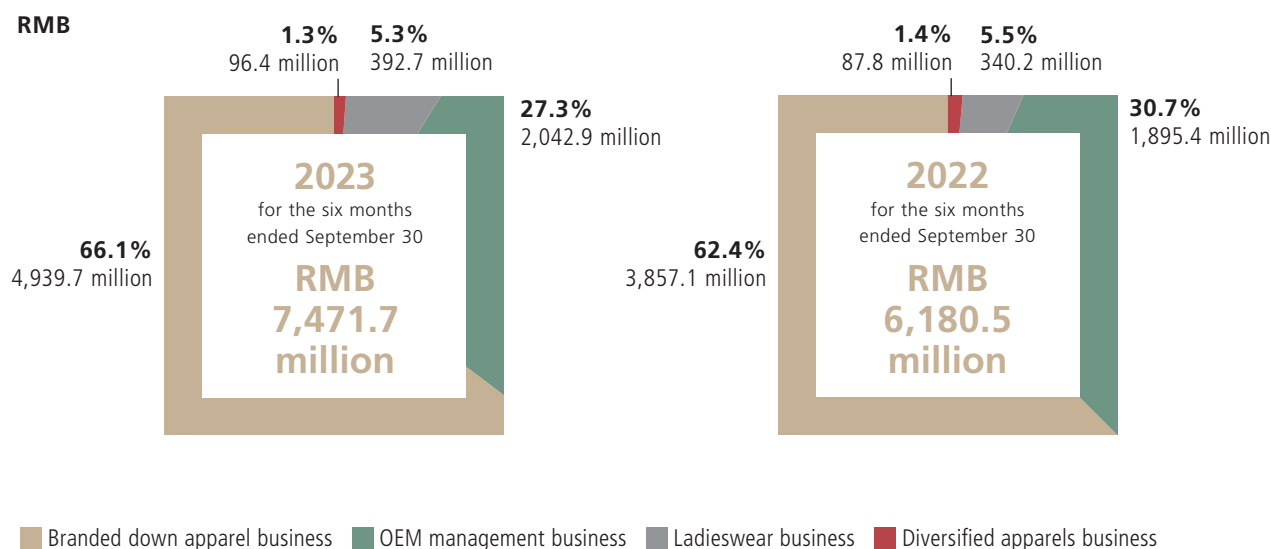
REVENUE ANALYSIS

In the first half of FY2023/24, the Group adhered to the strategic direction of “focusing on its principal business and key brands”, and in line with global advanced standards, continued to consolidate the four core competencies of “leading brand, innovating products, upgrading channel and adhering to high product quality and quick response” and the two security systems in relation to “organization, mechanism, culture, talent development and digital operation”, and achieved sustainable and steady growth, showing its resilience in business development.

In the first half of FY2023/24, the Group’s revenue amounted to approximately RMB7,471.7 million, representing an increase of approximately 20.9% as compared to that of the same period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group’s main business segments.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB4,939.7 million, accounting for 66.1% of total revenue, representing a year-on-year increase of 28.1%. The OEM management business recorded revenue of approximately RMB2,042.9 million, accounting for 27.3% of total revenue, representing a year-on-year increase of 7.8%. The ladieswear business recorded revenue of approximately RMB392.7 million, accounting for 5.3% of total revenue, representing a year-on-year increase of 15.4%. The diversified apparels business recorded revenue of approximately RMB96.4 million, accounting for 1.3% of total revenue, representing a year-on-year increase of 9.8%.

Revenue by Business



Branded Down Apparel Business:

The Group focused on its core business, concentrated on advantageous resources and targeted specialization and refinement. By building the core competencies of its main business, and focusing on leading channels, leading commodities, a leading image, leading retail and leading user operations, the Group achieved high-quality growth in the first half of FY2023/24. In terms of brands, by optimizing the content and methods of communication, officially announcing brand ambassadors, focusing on key brand marketing campaigns, and upgrading the membership operation model to improve consumer perception, the Group achieved new breakthroughs in the integration of brands and sales. In terms of products, the Group upgraded its designs and R&D, technological features, craftsmanship, and product structure to meet the needs of modern consumers. Additionally, in the spring and summer of 2023, the Group launched functional products such as sun-protective clothing, successfully expanding its incremental business. In terms of channels, on the one hand, by focusing on improving both the quality and efficiency of its single stores' operations, the Group centered on store operations to improve both the operational capability and efficiency of the stores. On the other hand, by further solidifying channel structures, layout, quality, and terminal image, the Group implemented more refined management and operation of channel construction, and effectively allocated resources on the channel side through projects such as "Top Stores" and "Top Store Managers".

In the first half of FY2023/24, the Bosideng brand under the Group's branded down apparel business recorded a year-on-year increase of 25.5% in revenue, reaching approximately RMB4,421.0 million. The revenue of the overall branded down apparel business segment increased by 28.1% on a year-on-year basis to approximately RMB4,939.7 million.

Brand Building

In the first half of FY2023/24, the Group continued to solidify the brand image of being “the world’s leading expert in down apparel” and upgraded its brand perception from a global leader by sales volume in the down apparel industry into a global leader in all respects in the down apparel industry. In terms of brand building, the Group integrated brand strategy, creative visuals, public relations experiences and digital content, and with the strategy of brand marketing campaigns, and improving both brands and sales, the Group continuously deepened consumer awareness and brand reputation, and achieved the goal of brand-led consumer perception and maximizing the outcomes in brands and sales.

According to the “Brand Finance Apparel 50 2023” released by Brand Finance, one of the top five international authoritative brand value evaluation consultancies, the Bosideng brand once again made the list, ranking 47th in the apparel brand list.

In the first half of FY2023/24, the Bosideng brand also received a number of industry recognitions: “My Favorite Chinese Brand 2023” by the China National Brand Network; and “Company with Tremendous Contributions to China’s Brand Construction” by the China Council for Brand Development.

In the first half of FY2023/24, Bosideng continued to consolidate its brand image as an expert in down apparel by deepening its brand image and consolidating its brand position through brand marketing campaigns on the one hand, and enhancing its brand vitality and promoting sales through increased interaction with consumers on the other hand. In the first half of FY2023/24, Bosideng conducted a series of branding events.

Innovative development and promotion of sun-protective clothing:

In spring and summer 2023, Bosideng launched a new line of sun-protective clothing tailored to the needs of consumers. The trendy style and excellent sun protection performance of these new products have garnered widespread attention upon their release, earning favor with consumers. Bosideng has enhanced the enduring sun protection, instant cooling sensation, and breathable comfort of its sun-protective clothing through innovative breakthroughs in fabric, innovative combinations of yarns, and innovative weaving structures. Furthermore, based on Bosideng’s influence in functional fabrics, international fashion, and professional sun protection, many artists and designers have collaborated with the brand. The collaborative products have received extremely positive feedback in the consumer market.

Brand marketing campaign of a New Generation of Ultralight Down Jackets:

In September 2023, Bosideng held a stunning global show at the Leonardo da Vinci Manor in the world fashion capital, Milan. With the design concept of “more diverse, more fashionable, lighter and warmer”, Bosideng once again redefined the light down jacket. Its exceptional innovation and professional prowess have garnered acclaim within the global fashion community. Bosideng has tackled the issues of single and unfashionable styles of traditional down jackets, transforming light down jackets from purely functional garments into fashionable items with warming capabilities, becoming the new favorite of people’s autumn and winter wardrobes, and setting off a “wave of innovation” in the field of down jackets in China.

To embody classic elements from both Chinese and Italian cultures, Bosideng utilized Italy's lace craftsmanship and Chinese Su embroidery. A considerable amount of manpower and time was invested in crafting each garment, with a minimum of 100 hours dedicated to every piece. This marked Bosideng's most labor-intensive hand-sewn work in any fashion show to date.

In the same month, the Bosideng brand officially announced its brand ambassador, which further attracted more customers, and empowered and drove the marketing of seasonal products.

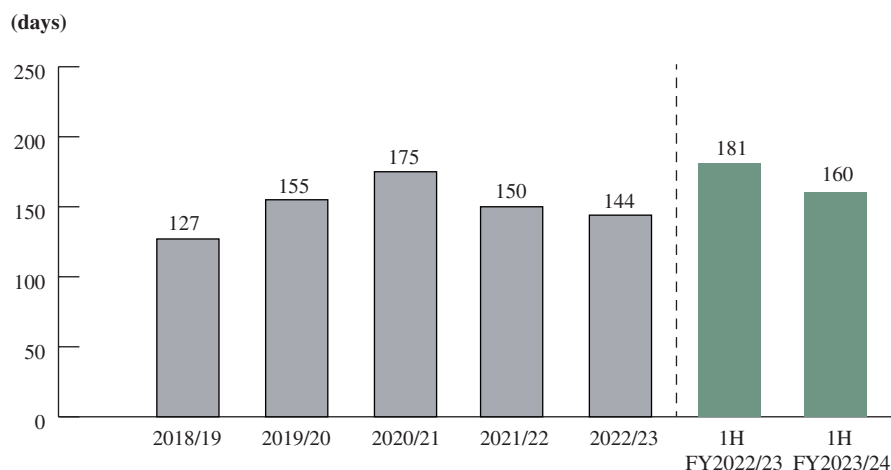
Commodity Management

In the first half of FY2023/24, the Group continued to completely separate order placements in terms of direct sales and wholesales. Single-store orders were applied to self-operated stores, which meant products for sales in single stores would match the demand for orders and the stock would be replenished and products would be produced with reference to the actual demand. Meanwhile, distributors adopted different flexible modes of order placement and rebate based on their respective scales of operation. In the first half of FY2023/24, the proportion of first orders placed between the Group and distributors remained at a low level, whereas the remaining orders shall be settled based on the actual market feedback during the peak seasons. Such a demand-pull replenishment has played a very important role in the Group's centralized management of channel inventory and commodity structure during the sales in peak seasons.

In the first half of FY2023/24, the Group continued to stick to the concept of commodity operation management of the last financial year. With its smart delivery centre, which serves all offline direct stores, franchised stores and online traditional e-commerce platforms, online Douyin platform, O2O and other businesses throughout the country, the Group unified the inventory management of 9 direct large warehouses and 12 small warehouses of distributors across China 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 optimizing the availability of replenished commodities according to sales performance in the market in conjunction with different strategies that allocate the locations of warehouses and store commodities and enhance front-end best-selling products ("**Top Sellers**") during the process.

As of September 30, 2023, the inventory turnover days of the Group were 160 days, representing a decrease of 21 days as compared to that of the same period up until September 30, 2022, which was mainly, on the one hand, due to the Group's continuous maintenance of a relatively lower proportion of first orders as well as the continuous implementation of the adjustment mechanism featuring the demand-pull replenishment and "small orders and quick reorders", which effectively promoted full-channel commodity integrated operation and management. On the other hand, due to the return of the beginning level of the Group's inventory to a relatively healthy and good condition thanks to the previous effective management of inventory and commodities operations, this has also provided a very good foundation for the Group to effectively manage the full-channel commodities and inventory level in the current financial year. The further effective reduction of inventory turnover days demonstrated the Group's strong operating resilience in the face of uncertain risk factors, which provided a more flexible foundation and space for the continuous implementation of "small orders and quick reorders", demand-pull replenishment and full-channel commodity integrated operation mechanism.

Inventory Turnover Analysis



Supply Chain Management

The ability of the Group’s supply chains to provide “high-quality and quick response” is an important competitive strength for our continued success in the industry, and is one of our core competitive advantages for maintaining the efficient and healthy sustainability of the Group. The Group has implemented a leading futures/stock commodity operation model. The first batch of orders would be controlled around 40%, whilst the remaining proportion would be continuously replenished on a rolling basis during the peak seasons in sales according to sales data and trend forecasts at the terminal market, to support a shorter turnover cycle and higher efficiency by demand-pull replenishment, quickly launching new products and fast response to small orders, thereby comprehensively achieving the target of maintaining high quality and providing quick response in supply.

In the first half of FY2023/24, the supply chains of the Group underwent systematic planning and upgrading in terms of adopting flexible and quick response times, quality operations, science and technology, resource integration and cost management. Especially, in the first half of FY2023/24, the Group has gained favor in the consumer market for emerging functional categories such as sun-protective clothing, leading to rapid growth in orders. Confronted with challenges such as short production cycles, and high technical difficulty in new product processes, the supply chain in conjunction with design, commodity and sales departments convened a collaborative meeting for the functional category. They quickly integrated resources to expand production preparation, achieve breakthroughs in preliminary technologies, control risks efficiently, provide targeted assistance to enhance efficiency, and construct a closed-loop management system for the functional category, facilitating coordinated efforts between the front and back ends to ensure the achievement of sales performance for the functional category.

Additionally, in the first half of FY2023/24, the Group continued to make breakthroughs from the model of adopting flexible and quick response times to the Top Sellers immediate supply model, which put forward the challenging target of increasing the availability rate of replenishment of the Top Sellers to 99% continuously. Such replenishment was genuinely carried out based on urgent needs of the market, such as avoiding the shortage of easy-to-sell styles and stopping production of slow-selling styles, which maximized the realization of the sales target while driving synergies across the big commodity value chain and realizing the process restructuring and capability development for flexibility and agile responses, becoming a core competitiveness of the Group.

In terms of quality management, the Group regarded excellent quality and users' perception as the core bases for improvement, and connected users' needs for a change of scene and experience to comprehensively upgrade experience quality, while establishing an integrated quality innovation model and capability from commercial businesses, corporate establishment, research and development, verification, small-batch trial production and environmental simulation testing in response to product innovation. Standards, resources, materials, processes and production lines were gradually optimized by matching appropriate quality resources with scenery category properties. By implementing a digitalized operation system for quality control, it also broke through the entire quality closed loop 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 why our brands are selected by users.

In terms of science and technology, the Group continued to put more long-term investments in science and technology and conducted groundbreaking research with a focus on new categories, new materials and leading patents. It engaged in creative cooperation with domestic and foreign top-level institutions and initially established Bosideng's leading processing system in technology.

In terms of resources integration, the Group, based on brand strategy and category innovation, and in close alignment with policies, determined a long-term resources strategy that leads resources in terms of layout, capability and scale. Focusing on breakthroughs in three capacities, being production capacity expansion, material innovation breakthrough and scenario-based product innovation and by escalating the long-term win-win cooperation policy, a strategic resource business community, a community of shared interests and a community of shared destiny were gradually formed to build a sustainable resource ecosystem.

In terms of cost management, the Group has made strategic breakthroughs in comprehensive innovation such as cost reduction and efficiency improvement and effectively hedged and relieved the pressure of rising costs by proactively monitoring market dynamics and trends, predicting and analyzing the price trends and fluctuations of core materials, and leveraging the brand effect and industry influence of Bosideng.

Logistics and Delivery

For logistics and delivery, the Group continuously adopted a system to automatically match transport and delivery resources for each order based on traffic, factoring in limitations such as the advantages of social transport and delivery resources, transport costs and timeliness. 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 the service efficiency and improved users' experiences.

The logistics park of the Group took a series of actions to improve logistics efficiency. On the one hand, the advanced algorithms of the self-developed inventory calculation centre, order processing centre, etc. have been adopted to instantly collect, match, locate and calculate the distance between the geographical location of the products and the geographical location of the consumers, and generate instructions to prioritize early orders and ensure early pick-up by the courier company and the fastest distribution to consumers. On the other hand, with the coming of a new wave of smart technology through advanced logistics information technology systems and highly automatic logistics equipment, the Group has implemented an automatic and smart allocation system by way of enhancing the transportation modules of Extended Warehouse Management system to minimize the time of inventory operation. Under the premise of maintaining reasonable costs, the Group maximized its service efficiency and improved users' experiences. Meanwhile, the significantly improved warehousing-out rate and optimized in-transit efficiency have contributed to the maintenance of the Group's leading position in logistics and delivery in the industry.

Digital Operation

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

In terms of digital transformation, in recent years, the Group has made significant digitalization achievements in many fields including smart manufacturing, smart logistics and smart commodity operations. It has gradually entered the deep waters of digital transformation and gradually established the direction where our efforts are placed for digital transformation in the future with a focus on users, retailing and commodities.

In terms of digital operations, based on the development trend of modern IT and combined with the existing system or application usage of the Group, the Group has completed the preliminary design, development and testing of the core business operation platform (based on users, retailing and commodities) based on the principle of one entry, one platform and one data warehouse, paving solid foundations for the ultimate realization of the goals of a mobile office, online business, digital operations and intelligent decision-making, thereby providing powerful technical solving tools or solutions for the Group's digital transformation.

New Retail Operations

In the first half of FY2023/24, the Group continued the use of corporate WeChat to build a more convenient communication bridge with customers. The Bosideng brand had over 3.0 million new fans and over 900,000 new members on the Tmall and JD.com platforms. As of September 30, 2023, the Bosideng brand had over 37.6 million fans and over 14.6 million members in total on the Tmall and JD.com platforms. In addition, the Bosideng brand had over 1.0 million new fans on the Douyin platform. As of September 30, 2023, the Bosideng brand had over 9.0 million fans in total on the Douyin platform.

In terms of innovation in new retail operations, the Group has been continuously building a consumer-centric cross-channel operation platform in recent years. Through digital empowerment, it has formed a closed-loop operation with multi-channel touchpoints, precise insight analysis, and differentiated content interaction, enhancing member shopping experiences and member value.

The current new retail operations of the Group have the following four prominent features:

First, the Group continuously upgrades the membership points system, membership level system, and membership rights system to incentivize member loyalty, increase member satisfaction, and provide effective guarantees for business development;

Second, the Group enhances member loyalty, increases member activity, continuously attracts young customers and expands the member base by innovating member marketing strategies, designing exclusive member events, and creating shared content with members;

Third, the Group utilizes big data analysis to customize differentiated solutions based on the results presented in the data, so as to make marketing activities more precise; and

Fourth, the Group achieves cross-channel interaction, connects omni-channel data, builds a unified omni-channel member system and label system, and models and optimizes user profiles through member system upgrades. In addition, the Group reduces customer acquisition costs, increases conversion rates, and achieves high-quality growth of results through one-to-one precise communication, and integrated online and offline operations.

Technological Innovation

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

The Group has placed significant emphasis on enhancing its scientific research technology innovation capabilities, with a focus on continuous investment in scientific research technology to create a globally leading and user-value-oriented scientific research technology platform that integrates new materials, new categories, new technologies, new patents and new systems. The Group's scientific research technology center covers an area of over 10,000 square meters and has successfully built a leading polar environment simulation testing laboratory, along with comprehensive software and hardware capabilities for upgrading materials, technology, and verification. By undertaking orders of leading products for Antarctic scientific research and Mount Everest expeditions, etc., the Group has achieved technological breakthroughs, continuously solidifying its leading position in the market.

In the first half of FY2023/24, the Group applied for an aggregate of 545 patents, including inventions, utility models and appearance patents, which provided patented technology and endorsement support for down apparel experts. As of September 30, 2023, the Group has accumulated 746 patents (including invention, utility models and appearance patents) in total.

The Group plays the role of the National Technical Committee on Garment Standardization Down Apparel Sub-committee Secretariat (SAC/TC 219/SC1), the International Organization for Standardization/Garment Size Series and Coding Technology Committee Secretariat (ISO/TC133), as a recognized laboratory and a member of the technology committee of the International Down and Feather Bureau (IDFB), a recognized laboratory of 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, and the first drafting unit and the drafter of the Standards for Design Assessment on Green Design Products – Down Clothing. The Group published a number of industry-leading standards, such as Social Organization Standard for Cold Protective Clothing, Social Organization Standard for Antibacterial Down, Social Organization Standard for 6A High-Quality Sun-Protective Clothing, National Standard for Outdoor Jackets, National Standard for Textile – Methods of Testing the Down-proof Properties, International Standard for Digital Fitting, and the Corporate Standard for Down Jacket Temperature Ratings (Q320581GPC 004-2023). In addition, the Group has been awarded the top-ranked “Corporate Standard Leader” for down apparels by the State Administration for Market Regulation for four consecutive years, fully demonstrating the Group’s status and image as a standard leader.

Research and Development (“R&D”) of Products

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

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. Through end-to-end integration of development for a series of scientific, objective and methodical design processes covering customer research, market research, trend analysis, commodity planning, design planning, promotion planning, product development, customer appreciation, ordering feedback, sales feedback and summary reviews, we endeavored to present new series of products to consumers.

The Bosideng brand also attaches great importance to its cooperation with well-known cross-sector intellectual properties (“IPs”). Through cooperation with astronauts, artists and IPs such as Kuromi and Ultraman, the Group launched brand new products which were well received and sought after among young consumers.

In the first half of FY2023/24, the constant temperature skiing down jacket of Bosideng won the ISPO Award – Global Design Award, the most popular summit down jacket of Bosideng won the Red Dot Design Award, and the technology-driven constant temperature outdoor down jacket of Bosideng won the ISPO Global Design Award and the Red Dot Design Award, among other honors.

The key product collections sold in the first half of FY2023/24 included:

New Generation of Ultralight Down Jackets:

In 2023, Bosideng once again broke traditional perceptions by advancing the second round of iterative upgrades for ultralight down jackets. It integrates down jackets with cross-border stitching of fashionable single items, such as hoodies, windbreakers, knits, shirts, Chanel-style items, and lambswool, ultimately presenting perfect works through the precision combination of different materials. 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 presenting perfect works through the precision 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 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.

The key innovative products included:

Three-in-one Goose Down Windbreakers:

With the surge of outdoor sports, consumers have begun to be keen on activities such as hiking, camping, cross-country and cycling. Bosideng, constantly expanding the scenarios of its products, has launched the "breathable" goose down windbreakers based on the market demand change.

It features "breathable" fabric technology to provide professional protection and comfort for wearers. The windbreaker's body utilizes a national patented heat and moisture balance system with a high efficient moisture permeability for long-term wearing without stuffiness, while the outer layer is supported by professional rainproof technology. The filling material is the high quality goose down by combining with heat storage fabric, providing wearers with comprehensive protection and adaptability for various outdoor scenarios.

As the culmination of functionality and fashion, the windbreaker presents a fashionable aesthetic that complements its functionality. The windbreaker incorporates natural inspirations, embodies the currently popular mountain aesthetic from the lines to the colors, presenting a coordinated sense of fashion in the natural landscape. Its three-in-one detachable design further enhances its connection with the Bosideng brand's flagship category, the down jacket, further expanding the scenarios of usage, fully leveraging the brand's advantages, and continuously improving the warmth performance of the product.

Sun-protective Clothing:

With the temperature continuously rising, sunscreen products, represented by sun-protective clothing, have been favored by consumers. The newly upgraded sun-protective clothing of Bosideng Sun Series has gained popularity among consumers due to its outstanding sun protection performance and fashionable and changeable cutting and styling, making it a must-have item for summer sun protection. Utilizing advanced yarn sun protection technology, and the Tri-Tech⁺ sun protection fabric technology innovatively developed by Bosideng, this series ensures long-lasting sun protection performance and comfort in the summer. This technology has obtained professional institution certification. Compared with the general brand sunscreen clothing whose sun protection and breathability functions are degraded to different degrees, or even damaged after being washed, due to its use of coating technology and dyeing auxiliary technology, Bosideng sun-protective clothing can maintain a UPF value of UPF100⁺, an excellent sun protection capability despite being washed after hundreds of times, keeping the skin dry and comfortable even in hot weather or after physical activities, as it uses advanced yarn sun protection technology. In addition, through the development of innovative composite yarns, an enhanced protection against ultraviolet rays is achieved. The sun-protective clothing from Bosideng utilizes fabric with cooling finishing technology, providing a silky smooth touch. With the metabolic activity of the human body, the fabric generates a heat absorbing response through the release of sweat, thereby instantly absorbing body heat and cooling the skin for a refreshing sensation.

Ski Collection:

In 2023, Bosideng launched a new generation of its ski collection. Paying tribute to the first gold medal in the Winter Olympics, the product line was fully upgraded to introduce ski suits that combine skiing functionality with lifestyle fashion styles. These suits offer better breathability while keeping the users warm, meeting the needs of the skiing scenario. The ski collection of down jackets uses windproof, waterproof and breathable functional composite fabrics, which effectively guard against the wind and cold, offers efficient breathability and prevents stuffiness. The flexible fabric provides more room for stretching during sports activities. Supported by the upgraded down air circulation system patent, the ski collection of down jackets can expel excess moisture from the body, prevent down from clumping and losing insulation, and prevent the jacket from becoming heavier, ensuring warmth before exercise, and balancing body comfort during exercise, and avoiding heat loss after exercise. Due to the upgraded process without quilting, the ski collection of down jackets achieves warmth and lightness.

Major classic products include:

Extreme Cold Collection:

In 2023, Bosideng introduced the fourth generation of its extreme cold collection of down jackets. The Polar Cold Resistance Technology made another breakthrough, creating the “BO-HEAT New Warmth Technology System” featuring “Energy Cabin” heat reflective technology fabric and heat feedback technology lining, enabling the wearers to feel warmer. This marks the first breakthrough in technology capable of withstanding severe cold environments, providing more robust cold protection for outdoor explorers. In addition, the lightweight technology of the extreme cold collection of down jackets was further improved, reducing the weight of the clothing by 500g, allowing consumers more freedom in outdoor excursions.

High-end Outdoor Collection:

In 2023, Bosideng released the fourth generation of its high-end outdoor collection of down jackets. By innovating for a more youthful and comfortable fit and combining it with new premium colors and fashionable technological elements, a youthful style breakthrough is achieved. The underarm connected panel design offers a “zero gravity” wearing experience. Moreover, an upgraded three-dimensional cutting process at the collar allows for more flexibility and comfort for the wearers. For color design, a collision of urban and outdoor colors provides diverse color choices for this category. With its classic design and high performance, this collection won several international outdoor awards, including the Outside 2019 Outdoor Gear Award, the ISPO Global Design Award in 2021 and 2023, and the 2023 German Design Award.

China Aerospace Collection:

Bosideng deepened its cooperation with China Aerospace once more. In the new season, the product theme was “Unwavering ambition, chasing the stars”, with technological fashion at the heart of the design. The sporty fashionable product shape carries the cultural concept of aerospace and weaves technology details throughout the theme design. This design, while paying tribute to the spirit of Chinese aerospace, is intended to garner more attention from young people towards Chinese aerospace and to promote national confidence.

Multi-brand Strategies

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

Snow Flying

In the first half of FY2023/24, the Snow Flying brand recorded a revenue of approximately RMB265.4 million, representing a year-on-year increase of 52.2%. The Snow Flying brand stepped up its efforts to develop its online business with the core strategy of “rapid and ongoing introduction of profitable popular products”. Through innovative business models and building an omni-channel symbiotic ecosystem, it has achieved rapid growth in the brand’s business through inclusive brand upgrades and internal healthy organization building, and integrating top industry supplier resources, core platform resources, and high-quality channel resources, among other methods.

In terms of business expansion, the Snow Flying brand focused on users-oriented innovation, integrated top industry resources and made several breakthroughs. It focused on top benchmarks, optimized live-streaming store groups, and continuously innovated content. It focused on creating popular products and, through launching the Obsidian Series and popular products on the Obsidian 2.0 “value line”, it quickly gained widespread favor in the consumer market. It focused on building a directly-operated single store model to drive rapid improvement of the single stores’ operational capabilities through fine-grained channel and store formats management.

Bengen

In the first half of FY2023/24, the Bengen brand recorded revenue of approximately RMB12.8 million, representing a year-on-year decrease of 65.3%. Since FY2020/21, the Bengen brand has greatly reduced its offline agency channels and shifted its focus more to online channels.

Revenue from branded down apparel business by brand

Brands	For the six months ended September 30, 2023		2022		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Bosideng	4,421.0	89.5%	3,522.0	91.3%	25.5%
Snow Flying	265.4	5.4%	174.4	4.5%	52.2%
Bengen	12.8	0.2%	36.8	1.0%	-65.3%
Others*	240.5	4.9%	123.9	3.2%	94.1%
Total revenue from branded down apparel business	<u>4,939.7</u>	<u>100.0%</u>	<u>3,857.1</u>	<u>100.0%</u>	<u>28.1%</u>

Revenue from branded down apparel business by sales category

Sales categories	For the six months ended September 30, 2023		2022		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	1,654.8	33.5%	1,220.2	31.6%	35.6%
Wholesale	3,044.4	61.6%	2,513.0	65.2%	21.1%
Others*	240.5	4.9%	123.9	3.2%	94.1%
Total revenue from branded down apparel business	<u>4,939.7</u>	<u>100.0%</u>	<u>3,857.1</u>	<u>100.0%</u>	<u>28.1%</u>

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

In the first half of FY2023/24, the Group further optimized the quality of sales channels to increase their efficiency. By building a model stores (“**Top Stores**”) system and consolidating the “single store operation”, it concentrated effective, high-quality resources on specific target markets. In terms of offline channel building, firstly, the Group continued to steadily improve the existing channel structure, layout, quality, and terminal image, and steadily enhance the management capabilities and operational efficiency of the channels by systematizing and refining hierarchical market and store formats management. Secondly, the Group focused on the ongoing creation of Top Stores. By building over 250 projects, covering approximately 500 sales outlets, and allocating resources precisely, it achieved rapid and effective growth of Top Stores. Thirdly, the Group continued to focus on breakthroughs in “improving both the quality and efficiency of its single stores”. By centering on store operations, the Group consolidated the operational and organizational mechanisms and formed a single-store operational link; also, guided by high targets and starting from customer needs, the Group managed to implement effectively the closed-loop single-store operation strategy.

As of September 30, 2023, in addition to the following regular types of stores (e.g., flagship stores, high-end stores, mainstream stores and mass stores, etc.), the Group also had nearly 400 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 popular seasonal Top Sellers as the mainstay products for sale, and mainly located in core business districts and sporting venues.)

As of September 30, 2023, the total number of regular retail stores of the Group’s down apparel business (excluding peak-season stores) (net) decreased by 110 to 3,313 as compared to that as at the end of the last financial year, self-operated retail stores (net) decreased by 193 to 1,206 and retail stores operated by third party distributors (net) increased by 83 to 2,107. The self-operated retail stores and those operated by third party distributors accounted for 36.4% and 63.6% of the entire retail network, respectively. Among the total retail stores of the Group’s branded down apparel business, approximately 28.2% were located in first- and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 71.8% were located in third-tier cities or below.

Retail network breakdown by down apparel brand

As at September 30, 2023	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	698	-123	11	-2	–	–	709	-125
Operated by third party distributors	<u>1,612</u>	<u>13</u>	<u>123</u>	<u>40</u>	<u>–</u>	<u>–</u>	<u>1,735</u>	<u>53</u>
Subtotal	<u>2,310</u>	<u>-110</u>	<u>134</u>	<u>38</u>	<u>–</u>	<u>–</u>	<u>2,444</u>	<u>-72</u>
Concessionary retail outlets								
Operated by the Group	414	-44	83	-22	–	-2	497	-68
Operated by third party distributors	<u>313</u>	<u>8</u>	<u>59</u>	<u>22</u>	<u>–</u>	<u>–</u>	<u>372</u>	<u>30</u>
Subtotal	<u>727</u>	<u>-36</u>	<u>142</u>	<u>–</u>	<u>–</u>	<u>-2</u>	<u>869</u>	<u>-38</u>
Total	<u><u>3,037</u></u>	<u><u>-146</u></u>	<u><u>276</u></u>	<u><u>38</u></u>	<u><u>–</u></u>	<u><u>-2</u></u>	<u><u>3,313</u></u>	<u><u>-110</u></u>

Change: Compared with that as at March 31, 2023

Retail network of down apparel business by region

	As at September 30, 2023	As at March 31, 2023	Change
Eastern China	1,099	1,139	-40
Central China	724	726	-2
Northern China	271	276	-5
Northeast China	367	399	-32
Northwest China	369	376	-7
Southwest China	<u>483</u>	<u>507</u>	<u>-24</u>
Total	<u><u>3,313</u></u>	<u><u>3,423</u></u>	<u><u>-110</u></u>

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 the first half of FY2023/24, the Group's revenue from OEM management business amounted to approximately RMB2,042.9 million, representing 27.3% of the Group's total revenue and an increase of 7.8% as compared to that of the same period of last year. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 89.6% of its total revenue.

In the first half of FY2023/24, despite multiple factors including the global economic weakness and downturn in the global consumer market, the OEM management business maintained stable and healthy development. It is mainly attributable to the followings: Firstly, the Group focused on core customers, built a core competitive edge in Original Equipment Manufacturer (OEM)/Original Design Manufacturer (ODM) management business, expanded category development and technical innovation, achieving a steady increase in orders from existing core customers. Secondly, the Group responded quickly to orders from OEM management customers, so as to match the adjustment of customer's ordering pace and align customers' needs with consumer demands. Thirdly, the continuous upgrades of OEM management capabilities, and iterative optimization of product design and development capabilities ensured provision of the high-quality products and services to customers. Fourthly, efficient and open management mechanisms controlled costs, lowered risks and effectively boosted customer confidence through continuous capacity planning overseas.

Through effective cost management, the gross profit margin of the OEM management business reached approximately 20.4%, largely unchanged from the same period of the last financial year.

Ladieswear Business:

The Group operates four mid-range and high-end ladieswear brands. After over 20 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 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, 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, based on different characteristics and attributes, leveraged membership operations and content promotion. On the one hand, the Group encouraged original content creation, laid emphasis on not only product promotion but also emotional value connection with consumers, and disseminated them through thematic and scene-based promotion methods. On the other hand, brands were promoted through multiple platforms, including online platforms such as respective WeChat official accounts, WeChat Channel, Xiaohongshu, WeChat and other media platforms, and physical stores by enhancing and iterating store image to refresh consumers' perception and accelerate brand building.

In terms of product construction, special attention has been paid to the refined management of customers in the fiercely competitive ladieswear market. In terms of design and R&D, the Group focused on digging deep into innovative styles and in-store styles, and constantly enhanced recognition among young consumers through the improvement and adjustment of product colors. In terms of commodity management, the Group committed to matching management between multilevel store formats and commodity management, and satisfied consumers' diverse needs and improved commodity management efficiency with methods such as style classification, and price zone stratification.

In terms of channel development, the Group constantly optimized channel mix through deep analysis of core regions and main markets. In terms of efficiency improvement for single store operation, the Group adjusted store locations and upgraded terminal images by closing low-efficiency stores; also, the Group empowered new retail, adopted private domain store operation strategies to draw in and increase traffic, thus boosting the capabilities of single store operation. In terms of guidance by regional models, the Group allocated effective resources to suitable channels to ensure stable and long-term development in channel development by focusing on model stores, running stores with revenue of over RMB10 million, settling in shopping malls, outlets and other manners.

Though the development of the ladieswear industry in the post-pandemic era still faces many challenges and uncertainties, the ladieswear business segment of the Group can still achieve steady and healthy growth through brand leadership, product innovation, and pipeline optimization. In the first half of FY2023/24, the revenue from the Group's ladieswear business was approximately RMB392.7 million, representing an increase of 15.4% as compared to that of the same period of last year. The contribution from the ladieswear business to the Group's total revenue was 5.3%. The revenue from the ladieswear brands were as follows:

Revenue from ladieswear business by brand

Brands	For the six months ended September 30, 2023		2022		Change
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	
JESSIE	138.7	35.3%	114.7	33.7%	20.9%
BUOU BUOU	103.0	26.2%	86.3	25.4%	19.4%
KOREANO and KLOVA	151.0	38.5%	139.2	40.9%	8.5%
Total revenue from ladieswear business	392.7	100.0%	340.2	100.0%	15.4%

Revenue from ladieswear business by sales category

Sales categories	For the six months ended September 30, 2023		2022		Change
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	
Self-operated	364.2	92.8%	318.0	93.5%	14.5%
Wholesale	28.5	7.2%	22.2	6.5%	28.0%
Total revenue from ladieswear business	392.7	100.0%	340.2	100.0%	15.4%

Fashion Ladieswear – JESSIE

The JESSIE brand clarified its operating goal and brand-new position of “building a new benchmark of women’s clothing in Chinese literature and art”. By focusing on core categories for different seasons, aligning with scenarios of usage, expanding differentiated analysis and design approaches, and basing the R&D efforts on market demand at key times, the Group continuously enhanced product innovation. Meanwhile, the JESSIE brand is always store-centric and focuses on key areas and major outlets to build high performance stores and core stores to consolidate operations of each single stores.

Fashion Ladieswear – BUOU BUOU

BUOU BUOU ladieswear has been committed to becoming the “representative brand of affordable luxury ladieswear”. Starting a new stage of development towards design for young customers and innovation orientation in this financial year, it has carried out continuous operational improvement by continuous product innovation, optimizing management ideas and business methods, adjusting the mix of channels, focusing on the depth of products, and strengthening refined marketing. In terms of products, BUOU BUOU ladieswear focused on the star product; the “X-Version Dress”. Upholding the design concept of elegance, sophistication, and romance, persisting in the luxury and high-quality branding route with superior top-grade fabrics, finely-designed patterns, and exclusive innovative designs, it offers new Chinese middle-class women who pay attention to the quality of life and sense of ritual with high-quality apparel wearing solutions. 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 leverages the omni-channel 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

KLOVA adheres to high-end positioning and is gradually transforming itself to take customization and pre-sales as the main line and meeting the personalized needs of customers. 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. In terms of brand operation, the Group persisted in embracing new retail operations, attracting new customer groups, optimized the dissemination strategy for stores and products by leveraging media platforms such as Xiaohongshu, and enhanced brand influence and traffic through influencer endorsement and other methods. In terms of channel expansion, the Group achieved hierarchical layout in key markets by “encrypting core areas, going deep with key markets”. In terms of membership expansion, the Group increased member interaction through daily membership operation and regional “customized salon” activities, used private domain promotion to promptly promote new products, and gradually integrated labels on member consumption habits with product labels through monthly “new product review session”.

As of September 30, 2023, the total number of retail stores of the Group's ladieswear business (net) decreased by 16 to 441, self-operated retail stores (net) decreased by 20 to 341 and retail stores operated by third party distributors (net) increased by 4 to 100, respectively, as compared with the figures as at the end of last financial year. Self-operated retail stores and those operated by third party distributors accounted for approximately 77.3% and approximately 22.7% of the entire retail network, respectively. Of the total retail stores of the Group's ladieswear business, approximately 64.4% are located in first and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 35.6% are located in third-tier cities or below.

Retail network breakdown by ladieswear brand

As at September 30, 2023	JESSIE		BUOU BUOU		KOREANO		KLOVA		Total	
	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	-	8	-1	-	-	-	-	9	-1
Operated by third party distributors	11	-1	7	1	-	-	-	-	18	-
Subtotal	12	-1	15	-	-	-	-	-	27	-1
Concessionary retail outlets										
Operated by the Group	105	-10	97	1	74	-8	56	-2	332	-19
Operated by third party distributors	66	3	16	1	-	-	-	-	82	4
Subtotal	171	-7	113	2	74	-8	56	-2	414	-15
Total	183	-8	128	2	74	-8	56	-2	441	-16

Change: Compared with that as at March 31, 2023

Retail network of ladieswear business by region

	As at September 30, 2023	As at March 31, 2023	Change
Eastern China	56	61	-5
Central China	139	146	-7
Northern China	50	51	-1
Northeast China	49	50	-1
Northwest China	83	82	1
Southwest China	64	67	-3
Total	441	457	-16

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 the first half of FY2023/24, the revenue from our diversified apparels business segment was approximately RMB96.4 million, representing an increase of 9.8% as compared to that of the same period of last year. As the Group adhered to the overall strategy of “focusing on our principal business and reducing diversification”, the contribution from business segments such as the MAN and HOME brands to the Group’s total revenue further dropped. However, the school uniforms business developed by the Group in 2016 recorded a stable growth in the first half of FY2023/24. Revenue from such business segment in the first half of FY2023/24 was as follows:

Revenue from diversified apparels business by brand

Brands	For the six months ended September 30,		2022		Change
	2023	% of	2022	% of	
	RMB	diversified	RMB	diversified	
	million	apparels	million	apparels	
		business		business	
		revenue		revenue	
Sameite	85.1	88.3%	76.2	86.8%	11.7%
Other brands and others	11.3	11.7%	11.6	13.2%	-2.2%
Total revenue from diversified apparels business	96.4	100.0%	87.8	100.0%	9.8%

Revenue from diversified apparels business by sales category

Sales categories	For the six months ended September 30,		2022		Change
	2023	% of	2022	% of	
	RMB	diversified	RMB	diversified	
	million	apparels	million	apparels	
		business		business	
		revenue		revenue	
Self-operated	85.1	88.3%	69.6	79.3%	22.3%
Wholesale	10.3	10.7%	16.3	18.5%	-36.8%
Others*	1.0	1.0%	1.9	2.2%	-47.4%
Total revenue from diversified apparels business	96.4	100.0%	87.8	100.0%	9.8%

* Represents rental income

School uniforms business – Sameite

In the first half of FY2023/24, the school uniforms 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.

In the first half of FY2023/24, in terms of brand building, the Sameite brand focused on user services, iteratively upgraded the online/offline integrated micro-mall user experience, and enhanced the brand visual presentation. In terms of channel upgrading, firstly, the Sameite brand strove for the core benchmarking school share by establishing the core benchmarking direct sales areas, and consolidated the business mix; secondly, the Sameite brand increased its regional market coverage by creating the benchmarking regional agents. In terms of product development, the Sameite brand continued to consolidate its advantage as an established producer and provider of warm clothing in the category of winter school uniforms to build the brand label of Sameite, and ensured the continuous upgrading of product mix by undertaking projects of high-end private school uniforms.

In the first half of FY2023/24, the Sameite brand won the titles of Top 10 China School Uniform Enterprises (中國校服十強企業), Top 50 China Business Wear, the Special Award in the 2023 China School Uniform Design Competition in terms of primary school uniform collections (2023 中國校服設計大賽之小學生制式系列特等獎), the first award in terms of primary school sports collection, the first award in terms of middle school uniform collections, and the second award in terms of middle school sports collections. In addition, the Sameite brand won the titles of the National Quality Leading Brand of School Uniform Industry, the National Product and Service Quality Integrity Model Enterprise, and is 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.

In the first half of FY2023/24, the revenue for the school uniforms business of the Sameite brand amounted to approximately RMB85.1 million, representing an increase of 11.7% as compared to that of the same period of last 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. In the first half of FY2023/24, 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 uniforms business during the previous financial year.

ONLINE SALES

Online sales channels have been a key focus of the Group for vigorous development. Since the Group's strategic transformation in 2018, it has continued to show the trend of high-quality growth. The Group focused on enhancing the capabilities and operational efficiency of its online platforms through the strategies such as emphasizing core product categories, aggregating brand campaigns, and refining operations.

In terms of brand building, by emphasizing core product categories, the Group excelled in platform category rankings through functional design, product advantages, and fashionable styles. Through aggregating brand campaigns, the Group integrated platform resources and amplified campaign volume through tactics like new product launches, celebrity fashion shows, and IP collaborations. Additionally, the Group received positive market feedback by strengthening the member experience and effectively expanding customer base through member festival activities.

In terms of membership operation, on the one hand, the Group continued to expand its customer base in an effective way, enhance the member experience and increase the volume of members and fans through significant events and platform-IP synergies; on the other hand, the Group attaches great importance to membership management, and aims to improve the scale of member contribution through various operational methods such as private domain link optimization, differentiated rights and crowd tag layering, as well as the operation mode of targeted communication based on the activity cycle.

During the expansion of the emerging platforms, the Group always adheres to the development of online platforms to keep pace with the times, mainly including the development on the emerging platforms such as Douyin. In terms of brand building, in the first half of FY2023/24, the Group integrated resources from the popular events on Douyin, a platform that combines brand and sales promotion, to support the sales of sun-protective clothing; in addition, the Group incorporated resources from Douyin on new product launch day to focus on the promotion of lightweight and thin down jackets brands, so both of the two categories experienced rapid and high-quality growth. In terms of content innovation, the Group centered its content creation around the brand positioning of being "world's leading expert in down apparel" in line with the professional, technological, and fashionable attributes of products and brands. In terms of store operations, the Group continued to consolidate its single stores by categorizing them into and operating sub-category stores and regional Top Stores. This approach resulted in the formation of a "rocket-type" channel matrix, with the official flagship store as the bellwether and the sub-category stores and regional Top Stores as cornerstones. As of September 30, 2023, more than 90% of the Bosideng brand's revenue from Douyin was generated from live broadcasts.

In the first half of FY2023/24, the revenue from the total online sales of the Group's brands was RMB1,133.3 million, representing a year-on-year increase of 23.8%. The revenue from the online sales of the branded down apparel business and ladieswear business were approximately RMB1,088.4 million and RMB44.9 million, respectively, accounting for 22.0 % and 11.4 % of the revenue of the branded down apparel business and ladieswear business, respectively. By sales categories, the revenue from the self-operated and wholesale businesses through online sales amounted to approximately RMB685.5 million and RMB447.8 million, respectively.

OPERATION OF JOINT VENTURES AND ASSOCIATES

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 Ventures**”). Up to now, the Joint Ventures are granted the exclusive right to sell and distribute apparel under BOGNER and FIRE+ICE (the “**Brands**”) in Mainland China, Hong Kong, China, Macau, China and Taiwan, China (the “**Greater China Region**”), as well as the trademark ownership and intellectual property rights of the Brands in the Greater China Region.

As of September 30, 2023, the Joint Ventures actively expanded their business in Greater China Region. In terms of brand building, the Group increased exposure by collaborating with celebrities and key opinion leaders (KOLs), and interacted with consumers with focus on core online platforms and key promotional products. In terms of product promotion, in the first half of FY2023/24, the Group successively launched urban, sports, and Wanderlust travel capsule collections, while also increasing the business module of out-of-season incremental products. In terms of channel development, the Group continued to gradually penetrate its brands into the high-end target market in China by establishing a presence in high-end shopping centers in key cities such as Beijing and Shanghai, as well as through the establishment of flagship stores on Tmall.

In addition, in order to further expand overseas production capacity and strengthen the integration of upstream resources, the Group also established associates with two Vietnam factories and a raw material supplier in the PRC.

In the first half of FY2023/24, the Group recorded a net loss attributable to the corresponding proportion of the Joint Ventures and associates of RMB11.9 million.

GROSS PROFIT

The gross profit of the Group increased by 20.9% to RMB3,733.5 million in the first half of FY2023/24 from approximately RMB3,089.1 million in the same period of last year.

Gross profit margin of the branded down apparel business decreased by 2.4 percentage points to 61.2%, mainly because in the first half of FY2023/24, the revenue growth of Bosideng’s sun-protective clothing outpaced that of its down jackets, but the former has slightly lower gross profit margins. Accordingly, this adjustment in product mix led to a decrease in the gross profit margin of the branded down apparel business segment. In terms of the OEM management business, the gross profit margin of such segment flattened year on year to 20.4% through an effective cost management and the benefit from the exchange rate changes. In terms of ladieswear business, the adjustments in product mix and effective discount management led to an increase in the gross profit margin by 1.5 percentage points to 67.7% as compared to the same period of last year.

Although the gross profit margin of the branded down apparel business segment decreased due to the impact of the mix of the sold products in the first half of this financial year, the overall gross profit margin of the Group flattened at approximately 50.0% as compared with that in the same period of last year because its revenue growth in the first half of FY2023/24 was higher than other business segments as it remained the Group’s largest business segment, with an increase in contribution to revenue and gross profit, and moreover, the gross profit margin of the branded down apparel business segment was higher than that of the OEM management business and diversified apparels business.

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

Brands	For the six months ended		Change (Percentage points)
	September 30, 2023	2022	
Bosideng	65.4%	66.5%	-1.1
Snow Flying	44.1%	46.4%	-2.3
Bengen	26.7%	25.8%	+0.9
Branded down apparels business	61.2%	63.6%	-2.4
OEM Management Business	20.4%	20.4%	–
JESSIE	66.5%	64.6%	+1.9
BUOU BUOU	61.2%	65.6%	-4.4
KOREANO and KLOVA	73.3%	67.8%	+5.5
Ladieswear Business	67.7%	66.2%	+1.5
Diversified apparels business	26.3%	26.9%	-0.6
The Group	50.0%	50.0%	–

OPERATING PROFIT

In the first half of FY2023/24, the Group's operating profit increased steadily by 30.2% to approximately RMB1,231.0 million. The operating profit margin was 16.5%. The increase in operating profit was mainly due to the Group's focus on the efficiency in the utilization of operating and administrative expenses while achieving steady revenue growth. Additionally, despite some upfront sales and distribution expenses in the first half of this financial year, the Group also increased efforts in the control of such expenses. Furthermore, due to the sound development of the ladieswear business segment in the first half of FY2023/24, there had been no goodwill impairments. As a result, the Group's operational efficiency improved.

DISTRIBUTION EXPENSES

In the first half of FY2023/24, the Group's distribution expenses, mainly comprising of advertising and promotion expenses, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB2,029.9 million, representing an increase of 25.1% as compared to approximately RMB1,623.1 million of the same period of last year. The distribution expenses as a percentage of the Group's total revenue increased by 0.9 percentage points to 27.2% from 26.3% of the same period of last year. The percentage of distribution expenses in the Group's total revenue increased mainly because the Group carried out brand building activities and store refurbishment works in the first half of FY2023/24 in response to the post-pandemic market changes and development needs in the peak season of this financial year, and such expenses increased as compared with that of the same period of last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses, mainly comprising of salary and welfare, amortization of fees for share options, depreciation and consultancy expenses, amounted to approximately RMB582.5 million in the first half of FY2023/24, representing an increase of 10.9% as compared to approximately RMB525.1 million of the same period of last year. Administrative expenses as a percentage of the Group's total revenue decreased to 7.8% from 8.5% in the same period last year, mainly because the Group has refined the management of the mandatory binding of employee assessments and incentives, and certain of the option incentives resulted in a lower amortization of option fee in the first half of FY2023/24 due to the failure to meet the assessment targets.

FINANCE INCOME

The Group's finance income decreased by 3.4% to approximately RMB178.0 million in the first half of FY2023/24 from approximately RMB184.2 million of the same period of last year, mainly due to the decrease in the income from wealth management products in this half financial year.

FINANCE COST

In the first half of FY2023/24, the Group's finance expense decreased to approximately RMB96.5 million, representing a decrease of 16.1% as compared to that of the same period of last year. The decrease in finance cost was mainly due to the decrease in the bank charges and interest on interest-bearing borrowings and discounted bills in the first half of FY2023/24.

TAXATION

In the first half of FY2023/24, the income tax expenses increased from approximately RMB282.7 million to approximately RMB384.3 million, and the effective tax rate was approximately 29.6%, representing an increase of 1.5 percentage points compared to the same period last year.

DIVIDENDS

The Board recommended the payment of an interim dividend of HKD5.0 cents (equivalent to approximately RMB4.6 cents) per ordinary share for the six months ended September 30, 2023. The proposed dividend will be paid on or around January 11, 2024 to shareholders whose names appear on the register of members of the Company on December 19, 2023.

LIQUIDITY AND FINANCIAL RESOURCES

In the first half of FY2023/24, the Group's net cash used in operating activities amounted to approximately RMB585.5 million, net cash generated from investing activities amounted to approximately RMB1,161.2 million and net cash used in financing activities amounted to approximately RMB1,458.1 million. Cash and cash equivalents as at September 30, 2023 amounted to approximately RMB2,807.8 million.

As at September 30, 2023, the distribution of cash and cash equivalents by currency was as follows:

	<i>RMB'000</i>
RMB	2,508,151
US dollar	198,383
Pound sterling	2,367
Hong Kong dollar	95,324
Japanese yen	3,583
European euro	18
Total	<u>2,807,826</u>

In order to obtain reasonable returns on the Group's available cash reserves, the Group appropriately increased the amounts placed in time deposits in order to obtain stable returns against the background of the sustainable downward deposit interest rates of 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 invested in the first half of 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 investments at medium and low risks with banks and other financial institutions in the PRC. The guaranteed returns of capital guaranteed short-term investments with banks was 1.65%. Other financial securities refer to trading stocks held by Shuo Ming De Investment Co., Ltd. ("**Shuo Ming De Investment**"). Shuo Ming De Investment invested approximately RMB224,921,000 in February 2018 to subscribe for 12,184,230 shares of Jinhong Fashion Group Co., Ltd. (a company listed in Shanghai Stock Exchange with stock code: 603518) ("**Jinhong Group**") through a private placement at a subscription price of RMB18.46 per share. Due to the bonus issue of shares by Jinhong Group in May 2019, the number of shares held by Shuo Ming De Investment increased to 17,057,922, and the investment cost was adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share, and the current shareholding held by it in Jinhong Group is less than 5%.

As at September 30, 2023, the bank borrowings of the Group amounted to approximately RMB918.4 million (March 31, 2023: RMB770.4 million) and the carrying amount of liability component of the convertible bonds was approximately RMB1,707.3 million (March 31, 2023: approximately RMB1,608.0 million). The gearing ratio (being total borrowings/total equity) of the Group was 21.6% (March 31, 2023: 18.9%).

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

As of September 30, 2023, the two international authoritative credit rating institutions, Moody's Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") continued to award the Group long-term credit ratings of "Baa3 (stable outlook)" and "BBB- (stable outlook)", respectively.

Sustainable development

In active response to China's important strategies of high-quality development, common prosperity and "carbon peaking and carbon neutrality" goal, the Group has calmly coped with various uncertain and unpredictable factors and changes in the market landscape, and comprehensively integrated the concepts of environmental, social and corporate governance ("ESG") into its operations and management to promote sustainable and high-quality development.

Our ESG performance highly recognized by international authority MSCI, maintaining an A rating

On August 25, 2023, Morgan Stanley Capital International ("MSCI") issued an ESG rating report, in which the Group's MSCI ESG rating was maintained at A rating, leading the textile and apparel industry in China.

In terms of the establishment and improvement of the ESG system, the Group has established a three-tier ESG interconnected management structure since 2021 at the decision-making, management and execution levels to ensure the effective implementation of the ESG objectives, supervise the performance in a timely manner and assess the new risks and opportunities in the field of sustainable development. In terms of ESG important issues management, the Group has made in-depth analysis and active search for new breakthroughs in sustainable development and value points to feed the industrial value chain based on the trend of the times and the needs of various stakeholders, focusing on 22 topics, such as building new business forms and creating new experiences for consumers, enhancing product innovation, building a robust and green supply chain, strengthening national brands, and boosting cultural self-confidence, etc. With our long-term and persistent efforts, the Group is highly recognized by MSCI, an authoritative international rating agency, for its ESG performance.

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

In the first half of FY2023/24, the Group had no other significant investments held, nor had any material acquisitions or disposals of subsidiaries, associates or joint ventures. There were also no other material investments or capital assets acquisitions authorized by the Board as at September 30, 2023.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at September 30, 2023.

COMMITMENTS

As at September 30, 2023, the Group had outstanding commitments in respect of plant, property and equipment, equity investments and advertising and promotional expenses amounting to approximately RMB238.1 million (March 31, 2023: approximately RMB167.6 million).

PLEDGE OF ASSETS

As at September 30, 2023, bank deposits amounting to approximately RMB1,260.4 million had been pledged to banks as security for the issuance of bills payable (March 31, 2023: approximately RMB1,028.2 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES

As of September 30, 2023, the Group had 11,929 full-time employees (March 31, 2023: 12,183 full-time employees), representing a year-on-year decrease of 254 employees. Staff costs for the six months ended September 30, 2023 (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB780.3 million (for the same period of last financial year: approximately RMB719.7 million).

Based on the strategic deployment of the Group to become the "world's leading expert in down apparel", the Group focuses on the value creation that customers explicitly perceive, linking the Group's strategic core capabilities. Based on the present and looking to the future, the Group continues to strengthen the identification and development of strategic key employees and actively builds up the new generation of young talents. As college students are cornerstones of internal talent generation channel of the Group, maintaining sufficient high-quality reserve college students is the key part and basic guarantee for building an internal talent generation channel of the Group. The 2024 campus recruitment was carried out under three programs, namely the Millions Annual Salary Plan, Young Eagle Plan and Zero Run Action, and ensured employment of high-quality graduates by initiatives such as the "High Energy Cup" campus innovation design competition and university-enterprise cooperation, aiming at attracting outstanding graduates from target universities with cultural and character traits that align with the Group, continuously building and consolidating the image of the Group as the first employer brand for textile and garment colleges, and expanding the influence of the Bosideng's employer brand.

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 those non-local university graduates, professional technicians and management staff who did not have place of residence in Changshu once they were employed by the Group.

CORPORATE CULTURE

The Group attaches great importance to the construction and inheritance of corporate culture. We firmly believe that culture is the foundation for the Group to realize the development goal of "creating a 100-year brand, building a 100-year enterprise", the Group's core impetus for leading development and sustainability, the gene and essence of the corporation and brand in the entrepreneurial process, the soul and bloodline that run through the development of the corporation, and the driving force, philosophical pillar and guiding direction of development. In the course of the development of the Group, the excellent corporate culture with Bosideng's characteristics has been condensed, and a large number of key talents and outstanding backbones with Bosideng genes have emerged. It is precisely because of the strong cultural traction that the Group has successfully completed the previous strategic transformation and laid the foundation for future strategic implementation.

The Group advocates the practice of corporate culture, and focuses on the strategic core tasks and organizes a series of activities such as explaining case studies for excellence, fostering model employees and learning from the organizational experience and cultural development, to form a closed loop from "cultural concept identification to cultural connotation comprehension to cultural behavior penetration and ultimately to action implementation for value results", to create the spirit of "user-first orientation, open and innovative cultural soil, evaluation and incentives of value results, benchmarking demonstration for cadres role models, and unyielding pursuit of excellence", and to form 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 who are the "first resources" of enterprises. After years of accumulation, the Group has established a scientific system for talent training. From strategic interpretation, business path analysis, organizational structure inventory, job classification, to clear organization and personnel capabilities, the competence standards, evaluation standards, evaluation process and other aspects involved in the talent training process have been subject to multiple rounds of iterations to adapt to strategic implementation. On the one hand, the Group insists on introducing leading talents from outside to match market changes, lead industry development, and establish leading advantages. On the other hand, the Group will also continue to develop an outstanding management team with operation abilities, professionals, experts, retail talents and strategic reserve talents internally so as to develop talent echelon, stimulate organizational vitality, and guarantee the realization of strategic objectives.

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. In this regard, the Group continues to upgrade the talent mix of its design team by actively introducing outstanding talents while focusing on breakthrough and upgrading of core design capabilities, and integrating internal and external quality resources to enhance the team's design vision and capability. In addition, the Group constantly recruits outstanding fresh graduates to join the design team and enable the team to remain vigorous and to produce refreshing products continuously.

Stores are the key fields for customers to explicitly perceive value. Therefore, the Group clarifies a retail model with stores at the core in its past and future strategic deployment and development, and establishes a retail talent cultivation mechanism and continuously strengthens store talent development by setting clear leading talent profiles as the high benchmarking standards in order to create a younger store team with strong learning ability, continuously improve business skills and provide customers with quality experiences and services. In addition, to better consolidate the operation of single stores, the Group particularly strengthens the cultivation of retail departments and personnel. Currently, the Group has planned the capacity building for retail operation, commodity management, display operation, regional manager and other positions, invested resources in enhancing the operation ability of in-service management staff of the retail company, so as to integrate the supply chain for retail talents and constantly provide retail talent echelon with a better understanding of customers and operations.

The strategic reserve for talents is highlighted based on the Group's three-year strategic business plan. The "Eagle" talent training is a talent strategy project of the Group to build the internal talent echelon, which aims to build a management team of the Bosideng Group with unified cultural value and Bosideng leadership. This talent training project covers university students, reserve managers/directors and reserve retail general managers. Through a series of project practice and cumulation, the Group has established a comprehensive training and development system for reserve management personnel. With nearly 4 years of efforts, the Group has developed an entire chain from strategic capability undertaking, talent selection, talent training, talent evaluation to talent development with established professional systems including organizational and talent identification, position rank and talent evaluation standards and courseware resources building to provide professional support for talent development.

So far, the "Eagle" project has cultivated 736 outstanding university students, 112 excellent reserve managers, 37 excellent reserve directors, and 18 excellent retail company general managers, which provides strategic talents for the Group and lays a solid foundation for the achievement of the strategic goal of becoming the "world's leading expert in down apparel".

OUTLOOK

The 20th National Congress of the Communist Party of China (the "CPC") opened a new journey to advance the rejuvenation of the Chinese nation on all fronts through a Chinese path to modernization. High-quality development is the top priority in building China into a modern socialist country in all respects. Focusing on the new positioning of science and technology, fashion, green industry, Chinese textile and apparel brands have firmly grasped the consumption upgrade, accelerated the return to the essence of the industry, and vigorously promoted high-quality development.

As a leading enterprise in the industry, the Group will, based on people's new needs and expectations for a better life, uphold the original development intention of "Warming the World", firmly adhere to the strategic vision of "being the most respectable and fashionable functional apparel group around the world", anchor the strategic direction of "focusing on its principal business and key brands", set its foot on the right path of realizing breakthrough and high-quality development of brands, build the core capabilities of ensuring stable operation across cycles, and innovate the value co-existence, co-creation and sharing mechanism, so as to write a new chapter of "World Down Apparel, China Bosideng, New Trend Leadership".

Down apparel business: The Group will focus on the main brand of Bosideng to consolidate its brand position as "the world's leading expert in down apparel", drive its own development with professionalism and brand awareness, and evolve from a market leader by sales volume into a globally leading brand in overall strength. In addition, we will make an overall deployment in the cost-effective down jacket market, and create a brand matrix and expand market share through concerted efforts of Snow Flying and Bengen, so as to stabilize the basic market and consolidate the core competitiveness of the main business of down jackets.

In terms of branding, we will delve into consumer mental resources and improve consumer perception by optimizing the content and methods of communication, and upgrade the membership operation to realize the integration of brands and sales. In terms of products, we will integrate business planning, commodity planning and product planning to improve our product operation capability, enhance our R&D innovation and original design capability through the research and exploration of classic and innovative models, so as to realize the optimization of product structure and category innovation. In terms of retail, we will, with customers as the center, strive to "improve the quality and efficiency of single store operation", establish a branch store operation model, and optimize direct sales management and franchise management, so as to achieve high-quality operation of retail in the whole region.

OEM management business: We are committed to becoming an OEM/ODM expert for mid-end and high-end international branded functional apparel, and providing high value-added products and services to our customers. On the one hand, we will deepen the good and stable cooperation with existing core customers, develop new customer resources, consolidate the core ability to serve customers, explore the potential of the existing businesses and make breakthroughs in incremental businesses, and improve the quality of operation and profitability. On the other hand, we will enhance the deployment of production resources overseas, fully integrating high-quality production resources to improve our delivery capacity and delivery quality.

Fashionable ladieswear business: The Group pays attention to the future development of ladieswear business. On the one hand, we will establish a special working group at the Group level, empowering the operation and management of ladieswear business and business exploration. On the other hand, at the level of all ladieswear brands, we will attach greater importance to improve brand culture connotation and value publicity, strengthen the product R&D and innovation, focus on the increase in the efficiency of the model stores in key regions and continue to drive the digital transformation and upgrading, including the multidimensional systematic upgrading and construction of brands, products, channels and operations, with a view to promoting both the operation capacity and operating efficiency of the ladieswear business segment.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 19, 2023 to December 21, 2023, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 11, 2024, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on December 18, 2023.

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

The Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities during the six months ended September 30, 2023.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Directors are of the opinion that the Company had complied with the code provisions of the Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2023, except for code provision C.2.1 of the Code, which provides that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

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

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

This announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://company.bosideng.com>). The interim report for the six months ended September 30, 2023 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, November 27, 2023

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