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, 2019

HIGHLIGHTS

- Revenue increased by 28.8% to approximately RMB4,436.3 million.
- Gross profit margin increased by 1.2 percentage points to 43.5%.
- Operating profit margin increased by 0.5 percentage point to 10.8%.
- Profit attributable to equity shareholders of the Company increased by 36.4% to approximately RMB342.7 million.
- The Board declared payment of an interim dividend of HKD3.0 cents per ordinary share.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Bosideng International Holdings Limited (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended September 30, 2019, together with the unaudited comparative figures for the corresponding period in 2018. These interim financial statements have not been audited, but have been reviewed by the auditors, KPMG, and the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2019 – unaudited

	Note	**Six months ended September 30, 2019** *RMB'000*	Six months ended September 30, 2018 *RMB'000* (Note)
Revenue	*4*	**4,436,283**	3,444,181
Cost of sales		**(2,506,671)**	(1,988,776)
Gross profit		**1,929,612**	1,455,405
Other income	*5*	**50,885**	23,429
Selling and distribution expenses		**(1,119,010)**	(790,174)
Administrative expenses		**(335,755)**	(333,697)
Impairment loss on intangible assets and goodwill		**(48,000)**	–
Other expenses		**(10)**	(31)
Profit from operations		**477,722**	354,932
Finance income		**109,333**	121,589
Finance costs		**(100,814)**	(115,850)
Net finance income	*7*	**8,519**	5,739
Profit before taxation		**486,241**	360,671
Income tax expense	*8*	**(125,772)**	(102,237)
Profit for the period		**360,469**	258,434

	Six months ended September 30, 2019 *RMB'000*	Six months ended September 30, 2018 *RMB'000* (Note)
Other comprehensive income for the period:		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	**(61,463)**	(49,874)
	(61,463)	(49,874)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	**(29,932)**	(60,496)
Other financial assets: net movement in fair value reserve (recycling)	**11,332**	(15,938)
	(18,600)	(76,434)
Other comprehensive income for the period, net of tax	**(80,063)**	(126,308)
Total comprehensive income for the period	**280,406**	132,126

	Note	**Six months ended September 30, 2019** *RMB'000*	Six months ended September 30, 2018 *RMB'000* (Note)
Profit attributable to:			
Equity shareholders of the Company		**342,664**	251,164
Non-controlling interests		**17,805**	7,270
Profit for the period		**360,469**	258,434
Total comprehensive income attributable to:			
Equity shareholders of the Company		**262,601**	125,123
Non-controlling interests		**17,805**	7,003
Total comprehensive income for the period		**280,406**	132,126
Earnings per share	*9*		
– basic (RMB cents)		**3.23**	2.38
– diluted (RMB cents)		**3.19**	2.36

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At September 30, 2019 – unaudited

	Note	**At September 30, 2019** *RMB'000*	At March 31, 2019 *RMB'000* (Note)
Non-current assets			
Property, plant and equipment		**1,169,147**	1,023,660
Right-of-use assets		**486,005**	–
Lease prepayments		**–**	51,284
Intangible assets and goodwill	*10*	**1,725,533**	1,800,259
Investment properties		**273,112**	285,380
Other financial assets	*14*	**125,546**	207,497
Deferred tax assets		**610,482**	576,467
		4,389,825	3,944,547
Current assets			
Inventories	*11*	**2,773,375**	1,931,130
Trade and bills receivables	*12*	**3,127,201**	1,035,042
Deposits, prepayments and other receivables	*13*	**1,670,862**	919,887
Receivables due from related parties		**348,004**	178,843
Other financial assets	*14*	**2,141,047**	4,416,750
Pledged bank deposits		**470,431**	679,336
Time deposits with maturity over three months		**34,500**	222,902
Cash and cash equivalents		**1,391,220**	1,754,267
		11,956,640	11,138,157
Current liabilities			
Current income tax liabilities		**369,139**	462,551
Interest-bearing borrowings		**2,318,261**	1,627,720
Lease Liabilities		**129,907**	–
Trade and other payables	*15*	**3,169,836**	2,699,661
Payables due to related parties		**22,207**	3,638
Derivative financial liabilities	*16*	**2,289**	2,289
		6,011,639	4,795,859
Net current assets		**5,945,001**	6,342,298
Total assets less current liabilities		**10,334,826**	10,286,845

	At September 30, 2019 *RMB'000*	At March 31, 2019 *RMB'000* (Note)
Non-current liabilities		
Deferred tax liabilities	**152,273**	173,353
Lease liabilities	**277,973**	–
Non-current other payables	**3,958**	4,606
	434,204	177,959
Net assets	**9,900,622**	10,108,886
Capital and reserves		
Share capital	**809**	803
Reserves	**9,671,590**	9,898,398
Equity attributable to equity shareholders of the Company	**9,672,399**	9,899,201
Non-controlling interests	**228,223**	209,685
Total equity	**9,900,622**	10,108,886

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 (the "**Listing Date**").

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 of Hong Kong Limited (the "**Listing Rules**"), including compliance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorized for issue on November 28, 2019.

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, 2019, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending March 31, 2020. 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 understanding of the changes in the financial position and performance of the Group since the annual financial statements for the year ended March 31, 2019. 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, 2019 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, 2019 are available in the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 26, 2019.

3 CHANGES IN ACCOUNTING POLICIES

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

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

IFRS 16, *Leases*

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

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

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

(a) Changes in the accounting policies

(i) New definition of a lease

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

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after April 1, 2019. For contracts entered into before April 1, 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalize all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalized leases are primarily in relation to property, plant and equipment.

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

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

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

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

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

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

(c) Transitional impact

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

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

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

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

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

The following table reconciles the operating lease commitments as at March 31, 2019 to the opening balance for lease liabilities recognized as at April 1, 2019:

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

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

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

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

	Carrying amount at March 31, 2019 *RMB'000*	**Capitalization of operating lease contracts** *RMB'000*	**Carrying amount at April 1, 2019** *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Lease prepayments	51,284	(51,284)	–
Right-of-use assets	–	287,079	287,079
Deferred tax assets	576,467	2,218	578,685
Total non-current assets	**3,944,547**	**238,013**	**4,182,560**
Deposits, prepayments and other receivables	919,887	(22,067)	897,820
Total current assets	**11,138,157**	**(22,067)**	**11,116,090**
Lease liabilities (current)	–	81,375	81,375
Current liabilities	**4,795,859**	**81,375**	**4,877,234**
Net current assets	**6,342,298**	**(103,442)**	**6,238,856**
Total assets less current liabilities	**10,286,845**	**134,571**	**10,421,416**
Lease liabilities (non-current)	–	141,227	141,227
Total non-current liabilities	**177,959**	**141,227**	**319,186**
Net assets	**10,108,886**	**(6,656)**	**10,102,230**
Reserves	9,898,398	(6,632)	9,891,766
Equity attributable to equity shareholders of the Company	9,899,201	(6,632)	9,892,569
Non-controlling interests	209,685	(24)	209,661
Total Equity	**10,108,886**	**(6,656)**	**10,102,230**

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At September 30, 2019		At April 1, 2019	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	**Present value of the minimum lease payments** *RMB'000*	**Total minimum lease payments** *RMB'000*
Within 1 year	129,907	148,371	81,375	90,254
After 1 year but within 2 years	140,545	149,874	81,263	85,779
After 2 years but within 5 years	130,495	137,686	59,964	61,797
After 5 years	6,933	7,077	–	–
	277,973	294,637	141,227	147,576
	407,880	443,008	222,602	237,830
Less: total future interest expenses		(35,128)		(15,228)
Present value of lease liabilities		407,880		222,602

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

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

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalized leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result and cash flows for the six months ended September 30, 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognized under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

			2019		2018
	Amounts reported under IFRS 16	**Add back: IFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under IAS 17** *(note i)*	**Hypothetical amounts for six months ended September 30, 2019 as if under IAS 17**	Compared to amounts reported for six months ended September 30, 2018 under IAS 17
	(A)	**(B)**	**(C)**	**(D=A+B-C)**	
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*
Financial result for the six months ended September 30, 2019 impacted by the adoption of IFRS 16:					
Profit from operations	477,722	78,848	(85,010)	471,560	354,932
Finance costs	(100,814)	8,537	–	(92,277)	(115,850)
Profit before taxation	486,241	87,385	(85,010)	488,616	360,671
Income tax expense	(125,772)	–	(594)	(126,366)	(102,237)
Profit for the period	360,469	87,385	(85,604)	362,250	258,434

		2019		2018
	Amounts reported under IFRS 16	**Estimated amounts related to operating leases as if under IAS 17** *(notes i & ii)*	**Hypothetical amounts for six months ended September 30, 2019 as if under IAS 17**	Compared to amounts reported for six months ended September 30, 2018 under IAS 17
	(A)	**(B)**	**(C=A+B)**	
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*
Line items in the condensed consolidated cash flow statement for the six months ended September 30, 2019 impacted by the adoption of IFRS 16:				
Cash used in operations	(2,639,131)	(85,010)	(2,724,141)	(1,752,528)
Net cash used in operating activities	(2,857,124)	(85,010)	(2,942,134)	(1,890,347)
Capital element of lease rentals paid	(76,473)	76,473	–	–
Interest element of lease rentals paid	(8,537)	8,537	–	–
Net cash generated from/(used in) financing activities	129,067	85,010	214,077	(484,956)

(i) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows during the six months ended September 30, 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied during the six months ended September 30, 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into during the six months ended September 30, 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied during the six months ended September 30, 2019. Any potential net tax effect is ignored.

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

4 REVENUE AND SEGMENT INFORMATION

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

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

(a) Disaggregation of revenue

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

	For the six months ended September 30,	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products service lines		
– Sales of apparels	**4,430,786**	3,435,511
Revenue from other sources		
Gross rentals from investment properties	**5,497**	8,670
Consolidated revenue	**4,436,283**	3,444,181

(b) Segment results

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

	For the six months ended September 30, 2019				
	Down apparels	**OEM management**	**Ladieswear apparels**	**Diversified apparels**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Disaggregated by timing of revenue recognition					
Point in time	**2,532,984**	**1,348,837**	**505,903**	**48,559**	**4,436,283**
Revenue from external customers	**2,532,984**	**1,348,837**	**505,903**	**48,559**	**4,436,283**
Inter-segment revenue	**–**	**24,765**	**–**	**107,164**	**131,929**
Reportable segment revenue	**2,532,984**	**1,373,602**	**505,903**	**155,723**	**4,568,212**
Reportable segment profit	**307,444**	**165,085**	**56,777**	**68,238**	**597,544**
Amortization of intangible assets	**–**	**–**	**(26,726)**	**–**	**(26,726)**
Impairment losses on intangible assets and goodwill	**–**	**–**	**(48,000)**	**–**	**(48,000)**

	For the six months ended September 30, 2018				
	Down apparels	OEM management	Ladieswear apparels	Diversified apparels	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note)	(Note)	(Note)	(Note)	(Note)
Disaggregated by timing of revenue recognition					
Point in time	1,772,467	1,106,945	538,794	25,975	3,444,181
Revenue from external customers	1,772,467	1,106,945	538,794	25,975	3,444,181
Inter-segment revenue	255	133	–	8,409	8,797
Reportable segment revenue	1,772,722	1,107,078	538,794	34,384	3,452,978
Reportable segment profit/(loss)	321,413	151,394	72,063	(101,735)	443,135
Amortization of intangible assets	–	–	(26,731)	–	(26,731)

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

(c) Reconciliations of reportable segment revenue and profit or loss

	For the six months ended September 30,	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
Revenue		
Reportable segment revenue	**4,568,212**	3,452,978
Elimination of inter-segment revenue	**(131,929)**	(8,797)
Consolidated revenue	**4,436,283**	3,444,181

	For the six months ended September 30,	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
Profit before income tax		
Reportable segment profit	**597,544**	443,135
Amortization expenses of intangible assets	**(26,726)**	(26,731)
Government grants	**36,224**	23,429
Impairment losses of goodwill	**(48,000)**	–
Unallocated expenses	**(81,320)**	(84,901)
Finance income	**109,333**	121,589
Finance costs	**(100,814)**	(115,850)
Consolidated profit before taxation	**486,241**	360,671

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

5 OTHER INCOME

	For the six months ended September 30,	
	2019	2018
	RMB'000	*RMB'000*
Royalty income (i)	**14,661**	–
Government grants (ii)	**36,224**	23,429
Other income	**50,885**	23,429

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

(ii) The Group received unconditional discretionary grants amounting to RMB36,224,000 during the six months ended September 30, 2019 (six months ended September 30, 2018: RMB23,429,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

6 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,	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
Cost of inventories recognized as expenses included in cost of sales	**2,506,671**	1,988,776
Depreciation charge		
– assets leased out	**2,740**	3,200
– owned property, plant and equipment	**150,773**	56,390
– right of use assets	**80,253**	–
Amortization charge		
– intangible assets	**26,726**	26,731
– lease prepayments	**–**	1,405
Impairment loss of goodwill	**48,000**	–
Lease charge of short-term leases exempt from capitalization under IFRS 16	**18,364**	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17	**–**	70,885
Variable lease payments	**190,608**	187,979
Provision for impairment of bad and doubtful debts	**18,913**	5,326

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

7 NET FINANCE INCOME

	For the six months ended September 30,	
	2019	2018
	RMB'000	*RMB'000*
Recognized in profit or loss:		
Interest income on bank deposits	**11,874**	10,168
Interest income on financial assets measured at amortized cost	**52,627**	64,717
Interest income on debt instruments classified as FVOCI (recycling)	**11,869**	23,364
Total interest income on financial assets not at fair value through profit or loss	**76,370**	98,249
Realized/unrealized net gain in financial assets classified as FVPL	**26,970**	3,523
Net foreign exchange gain	**5,993**	19,817
Finance income	**109,333**	121,589
Interest on interest-bearing borrowings	**(29,276)**	(37,112)
Disposal loss of debt instruments classified as FVOCI (recycling)	**(57,471)**	(66,449)
Bank charges	**(5,530)**	(5,309)
Interest expenses on lease liabilities	**(8,537)**	–
Net loss on forward exchange contracts	**–**	(6,980)
Finance costs	**(100,814)**	(115,850)
Net finance income recognized in profit or loss	**8,519**	5,739

8 INCOME TAX EXPENSE

Income tax in profit or loss represents:

	For the six months ended September 30,	
	2019	2018
	RMB'000	*RMB'000*
Current tax expenses		
Provision for income tax	**158,161**	182,410
Deferred tax benefit		
Origination of temporary differences	**(32,389)**	(80,173)
	125,772	102,237

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

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

(iii) The provision includes provision for PRC income tax and provision for HK income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate of 16.5% on the estimated assessable Hong Kong profits for the period (six months ended September 30, 2018: 16.5%).

For the six months ended September 30, 2019, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd. ("**Bosideng Information**"), a software enterprise in the PRC, and Jiangsu Bosideng Supply Chain Co., Ltd. ("**Bosideng Supply Chain**"), an enterprise in the PRC which provides services of purchase, production planning, order management, storage and logistics management, and client service to group companies, which were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2016. Bosideng Information and Bosideng Supply Chain are currently in the process of applying for the renewal of high-tech enterprise certificates.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB342,664,000 (six months ended September 30, 2018: RMB251,164,000) and the weighted average number of ordinary shares of 10,621,882,000 (six months ended September 30, 2018: 10,560,092,000 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB342,664,000 (six months ended September 30, 2018: RMB251,164,000) and the weighted average number of ordinary shares of 10,746,896,000 (six months ended September 30, 2018: 10,654,129,000), after adjusting for the effect of the Company's share-based payment arrangements. The potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group was anti-dilutive.

10 INTANGIBLE ASSETS AND GOODWILL

	Goodwill *RMB'000*	**Customer relationships** *RMB'000*	**Trademarks** *RMB'000*	**Total** *RMB'000*
Cost:				
At March 31, 2019 and September 30, 2019	1,708,151	648,822	633,795	2,990,768
Amortization and impairment loss:				
At March 31, 2019	(456,741)	(609,821)	(123,947)	(1,190,509)
Amortization charge for the period	–	(10,881)	(15,845)	(26,726)
Impairment loss	(48,000)	–	–	(48,000)
At September 30, 2019	(504,741)	(620,702)	(139,792)	(1,265,235)
Net book value:				
At September 30, 2019	1,203,410	28,120	494,003	1,725,533
At March 31, 2019	1,251,410	39,001	509,848	1,800,259

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

For the six months ended September 30, 2019, the business of Buou Buou brand ladieswear cash generating unit ("**CGU**") was under-performed when compared with the original forecast by management. Based on an impairment assessment using a discounted cashflow forecast method, the recoverable amount was RMB685,865,000, which was RMB48,000,000 lower than the carrying amount. Therefore, an impairment loss of RMB48,000,000 (six months ended September 30, 2018: nil) has been recognized in the consolidated statements of profit or loss account for the period. The impairment loss was fully allocated to goodwill.

Impairment testing for cash-generating unit containing goodwill

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

	At September 30, 2019	At March 31, 2019
	RMB'000	*RMB'000*
Gross value		
Menswear	**292,741**	292,741
Ladieswear – Jessie brand	**484,312**	484,312
Ladieswear – Buou Buou brand	**525,137**	525,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	**(292,741)**	(292,741)
Ladieswear – Jessie brand	**(121,000)**	(121,000)
Ladieswear – Buou Buou brand	**(91,000)**	(43,000)
Ladieswear – Tianjin Ladieswear	**–**	–
	(504,741)	(456,741)
Net value		
Menswear	**–**	–
Ladieswear – Jessie brand	**363,312**	363,312
Ladieswear – Buou Buou brand	**434,137**	482,137
Ladieswear – Tianjin Ladieswear	**405,961**	405,961
	1,203,410	1,251,410

11 INVENTORIES

	At September 30, 2019	At March 31, 2019
	RMB'000	*RMB'000*
Raw materials	**1,131,054**	510,380
Work in progress	**19,274**	17,838
Finished goods	**1,623,047**	1,402,912
	2,773,375	1,931,130

12 TRADE AND BILLS RECEIVABLES

	At September 30, 2019 *RMB'000*	At March 31, 2019 *RMB'000*
Trade receivables	**3,232,862**	1,017,232
Bills receivable	**47,016**	151,128
Less: Allowance for doubtful debts	**(152,677)**	(133,318)
	3,127,201	1,035,042

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB3,279,878,000 as at September 30, 2019.

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

As at September 30, 2019, the Group endorsed certain bank acceptance bills totaling RMB37,145,000 (March 31, 2019: RMB193,504,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB23,455,000 (March 31, 2019: RMB124,895,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considers that the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

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

	At September 30, 2019 *RMB'000*	At March 31, 2019 *RMB'000*
Within credit terms	**2,970,642**	864,794
1 to 3 months past due	**42,056**	114,604
Over 3 months but less than 6 months past due	**75,753**	15,791
Over 6 months but less than 12 months past due	**18,982**	21,536
Over 1 year past due	**19,768**	18,317
	3,127,201	1,035,042

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At September 30, 2019 *RMB'000*	At March 31, 2019 *RMB'000* (Note)
Deposits	**617,436**	390,381
Prepayments for materials and processing fee	**522,215**	312,713
Prepayments for rental	**–**	22,067
Prepayments for advertising fee and other services	**170,077**	16,490
	692,292	351,270
Third party other receivables:		
– VAT recoverable	**266,997**	63,684
– Advances to employees	**69,590**	36,437
– Receivables from companies controlled by the former controlling shareholder of Joy Smile Development Limited ("**Joy Smile**") and You Nuo (Tianjin) Clothing Limited ("**You Nuo**")	**13,398**	13,398
– Amounts due from brokers (i)	**–**	47,917
– Interest receivable in relation to securities investment	**–**	7,780
– Others	**11,149**	9,020
	361,134	178,236
Total	**1,670,862**	919,887

(i) Amounts due from brokers mainly represented the amount receivable for sales of other financial assets not yet settled by the brokers (note 14(c)).

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

14 OTHER FINANCIAL ASSETS

	Note	**At September 30, 2019** ***RMB'000***	At March 31, 2019 *RMB'000*
Non-current			
Equity securities designated as FVOCI (non-recycling)	*(b)*	**125,546**	207,497
Current			
Financial assets measured at amortized cost	*(a)*	**1,169,026**	2,705,873
Debt instruments classified as FVOCI (recycling)	*(c)*	**–**	678,624
Financial assets classified as FVPL	*(d)*	**972,021**	1,032,253
		2,141,047	4,416,750
		2,266,593	4,624,247

(a) Financial assets measured at amortized cost are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 2.10% to 4.50% per annum (March 31, 2019: 2.25% to 4.60%).

During the period, the interest income of investments with banks of RMB52,627,000 was recognized in finance income (six months ended September 30, 2018: RMB64,717,000).

(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. 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. No dividends were received on this investment during the six months ended September 30, 2019.

During the period, the changes in fair value of this investment, after tax effect of RMB61,463,000 was recognized as a loss in other comprehensive income (six months ended September 30, 2018: RMB49,874,000).

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

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

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

During the period, the interest income of these investments of RMB11,869,000 was recognized in finance income (six months ended September 30, 2018: RMB23,364,000).

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

The cumulative realized losses of these investments of RMB57,471,000, including fair value changes of RMB46,139,000 incurred during the period was recognized as a loss in finance expense (six months ended September 30, 2018: RMB66,449,000).

(d) Financial assets classified as FVPL represent listed equity investments and short-term investments with banks.

(i) Listed equity investments

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

During the period, the realized losses in equity investments held by Bosideng Fund of RMB3,459,000 was recognized as a loss in finance income (six months ended September 30, 2018: realized gain of RMB1,077,000).

During the period, the changes in fair value of other equity investments held by the Group of RMB13,653,000 was recognized as a gain in finance income (six months ended September 30, 2018: Nil).

(ii) Short-term investments with banks

Short-term investments with banks with no guarantee of principal and interest were classified as FVPL. During the period, the net realized/unrealized gain in these investments of RMB16,776,000 was recognized as a gain in finance income (six months ended September 30, 2018: net realized/unrealized gain of RMB2,446,000).

15 TRADE AND OTHER PAYABLES

	At September 30, 2019 *RMB'000*	At March 31, 2019 *RMB'000*
Trade payables	**1,447,282**	549,237
Bills payable	**333,627**	666,486
	1,780,909	1,215,723
Other payables and accrued expenses		
– Deposits from customers	**245,874**	244,264
– Contract liabilities	**253,859**	239,344
– Construction payables	**173,208**	138,234
– Accrued advertising expenses	**7,231**	34,983
– Accrued payroll, welfare and bonus	**197,091**	278,284
– Cash-settled written put option (note 16)	**47,550**	52,674
– VAT payable	**290,605**	140,061
– Dividends payable	**5,000**	5,000
– Current portion of dividends payable to the former controlling shareholder of a subsidiary, Buoubuou International Holdings Ltd.	**51,091**	57,281
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	**4,402**	4,402
– Payables in relation to unvested restricted shares	**7,879**	21,916
– Amount due to brokers (i)	**–**	131,191
– Others	**105,137**	136,304
	3,169,836	2,699,661

(i) Amounts due to brokers mainly represented the amount payable for purchase of other financial assets not yet settled to the brokers (note 14(c)).

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

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At September 30, 2019	At March 31, 2019
	RMB'000	*RMB'000*
Within 1 month	**1,591,711**	1,076,675
1 to 3 months	**189,198**	139,048
	1,780,909	1,215,723

16 DERIVATIVE FINANCIAL LIABILITIES

Written put option

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "**Jessie**") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement, the Group granted a written put option to Talent Shine International Limited, the non-controlling shareholder of Jessie, giving it the right to sell its entire 30% interest in Jessie after March 31, 2015 at a consideration which comprises cash and a variable number of shares of Bosideng. The consideration for exercising the put option depends on Jessie's adjusted net profit for the previous financial year and in total shall not exceed RMB900,000,000. The put option was not yet exercised by Talent Shine International Limited as at September 30, 2019.

As at September 30, 2019, the present value of the redemption price of the cash settled portion of the written put option of RMB47,550,000 was recorded as a current payable (March 31, 2019: RMB52,674,000). The decrease of RMB5,124,000 during the period was recorded as an increase of other reserves.

As at September 30, 2019, the fair value of the share settled portion of the written put option was RMB2,289,000, and no fair value change was recognized in profit or loss (March 31, 2019: RMB2,289,000).

17 DIVIDENDS

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

	Six months ended September 30, 2019	Six months ended September 30, 2018
	RMB'000	*RMB'000*
Interim dividend declared and paid after the interim period of HKD3.0 cents per ordinary share (2018: interim dividend of HKD2.0 cents per ordinary share)	**292,151**	189,150

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, 2019 *RMB'000*	Six months ended September 30, 2018 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of HKD6.0 cents per ordinary share (2018: final dividend of HKD3.5 cents per ordinary share)	**562,764**	326,667
No special dividend in respect of the previous financial year approved and paid during the period (2018: special dividend of HKD2.5 cents per ordinary share)	**–**	233,334
	562,764	560,001

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to September 30, 2019, the board of directors of the Company proposed an interim dividend of HKD324,847,000 (approximately RMB292,151,000), representing HKD3.0 cents (approximately RMB2.7 cents) per ordinary share to the equity shareholders of the Company.

19 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at April 1, 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further detail of the change in accounting police are disclosed note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

Amid increasing external uncertainties, the growth of the global economy and international trade have been slowing down in 2019. The domestic economy has been generally stable, but is still under pressure. Due to various factors including consumption confidence, consumption concept, consumption classification and supply demand balance, the domestic sales of apparel maintained its growth, while its growth rate dropped sharply. The boost from individual financial conditions and consumption intention has driven the growth of consumption trend index in first-, second- and third-tier cities. According to Nielsen's report, with the rise of nationalist sentiment, 68% of Chinese consumers prefer domestic brands. Even though 62% of consumers may buy foreign brands, domestic brands remain as their first choice. Consumer sentiment and higher recognition of brands are the main core driving forces for the rise of domestic products. Increasingly clear and firm brand building approach of domestic brands has created a favorable impression among consumers.

Stronger cultural confidence has created stronger brand confidence. Under the market environment driven by consumer demand, while continuously putting emphasis on brand reshaping, product innovation, quality upgrading, channel optimization and terminal expansion, the Group paid more attention to changes in consumer demand and the output of value-based products and services. We firmly believe that only demand-oriented products will be more quickly recognized by consumers and the market. Through the effective implementation of this strategic transformation, the Group has achieved solid and steady results in the past six months, laying a good foundation and basis for sales in the peak season of this year.

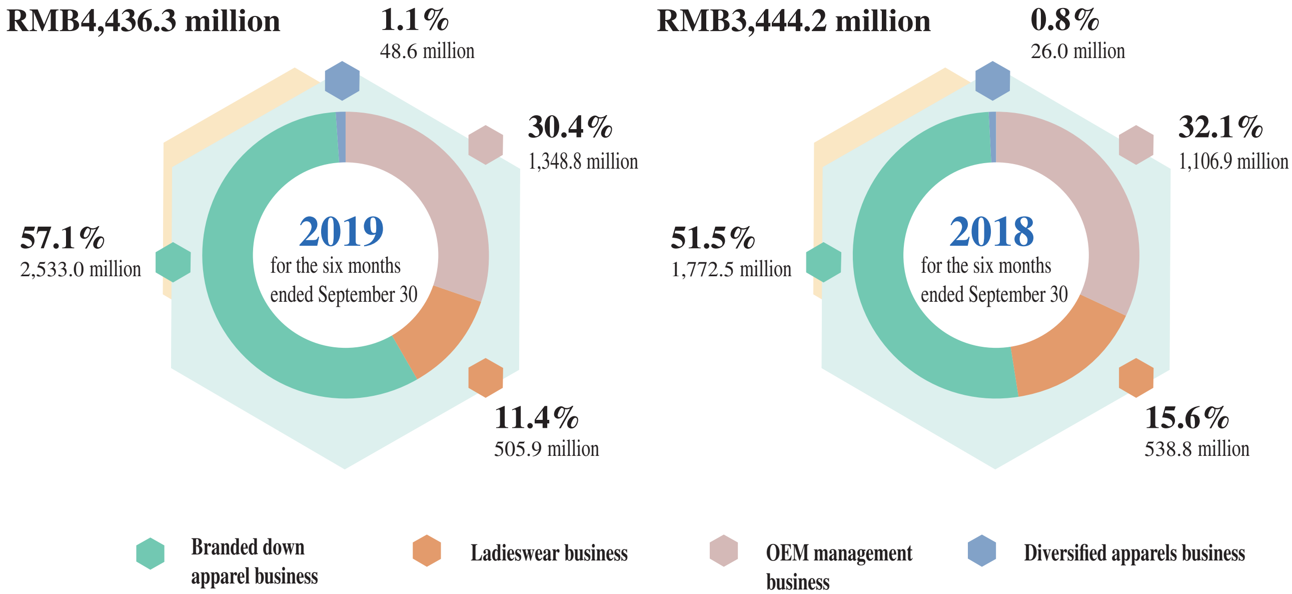
REVENUE ANALYSIS

FY2019/20 marks the second year of the Group's strategic transformation. In addition to the in-depth coordination of its brands, products, channels and terminals, the Group attached great importance to the supply chain, large commodity value chain and smart stores, and put more emphasis on the training and recruitment of excellent store managers and talents. The Group has maintained steady and healthy growth in the past six months through enhancing awareness and brand influence among consumers.

For the six months ended September 30, 2019, the Group's revenue amounted to approximately RMB4,436.3 million, representing an increase of 28.8% as compared to that of the corresponding period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group's four main business segments.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB2,533.0 million, accounting for 57.1% of the total revenue, representing a period-on-period increase of 42.9%. OEM management business recorded revenue of approximately RMB1,348.8 million, accounting for 30.4% of the total revenue, representing a period-on-period increase of 21.9%. Ladieswear business recorded revenue of approximately RMB505.9 million, accounting for 11.4% of the total revenue, representing a period-on-period decrease of 6.1%. Diversified apparels business recorded revenue of approximately RMB48.6 million, accounting for 1.1% of the total revenue, representing a period-on-period increase of 86.9%.

REVENUE BY BUSINESS



Branded Down Apparel Business:

In the past six months, the Group adhered to its competitive strategy of "top-selling down apparel expert in the world" and continued to improve and strengthen consumer awareness towards the standard of professionalism. Based on consumer demand, the Group further improved consumer recognition of *Bosideng* by adapting to real-life scenarios and behaviors of mainstream consumers through various key measures. With enhanced brand strength and power, the Group returned to the mainstream business segment, optimized the channel structure, improved images of certain stores and adjusted the shelf display, thereby laying a solid foundation for the peak season sales in FY2019/20. For the six months ended September 30, 2019, the Group's branded down apparel brand *Bosideng* recorded an increase of 46.2% in revenue to approximately RMB2,276.7 million as compared to that of the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 42.9% to approximately RMB2,533.0 million as compared to that of the corresponding period of last year.

Brand Building

In terms of brand image upgrading, *Bosideng* integrated global quality resources for shooting innovative brand advertising videos and brand image blockbusters, which effectively promoted the upgrading of the visual image of the brand.

In terms of visual image upgrading, *Bosideng* integrated the resources of quality companies and designers, and carried out a series of upgrades to brand visual identity by means of systematic design, store image and shelf display, so as to improve consumer experience and satisfaction. *Bosideng* worked with top directors and photographers for photography and videos of landmarks around the world and produced quality advertising films and viral videos, which were well-received by consumers once they were unveiled.

In terms of public relations, *Bosideng* has continuously deepened its competitive strategy and continued to attract attention in the industry through publicity since April 2019, which further enhanced its brand potential. *Bosideng* participated in the "China Brand Day" and the amfAR Gala at Cannes Film Festival in May 2019 and visited Canada's International Fashion Show in August 2019, thereby further consolidating its position in the industry.

In terms of publicity and promotion, comprehensive upgrades were carried out mainly through traditional media and Internet media. In 2019, *Bosideng* continued to exert its power of communication, expanded its communication and advertisement in major national media outlets, strengthened cooperation with advertisement media, enhanced the timely and long coverage of its advertisement placement, and upgraded its placements on the Internet based on factors such as the habits of mainstream consumers, which have further strengthened its brand status and enhanced its brand influence.

Milan Fashion Week

On September 19, 2019, *Bosideng*, as "the only Chinese down apparel brand that has been included in the official schedule of Milan Fashion Week", collaborated with Italian national star artists to make a stunning appearance at Milan Fashion Week. The show was led by internationally renowned supermodel Kendall Jenner, the Oscar-winning actress Nicole Kidman and Chiara Ferragni, known as a "superblogger", who were invited as guests. Authoritative figures in the industry also gathered at the big show to show their support for *Bosideng*. During the promotion period of Milan Fashion Week, *Bosideng* also carried out promotional activities for the Milan Fashion Week in six core cities across China. Through innovative ways such as horizontal alliances, VIP shows, static shows and pop-up offerings, *Bosideng* has attracted more attention and experience of mainstream consumers.

According to the Ipsos report, all indicators of the *Bosideng* brand have continuously improved since 2018. In the latest survey of *Bosideng* brand health, although the peak season of down apparel has not arrived yet, *Bosideng* recorded relatively high scores in the consumer awareness survey. *Bosideng* achieved an unaided awareness score of 60%, and an aided awareness score of 94%. Its NPS (net promoter score) reached 50 and the brand reputation score totaled 8.72. Meanwhile, when the "expert in down apparel" is referred to, the initial brand in which 66% of the consumers thought of was *Bosideng*. The above data further indicated the solid recognition of *Bosideng* and its expertise among consumers.

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

Inventory Management

The Group is committed to optimizing its inventory management and maintaining inventory at a healthy level. In terms of the production stage, annual supply planning, accurate forecasting, advance preparation of orders, advance reservation of truck and preparation of materials are carried out in advance. In terms of the distribution stage, through the establishment of nine regional warehouses (except the demand for the first order of stores), the regional warehouses deliver goods to the national terminal stores based on sales, and a demand-pull mechanism is adopted throughout all channels to avoid overstocking. In terms of the product allocation, once a product is out of stock, O2O allocation is initiated immediately so as to reduce losses arising from product shortage, thus realizing nationwide inventory management, and thereby maximizing sales and minimizing inventory risks. Through continuous promotion of refined product operation, the overall operation efficiency is fundamentally improved.

Order Management

In FY2019/20, the Group continued to completely separate order placements of direct sales and wholesale. Single-store orders are applied to self-operated stores, which means products for sales in single stores will match the demand for single-store orders. Store models are determined based on advance market visits, analysis of floor plans and the confirmation of themes of single-store warehouse, so as to ensure channels and products match and the store is shown once the order is confirmed. Through the integrated sales model and the analysis of data during the sales process at the stores, and based on the demand-pull restocking, production is then adopted based on orders. Distributors adopt different flexible modes of order placement and rebate based on scale of orders. These modes greatly optimize the control over the order placement structure of self-operated stores and distributors and maintain orders at a stable and rational level.

High Product Quality and Quick Response

High product quality and quick responses are the core competitive edges of the Group, and also the key elements in sustaining the Group's efficient, healthy and long-term development. The Group achieves the goal of high product quality and quick response with each order placed for down apparel products through replenishing stocks, while small quantities of new products are launched to achieve a quick turnaround time. Meanwhile, the Group continued to replenish stocks on a rolling basis during the peak season based on the sales data from the end consumers, and hence achieved the target of maintaining high product quality and quick response. This has greatly optimized the inventory management of channels.

Logistics and Delivery

The Group's central distribution center ("**CDC**") serves all online, offline and O2O businesses across China. In addition to warehousing, replenishment, returns and transfer, transportation and distribution, the CDC is also responsible for the data management. It can effectively allocate commodity resources ahead of time based on market changes, thus responding to consumer demands more quickly and accurately.

The CDC of the Group adopts a warehouse management system ("**WMS**") to manage all inventories, thus thoroughly implementing the product management concept of "nationwide inventory management as well as integration and sharing of data across online and offline operations". Meanwhile, in order to respond more quickly to market demands, the CDC has adopted distributed deployment, setting up eight major warehouses across China, namely, Eastern China, Northern China, Central China, Northwest China, Southwest China, Northeast China, Heilongjiang and Xinjiang. Through the one-tier distribution channel where "goods are delivered directly from the CDC to the stores" and the intelligent replenishment system independently developed by the Group, we achieve demand-pull restocking in the stores, ensuring the timely and efficient sharing of products across the country, and improve the sales efficiency.

R&D of Products

Product innovation and keeping abreast of the times are the cornerstone for the brand development of *Bosideng*. From product design, research and development (R&D), innovation to production, the Group has a comprehensive system and process to ensure that new products meet market trends and consumers' demand.

The Group attaches great importance to consumers' understanding and experience of products. Through in-depth market research, products are developed based on the needs of entities. Meanwhile, from the perspective of consumers, the Group's R&D team visits the stores to get in touch with consumers, collect first-hand consumer feedbacks and keep refining the product design, promotion and presentation plans, so as to satisfy consumer needs and expectations of products to the maximum extent possible.

The FY2019/20 product collections are refreshing, which have been attracting the attention of a broad market of consumers. At the same time, in terms of classic style collection, the Group adheres to craftsmanship spirit and constantly seeks excellence based on customer experience. As of September 30, 2019, the key new product collections of *Bosideng* brand down apparels included:

Milan Fashion Week Collection

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

Conqueror Collection

Using the classic military camouflage pattern, the fabric is enhanced in abrasion and tear resistance, perfectly reflecting unique wild and avant-garde characteristics and exploratory spirit of conquerors. The collection became another representative bestselling collection of *Bosideng* and is widely welcomed by young consumers.

Autumn Down Collection

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

Retail Support

In the past six months, the Group has conducted nearly 600 training sessions with 22,000 attendances, mainly targeting managers of self-operated stores and distributors as well as shopping guides across China. In particular, two trainings were held at the Group's Changshu headquarters for the core store managers from all around China, under the theme of "developing brand for a win-win future". The purpose of the trainings is to closely align the mindset of core store managers with corporate culture, so as to create synergy for brand development and thereby develop and grow along with the brand.

Multi-brand Strategies

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

Snow Flying

Snow Flying adopts the brand positioning of "fashion, vitality and sports" with a focus on resources and accurate promotion. In FY2019/20, the brand welcomed the 20th anniversary celebrations while further enhancing the brand potential. Through the expansion of the product width, the marketability of the products is improved, so as to meet the user needs across different channels and different platforms. The snow and ice characteristics are further developed through strengthening dynamism of the collection. For offline operations, the brand's regional influence is enhanced by focusing on the core areas, formulating a genuine and effective scale and building a benchmark shop. Through strengthening amoeba management, the operating capacity and profitability of the terminal is further improved. By optimizing the operation mode and integrating the resources of quality agents and franchisees, the channel types are enriched and the operation risks are minimized. As for the online operations, online brand potential is further enhanced by focusing on the Tmall platform. At the same time, we have established an open platform for distribution as part of online operations, integrating high-quality supply chains and distributor resources to form a complementary and symbiotic resource sharing for the entire value chain. In addition, *Snow Flying* has also actively tried out a new retail model, which has improved user experience by opening up a membership system across all channels.

Bengen

During the first half of FY2019/20, *Bengen* clearly defined its new positioning, new image, new model and new team. It focused on its core values of fashion, high quality and optimization and positioned the brand with the value-for-money fashion experience by targeting 30 to 35 year-old new fashion women in the second and third-tier cities who pursue high value-for-money products and love life and fashion. The brand advocates for the dressing experience with both fashion and life functions, and to lead a new fashion of stylish down apparel. In terms of product innovation, three series of products, "Commuting", "Urban" and "Fashion", were developed according to consumer demand, and received good feedback from the market. In terms of channel construction, with the focus on the core agency companies in key provinces, more than 100 regional benchmarking channels were developed, which greatly enhanced *Bengen*'s brand awareness and reputation. In terms of market operation, the investment promotion strategy was fully implemented according to the annual operation plan to continuously activate the brand and empower the market. In terms of the operation of e-commerce, online sales resources were integrated to focus on two major e-commerce platforms of Tmall and Vipshops, thereby securing *Bengen*'s brand ranking in the down industry, expanding its product mix and developing new stores.

Revenue from down apparel business by brand

	For the six months ended September 30,				
	2019		2018		
Brands	**RMB million**	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Change
Bosideng	**2,276.7**	**89.9%**	1,557.1	87.9%	46.2%
Snow Flying	**97.6**	**3.8%**	81.7	4.6%	19.5%
Bengen	**106.4**	**4.2%**	90.5	5.1%	17.6%
Others	**52.3**	**2.1%**	43.2	2.4%	21.0%
Total revenue from branded down apparel business	**2,533.0**	**100.0%**	1,772.5	100.0%	42.9%

Revenue from branded apparel business by sale category

	For the six months ended September 30,				
	2019		2018		
Sale categories	**RMB million**	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Change
Self-operated	**453.9**	**17.9%**	327.6	18.5%	38.6%
Wholesale	**2,027.0**	**80.0%**	1,404.2	79.2%	44.4%
Others*	**52.1**	**2.1%**	40.7	2.3%	28.0%
Total revenue from branded down apparel business	**2,533.0**	**100.0%**	1,772.5	100.0%	42.9%

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

During the first half of FY2019/20, the Group paid great attention to the channel expansion to important region while continuously optimising channel structure. In the past six months, the Group had significantly increased the number of terminal stores in core commercial districts, such as shopping malls and core channels with high traffic flow. Meanwhile, the Group also attached great importance to the market expansion in the regional core cities. The Group closed down stores that were inefficient in sales or affected brand image after a comprehensive evaluation. For the existing and new stores, the Group attached great importance to the end market. The Group had greatly enhanced the efficiency of terminal sales points through a number of flexible measures, including strengthening and improving the renovation of point of sales terminals, improving the display of goods, and standardizing the training of sales staff. As at September 30, 2019, the total number of selling points of the Group's down apparel business (net) increased by 533 to 5,161 compared to the end of FY2018/19. Self-operated selling points (net) increased by 294 to 1,922; and selling points operated by third party distributors (net) increased by 239 to 3,239. Among which, the selling points of *Bosideng* brand's down apparel (net) increased by 429 to 3,872 compared to the end of FY2018/19. The self-operated and third-party distributor-operated selling points as a percentage of the overall selling points were 37.2% and 62.8%, respectively. Among the total selling points of the Group's branded down apparel business, 25.5% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capitals), and 74.5% were located in the third- and lower-tier cities.

Retail network breakdown by down apparel brand

	Bosideng		*Snow Flying*		*Bengen*		**Total**	
As at September 30, 2019	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**
Specialty stores								
Operated by the Group	1,014	+258	13	-11	34	+8	1,061	+255
Operated by third party distributors	1,947	+143	228	+45	396	+58	2,571	+246
Subtotal	2,961	+401	241	+34	430	+66	3,632	+501
Concessionary retail outlets								
Operated by the Group	614	+41	165	-46	82	+44	861	+39
Operated by third party distributors	297	-13	81	+20	290	-14	668	-7
Subtotal	911	+28	246	-26	372	+30	1,529	+32
Total	**3,872**	**+429**	**487**	**+8**	**802**	**+96**	**5,161**	**+533**

Change: Compared with the number of stores as at March 31, 2019

Retail network of down apparel business by region

	As at September 30, 2019	As at March 31, 2019	Change
Eastern China	**1,711**	1,662	+49
Central China	**1,220**	1,073	+147
Northern China	**452**	402	+50
Northeast China	**536**	461	+75
Northwest China	**562**	543	+19
Southwest China	**680**	487	+193
Total	**5,161**	4,628	+533

Region:

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

OEM Management Business:

During the first half of FY2019/20, revenue from the Group's OEM management business amounted to approximately RMB1,348.8 million, representing 30.4% of the Group's revenue and increased by 21.9% as compared to that of the corresponding period of last year. The percentage of revenue for the OEM management business from the top five customers accounted for 87.8% of its total revenue.

In the past six months, the OEM management business segment continuously focused on serving core customers and centering on their needs, and worked together with customers to develop some new product categories by capitalizing on the Group's technology strengths, so as to optimize product performance, improve product technology and improve product quality, which gradually increased the proportion of original design manufacturing management business and significantly increased customer trust and stickiness. Meanwhile, in the face of uncertainties such as the Sino-US trade war, the Group was also actively seeking to maximize areas for co-operation of factories in Southeast Asia, using the production management experience of "being the expert of down apparel" to strengthen quality control and management of orders and production process, thus planning in advance for the future expansion of OEM management business.

Ladieswear Business:

China's branded ladieswear market is low in concentration, and the mid-to-high-end ladieswear market is even more dispersed. Unlike the menswear market, the needs for ladieswear are more diverse and personalized. With the refinement of the consumer market and the extensive expansion of international brands in the Chinese market, there has been an unprecedented level of fierce competition in China's branded ladieswear market, which is not highly concentrated.

During the first half of FY2019/20, under the bleak environment of China's domestic branded ladieswear industry, revenue from the Group's ladieswear business was approximately RMB505.9 million, representing a slight decrease of 6.1% as compared to that of the corresponding period of last year. The contribution from the ladieswear business to the Group's total revenue was 11.4%. Revenues from the ladieswear brands were as follows:

Revenue from ladieswear business by brand

	For the six months ended September 30,				
	2019		2018		
Brands	**RMB million**	**% of ladieswear revenue**	RMB million	% of ladieswear revenue	Change
JESSIE	**184.3**	**36.4%**	192.1	35.7%	-4.1%
BUOU BUOU	**151.9**	**30.0%**	160.7	29.8%	-5.5%
KOREANO	**76.3**	**15.1%**	82.0	15.2%	-6.9%
KLOVA	**93.4**	**18.5%**	101.4	18.8%	-7.9%
Other brands	**–**	**–**	2.6	0.5%	-98.8%
Total revenue from ladieswear business	**505.9**	**100.0%**	538.8	100.0%	-6.1%

Revenue from ladieswear business by sale category

	For the six months ended September 30,				
	2019		2018		
Sale categories	**RMB million**	**% of ladieswear revenue**	RMB million	% of ladieswear revenue	Change
Self-operated	**426.1**	**84.2%**	482.4	89.5%	-11.7%
Wholesale	**79.8**	**15.8%**	56.4	10.5%	41.3%
Total revenue from ladieswear business	**505.9**	**100.0%**	538.8	100.0%	-6.1%

JESSIE

Entering FY2019/20, *JESSIE* was subject to certain challenges. In terms of products, innovation needed to be continuously enhanced to meet consumer demand and capture their purchasing mentality in time. In terms of operation, the physical channel structure needed to be further optimized and adjusted and the member maintenance management needed to be strengthened.

In the face of such challenges, the *JESSIE* team had responded positively. On one hand, it adjusted the structure of the design team to bring in high-quality designers from the market, clearly defined the positioning of core customers by rearranging the brand idioms, and set out the direction and ideas of product development, innovation and change through consumer research, so as to enhance product competitiveness. On the other hand, by focusing on direct marketing and franchised stores, it optimized the operation mode of benchmarking stores; strengthened terminal training, promoted terminal sales skills, and empowered terminals to create a positive sales atmosphere; actively carried out marketing activities and improved member management, with an aim to increase the driving force of terminal sales and strengthen the stickiness of loyal customers.

At the same time, *JESSIE* made its debut at the Shenzhen Fashion Week held in March 2019, which generated media reports and coverage from authoritative and fashion media in China. In July 2019, it participated in the "Fashion Shenzhen Show", further contributing to brand awareness and enhancing the brand influence. Meanwhile, new media sales platforms were introduced to boost terminal sales.

During the first half of FY2019/20, revenue from *JESSIE* decreased by 4.1% to approximately RMB184.3 million, among which, revenue from self-operated business decreased by 11.2% to approximately RMB130.6 million and revenue from wholesale business increased by 18.9% to approximately RMB53.7 million, respectively.

BUOU BUOU

During the first half of FY2019/20, the Chinese branded ladieswear market faced fierce competition, and *BUOU BUOU* also faced challenges and difficulties in its operations. Finding out how to steer forward in the existing sales terminal and to better align product innovation with consumer preferences and needs were on the top of the agenda of the *BUOU BUOU* brand team in the past six months. To this end, *BUOU BUOU* adjusted its strategy and responded positively. In terms of channel management, it sorted out and optimized existing channels, expanded new self-operated stores, and closed some inefficient and loss-making stores in advance. It completed the splitting of online and offline design departments in product innovation and R&D. Online products will focus on popularity and cater to the needs of young customers. Offline products will retain the original product style and cater to the needs of existing customers. It is hoped that through innovative measures such as channel optimization and product innovation, it will bring positive effects to the endogenous growth of the ladieswear business of *BUOU BUOU* in the future.

During the first half of FY2019/20, revenue from *BUOU BUOU* was approximately RMB151.9 million, representing a decrease of 5.5% as compared to that of the corresponding period of last year.

KOREANO and KLOVA

Two mid- to high-end women's brands, *KOREANO* and *KLOVA*, continued to improve and optimize their brand image, product quality, product structure and product supply in the past six months. Through high-end customized projects launched in different regions and different levels of stores, more VIP customers will be awakened, customer stickiness will be strengthened, and purchasing power will be enhanced through one point to the entire district. At the same time, the two brands actively adjusted the channel structure and closed down inefficient loss-making stores. They also improved the existing cooperative stores, followed up the construction of terminal stores and improved the channel image. Through the new differentiated positioning of these two brands and the launch of pilot layout of shopping mall channels, the Group aims at planning and expanding the main channels for future entry.

During the first half of FY2019/20, revenues from *KOREANO* and *KLOVA* were approximately RMB76.3 million and RMB93.4 million, respectively, representing a decrease of 6.9% and 7.9% as compared to those of the corresponding period of last year, respectively.

As at September 30, 2019, the total number of selling points of the Group's ladieswear business (net) decreased by 13 to 515 compared to March 31, 2019. Self-operated selling points (net) decreased by 10 to 388; and selling points operated by third party distributors (net) decreased by 3 to 127. The self-operated and third-party distributor-operated selling points as a percentage of the overall selling points were 75.3% and 24.7%, respectively. Among total retail outlets of the Group's ladieswear business, 59.6% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capitals), and 40.4% were located in the third- and lower-tier cities.

Retail network breakdown by ladieswear brand

	JESSIE		*BUOU BUOU*		*KOREANO*		*KLOVA*		Others		**Total**	
As at September 30, 2019	**Number of stores**	**Change**	**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	4	–	17	-1	–	–	–	–	–	–	21	-1
Operated by third party distributors	21	-2	9	–	–	–	–	–	–	–	30	-2
Subtotal	25	-2	26	-1	–	–	–	–	–	–	51	-3
Concessionary retail outlets												
Operated by the Group	113	-4	116	-1	80	+1	58	-4	–	-1	367	-9
Operated by third party distributors	75	+5	22	-6	–	–	–	–	–	–	97	-1
Subtotal	188	+1	138	-7	80	+1	58	-4	–	-1	464	-10
Total	**213**	**-1**	**164**	**-8**	**80**	**+1**	**58**	**-4**	**–**	**-1**	**515**	**-13**

Change: Compared with the number of stores as at March 31, 2019

Retail network of ladieswear business by region

	As at September 30, 2019	As at March 31, 2019	Change
Eastern China	**68**	72	-4
Central China	**162**	163	-1
Northern China	**51**	55	-4
Northeast China	**62**	62	–
Northwest China	**106**	106	–
Southwest China	**66**	70	-4
Total	**515**	528	-13

Region:

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

Diversified apparels business

During the first half of FY2019/20, revenue from our diversified apparels business was approximately RMB48.6 million, representing an increase of 86.9% as compared to that of the corresponding period of last year. With the strategic transition in place in FY2018/2019, diversified apparels business now shared 1.1% of the Group's total revenue. Revenue from diversified apparels brands was as follows:

Revenue from diversified apparels business by category

	For the six months ended September 30,				
	2019		2018		
Categories	**RMB million**	**% of diversified apparels business revenue**	RMB million	% of diversified apparels business revenue	Change
Menswear	**23.8**	**49.1%**	12.7	48.8%	87.7%
School uniform	**7.2**	**14.8%**	6.3	24.2%	14.4%
Children's wear	**8.9**	**18.4%**	1.7	6.5%	428.8%
Others	**8.7**	**17.7%**	5.3	20.5%	62.5%
Total revenue from diversified apparels business	**48.6**	**100.0%**	26.0	100.0%	86.9%

Revenue from diversified apparels business by sale category

	For the six months ended September 30,				
	2019		2018		
Sale categories	**RMB million**	**% of diversified apparels business revenue**	RMB million	% of diversified apparels business revenue	Change
Self-operated	**10.3**	**21.3%**	12.6	48.4%	-17.8%
Wholesale	**32.8**	**67.4%**	10.1	38.9%	223.6%
Others*	**5.5**	**11.3%**	3.3	12.7%	67.0%
Total revenue from diversified apparels business	**48.6**	**100.0%**	26.0	100.0%	86.9%

* *Represented rental income*

School uniform business – Sameite

During the first half of FY2019/20, the school uniform business under the diversified apparels business segment remained in operation under *Sameite*. As to brand promotion, the Company collaborated with the Ministry of Education in Ganzi Prefecture and Wenchuan after its debut at CCTV, to bring love and care to the disaster zone. *Sameite* took action to provide warmth to kids in the disaster areas. The Company initiated the Shanghai School Uniform Expo to lead the reconstruction of the future campus culture. It also collaborated with the construction of campus news, featured teaching systems and other campus activities online. During the period, *Sameite* was awarded the titles of "China Top Ten Outstanding Contributions in School Uniform" (中國十大校服貢獻獎) and "Outstanding Original Design in Chinese School Uniforms" (中國校服創新獎), which matched the brand positioning of disseminating the core values of clothing bearing culture. As to channel construction, the *Sameite* brand explored new opportunities in core business customers in target groups such as major education groups and international schools. The Company also launched new offline experience centres in Taizhou and Zhengzhou to enhance users experience while reinforcing the brand's strategic positioning. As to business models, the Company focused on cultivating key regional agents through multiple forms of agent partnerships and sought to enhance regional influence through offline store partnerships so as to expand market shares effectively.

Customers of the school uniform business were loyal, and the Group also attached great importance to exploring and maintaining relationship with these loyal and key customers by tracking their return orders and repeated orders. The Group's unremitting efforts provided loyal customers as well as new customers with safe, healthy, comfortable and stylish up-to-standard school uniforms.

Children's wear business

During the first half of FY2019/20, the Group has been cooperating with *Petit main* of Japan and *HAPPYLAND* of Korea, with a view of becoming China's leading operator of internationally renowned brands of children's wear in the global market. Major brands which the Group has currently entered into contracts with include *Petit main* from Japan and *HAPPYLAND* from Korea. Since *Petit main* opened its flagship brand store at Tmall in August 2018, it has managed to gain a sound industry ranking from over 10,000 children's wear stores with the store bookmarked over 100,000 times within 14 months. By leveraging both online and offline channels, as well as integration of resources and optimization of the business team, the branded children's wear operation business has driven the steady development of the Group's children's wear business.

Retail network by diversified apparels category

	Menswear		*Children's wear*		**Total**	
As at September 30, 2019	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**
Specialty stores						
Operated by the Group	26	-6	–	–	26	-6
Operated by third party distributors	–	–	–	–	–	–
Subtotal	26	-6	–	–	26	-6
Concessionary retail outlets						
Operated by the Group	10	+6	4	-2	14	+4
Operated by third party distributors	–	–	–	–	–	–
Subtotal	10	+6	4	-2	14	+4
Total	**36**	**–**	**4**	**-2**	**40**	**-2**

Change: Compared with the number of stores as at March 31, 2019

Retail network of diversified apparels business by region

	As at September 30, 2019	As at March 31, 2019	Change
Eastern China	**9**	9	–
Central China	**–**	–	–
Northern China	**–**	1	-1
Northeast China	**2**	2	–
Northwest China	**–**	2	-2
Southwest China	**29**	28	+1
Total	**40**	42	-2

Region:

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

ONLINE SALES

In general, through continuous expansion of the e-commerce platforms over the last year, the online e-commerce business on one hand plays a role in carrying out the brand strategy and promoting the upgrade of the store image, and on the other hand, it optimizes its channel mix layout and strengthens the strategic cooperation among important platforms. In the past six months, the Group reached in-depth strategic cooperation with online platforms such as Tmall and Vipshops so as to lock on to high-quality resources early in advance. Meanwhile, the Group placed increased emphasis on combining brand promotion and e-commerce, and through visual images and detailed webpage description to highlight the quality of the product and improve customers' experience of online shopping. In the past six months, the Group was ranked highly among Tmall's IN brands. *Bosideng's* brand impact and quality was also widely recognized by online mainstream consumers. The store rating of Tmall flagship store rose from 4.83 to 4.91, while customer shopping satisfaction rose from 93% to 96%.

The expansion of e-commerce business primarily targets groups seeking for fashion, quality, practicality, trendy and luxury goods. To date, the structure of online-shopping customers saw substantial optimization. During the first half of FY2019/20, revenue from the total online sales of the Group's brands were approximately RMB304.7 million, representing an increase of 70.9% as compared to that of the corresponding period of last year. Revenue from the online sales of branded down apparels business and ladieswear business for the period were approximately RMB263.0 million and RMB34.0 million, accounting for 10.4% and 6.7% of the revenue of each business, respectively. By sales categories, revenue from self-operated and wholesale through the Group's online sales amounted to approximately RMB129.6 million and RMB175.1 million, respectively.

GROSS PROFIT

During the first half of FY2019/20, gross profit of the Group increased by 32.6% as compared to that of the corresponding period of last year, from approximately RMB1,455.4 million to approximately RMB1,929.6 million. Following the further brand upgrading and product expansion, gross profit margin increased by 1.2 percentage points as compared to that of the corresponding period of last year, from 42.3% to 43.5%.

Gross profit margin of the branded down apparel business increased by 2.3 percentage points to 52.9%, mainly due to the Group's strategies of "focusing on our principal business and key brands" especially in the *Bosideng* brand, and continue to rebrand and upgrade the *Bosideng* brand to position itself as "top-selling down apparel expert in the world" during the period. Efforts in brand upgrading and product innovation enhances the average pricing of those high quality products in the market, so that *Bosideng* moves towards being "high-class" and "high value". Due to domestic labor and cost pressures, as well as some orders that have been shifted to factories in Vietnam which the Group has cooperated with, which led to an increase in cost, the gross profit margin of OEM management business decreased by 3.4 percentage points as compared to that of corresponding period of last year. The gross profit margin of ladieswear business slightly increased by 0.7 percentage point to 76.8% as compared to that of the corresponding period of last year, which was mainly due to the new policy of VAT tax reduction in 2019.

OPERATING PROFIT

During the first half of FY2019/20, the Group's operating profit increased by 34.6% to approximately RMB477.7 million. Operating profit margin was 10.8%, representing an increase of 0.5 percentage point as compared to 10.3% of the corresponding period of last year, which was mainly attributable to the contribution from the branded down apparel business and OEM management business.

DISTRIBUTION EXPENSES

During the first half of FY2019/20, the Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores, depreciation charge of right of use assets and personnel expenses, amounted to approximately RMB1,119.0 million, representing an increase of 41.6% as compared to approximately RMB790.2 million of the corresponding period of last year. The Group's distribution expenses accounted for 25.2% of its total revenue, representing an increase of 2.3 percentage points as compared to 22.9% of the corresponding period of last year. The increase in distribution expenses was mainly due to the Group's efforts in brand and channel construction for the branded down apparel business during this financial year, especially for the *Bosideng* brand, as well as the rises in wages and pension fund contributions due to the increase in headcounts during the period.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses mainly comprises salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB335.8 million, representing an increase of 0.6% as compared to approximately RMB333.7 million of the corresponding period of last year. The proportion of administrative expenses to the Group's total revenue was 7.6%, representing a decrease of 2.1 percentage points as compared to 9.7% of the corresponding period of last year.

FINANCE INCOME

During the first half of FY2019/20, the Group's finance income decreased by 10.1% to approximately RMB109.3 million from approximately RMB121.6 million. The decrease was mainly due to the decrease in the Group's bank interest income and the financial income and fluctuation in foreign currency exchange rate, which led to a decrease in exchange gain during the first half of FY2019/20 as compared with the corresponding period of last year.

FINANCE COST

During the first half of FY2019/20, the Group's finance cost decreased to approximately RMB100.8 million, primarily due to decrease in the Group's loan interest expense and bank fees, and narrowing loss in investment in the industrial fund during the period. In order to capture investment opportunities arising from the fashion and apparel industry, we applied our unutilised cash asset to investments with high liquidity and potential, so as to enhance our investment income for the short or medium term. In FY2017/18, the Group invested USD98 million in the industrial fund. Due to the impact of the heightened market risks, certain losses were incurred in the other financial assets held by the industrial fund. The Group began the redemption of the fund in FY2018/19. As at September 30, 2019, the Group had fully redeemed the fund.

TAXATION

During the first half of FY2019/20, income tax expenses increased from approximately RMB102.2 million to approximately RMB125.8 million. The effective tax rate was approximately 25.9%, which approximated to the standard PRC income tax rate of 25%.

DIVIDEND

The Board recommended the payment of an interim dividend of HKD3.0 cents (equivalent to approximately RMB2.7 cents) per ordinary share for the six months ended September 30, 2019. The interim dividend will be paid on or around January 14, 2020 to shareholders whose names appear on the register of members of the Company on January 3, 2020.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended September 30, 2019, the Group's net cash used in operating activities amounted to approximately RMB2,857.1 million. As at September 30, 2019, cash and cash equivalents amounted to approximately RMB1,391.2 million.

As at September 30, 2019, the distribution of cash and cash equivalents by currency unit was as follows:

	RMB'000
Renminbi	1,144,002
US dollar	167,030
Pound sterling	10,901
HK dollar	66,581
Japanese yen	2,562
European dollar	144
Total	1,391,220

In order to maximize returns on the Group's available cash reserves, the Group has invested in the other financial assets, including capital protected short-term investments with banks in China and other financial securities. The expected but unguaranteed returns of the short-term investments with banks ranged from 2.10% to 4.50% per annum. The other financial securities referred to trading stocks and bonds held by Shuo Ming De Investment Co., Ltd. As at September 30, 2019, the bank borrowings of the Group amounted to approximately RMB2,318.3 million (March 31, 2019: RMB1,627.7 million). The gearing ratio (i.e. interest-bearing borrowings/total equity) of the Group was 23.4% (March 31, 2019: 16.1%).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the six months ended September 30, 2019, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at September 30, 2019, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at September 30, 2019, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB86.1 million (March 31, 2019: RMB20.0 million).

PLEDGE OF ASSETS

As at September 30, 2019, bank deposits amounting to approximately RMB470.4 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2019: approximately RMB679.3 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury function at its head office. The Group adopted prudent funding and treasury management policies while maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings. The Group's treasury policies mainly include managing capital liquidity, yield and its exposure to exchange rate fluctuations to safeguard the healthy development of the principal businesses of the Group.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in China with revenues and expenses of the Group's subsidiaries denominated in Renminbi. 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 fluctuation of Hong Kong Dollars, US Dollars, Japanese yen and Pound sterling or against each entity's respective functional currency may have a material impact on the Group.

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

HUMAN RESOURCES

As of September 30, 2019, the Group had 6,975 full-time employees (September 30, 2018: 6,017 full-time employees), an increase of 958 employees as compared to that of September 30, 2018. Staff costs for the six months ended September 30, 2019 (including Directors' remuneration in the form of salaries, other allowances and equity settled share-based transaction expenses) were approximately RMB512.0 million (for the six months ended September 30, 2018: approximately RMB374.0 million). In this financial year, the Group strengthened its team bounding and increased relevant high caliber personnel in the marketing team and terminal store personnel of branded down apparel.

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

FUTURE OUTLOOK

Since 2019, the growth of the global economy and international trade have been slowing down, respectively, with multiple uncertainty and unstable factors such as Brexit, and the increasing international trade tensions still exists. In the latest World Economic Outlook released in July 2019, the International Monetary Fund once again lowered its forecast for world economic growth in 2019 and 2020 to 3.2% and 3.5%, respectively.

For China's domestic consumer market, the consumer confidence index has continued to grow at a high level, and the supply-side structural reform has been solidly promoted, providing strong support for the continued improvement to the domestic demand market. In conformity with the changing consumption logic and market environment, the Group further deepened the transformation from "self-cognition" to "value cognition" of consumers through the previous implementation of the strategic transformation, responding to the concept of "good life needs" in the new era through close connections with consumers' spending habits and preferences and the market development direction, thereby creating our own core strengths and winning the market share and consumers with differentiated competition.

Branded Down Apparel Business: Looking ahead, while upholding the principle of "focusing on its principal business and main brand", the Group will strengthen its core principal business by continuing to focus on positioning itself as the "expert and best-seller of down apparel in the world" and centering on "function", and endeavor to build the dream of becoming a "mid- to high-end functional apparel group".

As to brand building, the Group will continue to focus on its positioning, strengthen brand public relations and marketing efforts, strengthen the combination of product and sales to consolidate its expert position. As to product optimization, the Group will enhance originality in design and product quality. As to sales channel development, the Group will gradually increase the percentage of mainstream and high-end channels to promote the building of the image of a down apparel expert and improve the terminal quality. As to retail support, the Group will continue to promote its products towards more youthful consumers, facilitate purchases through the enhancement of consumer experience and achieve the innovation of the online and offline retail operation model.

OEM Management Business: Looking ahead, the Group will continue to deepen its strategic partnership with its core customers, enhance its service capabilities and maintain the continued growth of orders. Through the overall arrangement of production capacity cooperation in Southeast Asia, the Group will break the bottleneck of cooperation with core customers to maintain long-term and stable strategic partnership.

Ladieswear Business: Looking ahead, the Group will continue to focus on integrating the resources of the existing four brands in the ladieswear business, further enhance the operational efficiency and management efficiency of the ladieswear business unit by enhancing the product strength, channel strength and brand power of the various brands of ladieswear, and achieve the organic and healthy growth of the ladieswear business through further expanding the synergy within the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 31, 2019 to January 3, 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 14, 2020, all duly completed transfer forms must be lodged with the Share Registrar of the Company, 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 30, 2019.

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

During the six months ended September 30, 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company.

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, 2019, except for code provision A.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, 2019 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, November 28, 2019

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.