

**波司登**  
**BOSIDENG**

**Bosideng  
International  
Holdings Limited**

Incorporated in the  
Cayman Islands with  
limited liability

Stock Code: 3998

ANNUAL REPORT

2021  
/22





# CLASSIC X CREATIVE

Founded in 1976, Bosideng has always focused on down apparel, leading the development of the industry and setting fashion trends. In FY2021/22, Bosideng integrated oriental and occidental cultures, innovatively integrated the classic design of the traditional trench coat with the heat-retention of down apparel, introducing a new heat-retention category in the business scenario.







# PROFESSIONAL X CHALLENGING

FY2021/22 marks the beginning of the Bosideng's new three-year strategic plan. Developing professional leadership and establishing cutting-edge awareness, Bosideng carries forward the corporate spirit of "overcoming difficulties, keeping abreast with the times, fighting cooperatively, striving for the best". Positioning on professionalism and constantly challenging difficulties, we endeavor to march towards global leadership in terms of brand complexity from a single sales scale.









# WARM X SUSTAINABLE

In the process of the new three-year strategic transformation, Bosideng regards helping employees achieve internal targets, benefiting customers externally and giving back to the society and the community as its own responsibility, actively implementing the mission of the brand, fulfilling our corporate social responsibility and exploring ways to practise green products and sustainable fashion, which provides a leading management standard for Chinese textile and clothing brands.

## COMPANY PROFILE

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

With a focus on down apparel business, the Group has developed into an expert in down apparel which has been widely recognized by consumers and a leader in the development of the industry. Currently, the Group’s down apparel brands include *Bosideng*, *Snow Flying*, *Bengen*, etc. These brands have been supporting the Group in meeting the needs of different groups of customers and enhancing its position as a leader in the PRC market. Among them, the down apparel business under the *Bosideng* brand maintained a significant lead in the industry for 27 consecutive years (1995 - 2021) in terms of sales volume in the PRC.

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

The Group has been proactively implementing its strategies of brand development. During the Year, Bosideng was selected again as “Brand Finance Apparel 50” and was awarded “My Favorite Chinese Brand 2021” by China National Brand Network. Looking forward, the Group will maintain the focus on its core down apparel business, upgrade its products, channels and terminals under the strategies of brand development, stay true to the mission of warming the world, and strive for the goal of becoming the most respected fashionable and multi-functional apparel group in the world.



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Definitions

## MISSION

Bosideng warms the world

## VISION

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

## CORE VALUES

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

## SPIRIT

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

## BOSIDENG BRAND POSITIONING

World's leading expert in down  
apparel



# AWARDS

## BOSIDENG BRAND AWARDS

1. *Bosideng* was ranked the 48th in "Brand Finance Apparel 50 2022" selected by Brand Finance
2. *Bosideng* brand was awarded "My Favorite Chinese Brand 2021" by China National Brand Network
3. *Bosideng* extreme environmental-friendly and zero-pressure down apparel was awarded the Red Dot Design Award
4. The urban multifunctional jacket of *Bosideng* won the "ISPO Award – Global Design Award"
5. *Bosideng's* degradable fabric products won the "ISPO Textrends Top 10 Awards"
6. The original Trench-style Down Jacket Collection of *Bosideng* won the "2021 Top 10 Innovative Products for National Consumption (2021國民消費十大創新產品)" issued by people.cn (人民網)



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## LISTED COMPANY AWARDS OR RATINGS

7. "2021 Top 50 Model Enterprises in China Digital Economy Industry (2021中國數字經濟產業示範樣本50企業)" granted by APEC China Business Council
8. Awarded the "2021 Best Employer in China" issued by CHIRC (中企聯合)
9. BBB rating appraised by MSCI ESG (Environmental, Social and Governance)
10. Moody's awarded long-term credit rating of Baa3 (stable outlook) to *Bosideng*
11. S&P awarded long-term credit rating of BBB- (stable outlook) to *Bosideng*

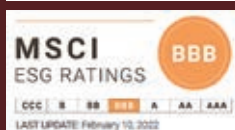


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**BOSIDENG INTERNATIONAL HOLDINGS LIMITED (3998)**  
Textiles, Apparel & Luxury Goods | HK



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## INVESTOR RELATIONS TEAM AWARDS

12. Won the "2021 Golden Stock Award" in the 6<sup>th</sup> Golden Hong Kong Stock Award co-hosted by Zhitongcaijing.com (智通財經) and Hithink RoyalFlush Information Network Co., Ltd. (同花順財經) in 2021
13. "Most Investment Value Award for Listed Companies" of 2021 Sina Finance Golden Unicorn Best Hong Kong and US Listed Companies
14. "Best Investment Value Award" awarded by the Gelonghui Best Listed Companies Awards in Greater China in 2021



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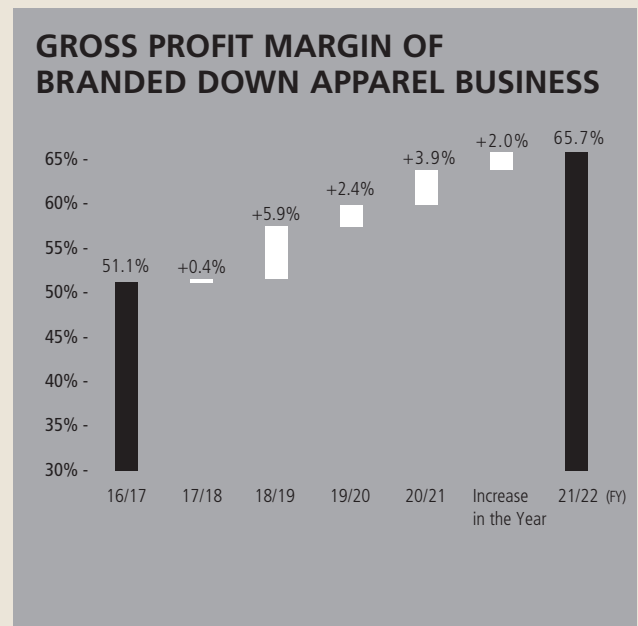
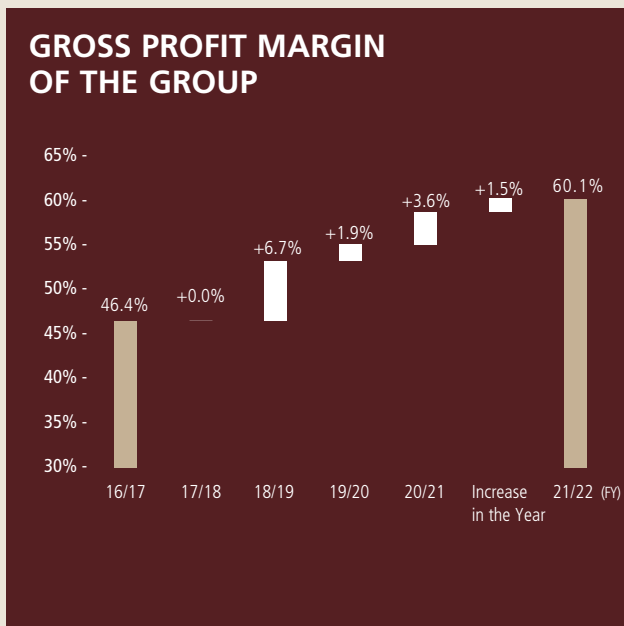
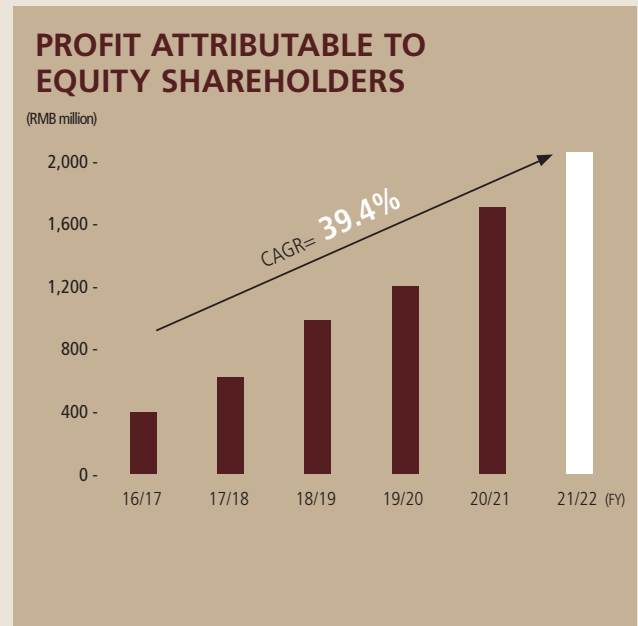
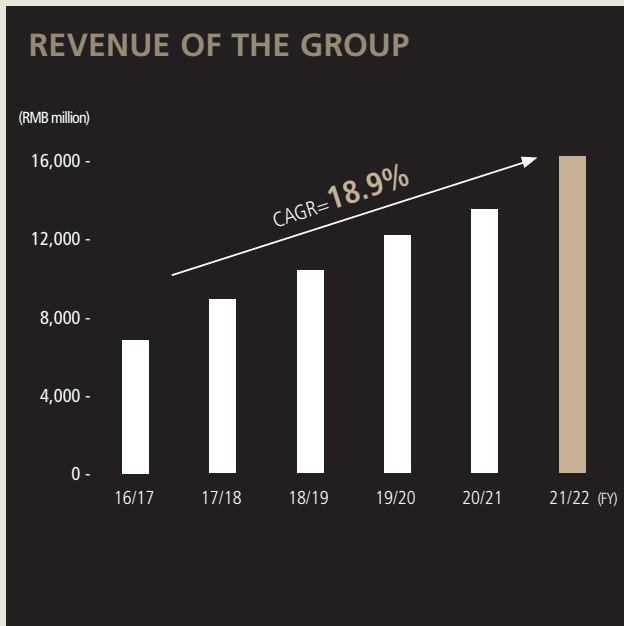
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## FINANCIAL HIGHLIGHTS

(All amounts in RMB thousands unless otherwise stated)					
For the year ended March 31,					
	2022	2021	2020	2019	2018
Revenue	<b>16,213,608</b>	13,516,513	12,190,535	10,383,453	8,880,792
Gross profit	<b>9,737,179</b>	7,924,266	6,708,646	5,513,514	4,119,102
Profit from operations	<b>2,568,847</b>	2,224,606	1,598,678	1,370,765	923,410
Profit attributable to:					
Equity shareholders of the Company	<b>2,062,323</b>	1,709,566	1,203,184	981,316	615,478
Non-controlling interests	<b>(3,551)</b>	(4,600)	(7,908)	24,244	24,043
Dividends per share (HKD cents):					
Interim	<b>4.5</b>	3.5	3.0	2.0	1.5
Final	<b>13.5</b>	10.0	6.0	6.0	3.5
Special	–	–	–	–	2.5
Total	<b>18.0</b>	13.5	9.0	8.0	7.5
Non-current assets	<b>6,546,999</b>	6,079,665	4,909,115	3,944,547	3,484,607
Current assets	<b>14,736,717</b>	12,876,571	12,469,638	11,138,157	10,958,555
Current liabilities	<b>6,610,102</b>	5,442,073	4,690,139	4,795,859	4,337,362
Non-current liabilities	<b>2,447,174</b>	2,263,433	2,285,989	177,959	323,032
Net current assets	<b>8,126,615</b>	7,434,498	7,779,499	6,342,298	6,621,193
Total assets	<b>21,283,716</b>	18,956,236	17,378,753	15,082,704	14,443,162
Total assets less current liabilities	<b>14,673,614</b>	13,514,163	12,688,614	10,286,845	10,105,800
Total equity	<b>12,226,440</b>	11,250,730	10,402,625	10,108,886	9,782,768
Gross profit margin (%)	<b>60.1</b>	58.6	55.0	53.1	46.4
Operating margin (%)	<b>15.8</b>	16.5	13.1	13.2	10.4
Net profit margin (%)*	<b>12.7</b>	12.6	9.9	9.5	6.9
Earnings per share					
– basic (RMB cents)	<b>19.14</b>	15.98	11.27	9.32	5.82
– diluted (RMB cents)	<b>18.78</b>	15.77	11.06	9.17	5.80
Current ratio (x)	<b>2.2</b>	2.4	2.7	2.3	2.5
Gearing ratio (%)	<b>20.8</b>	20.3	24.0	16.1	23.9

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



## CHAIRMAN'S STATEMENT



### ASPIRATION TOWARDS THE SUMMIT WHILE CONTINUING TO FORGE AHEAD!

Dear shareholders,

I would like to extend my gratitude to everyone for your joint efforts in climbing to new heights with Bosideng. On behalf of the Board, I am pleased to present the Group's annual results for the year ended March 31, 2022.

FY2021/22 marks the beginning of the Group's new three-year strategic plan. Sticking to the strategic direction of "focusing on principal business and key brands", the Group started the new journey of becoming the "world's leading expert in down apparel" in the next three years. Revenue hit a record high again during the Year, amounting to approximately RMB16.21 billion, representing a year-on-year increase of 20.0%. Profit attributable to shareholders amounted to approximately RMB2.06 billion, representing a year-on-year increase of 20.6%. To thank the shareholders for their continued support and recognition, the Board recommended the distribution of a final dividend of HKD13.5 cents per share for the Year. This, together with the distributed interim dividend of HKD4.5 cents per share, the dividend distribution rate during the Year was 80.2%, continuously generating steady returns for our shareholders.

### Striding towards new heights and steadily evolving as a market leader

In FY2021/22, against the backdrop of the convergence and combination of changes unseen in a century, coupled with the challenging situations arising from the global pandemic, complex and volatile external landscape, the accelerated reconstruction of the global economy and social order, and challenges in cross-border trade and the supply chain, China had been a stabilizer and catalyst of the recovery of the global economy. Determined and composed, Bosideng has positioned its brands from a global perspective, leading the development of a comprehensive system of products, channels, retail and supply chains to achieve the development goal of sustainable, steady and high-quality growth. According to the down apparel market position claim published by Euromonitor International, "both the revenue and sales volume of Bosideng down apparel ranked first worldwide".

### Based on international vision and leading brand value

As the Group stuck to brand confidence, stayed committed to brand leadership and continued to lead the industry in innovation, *Bosideng* ranked first in the industry in terms of awareness rate, net promoter score (i.e. NPS) and level of brand reputation, etc., and was included in the ranking of "Brand Finance Apparel 50" by Brand Finance for two consecutive years. Bosideng was granted long-term credit ratings of "Baa3 (stable outlook)" and "BBB-(stable outlook)" by Moody's and S&P, respectively, and became the first company in the branded apparel industry in the Asia-Pacific region to obtain an investment grade. The "double investment grade" also demonstrated the recognition from the capital market of the



Group's prudent financial policies and stable and steady financial performance, reflecting the Group's steady development resilience during the business cycle.

In FY2021/22, the *Snow Flying* brand continued to develop its online distribution business, further developed the "Internet+" operation model, utilized new platforms with substantial internet traffic, realized the breakthrough of new retail and the synergy of industry and ecology, and achieved rapid brand development. The OEM management business had overcome the impact on global production resources caused by the pandemic, focused on the needs of core strategic users, made good use of the Group's advantage in product development and supply chain management as a down apparel expert, and exploited the potential of the stock and incremental businesses, maintaining stable and healthy development. The fashionable ladieswear business also responded positively to the pandemic and downward pressure of the economy, remained steady and generally showed positive signs of growth.

The Group has continued to support China's winter industry and mountaineering for over 20 years, and helped Han Xiaopeng to win the first gold medal of China for winter games in the Winter Olympic Games, forming the climbing spirit of "bravely scale new heights and strive to be a pioneer and leader". During the Year, leveraging on the historical opportunity of encouraging 300 million people to participate in winter sports in the 2022 Beijing Winter Olympics, we reached a strategic cooperation with Bogner, a worldwide renowned athluxury sports fashion apparel brand, so as to explore great growth potential in the premium sport fashion market in China, which will inject innovative momentum into the medium- and long-term development of the Group.

### **Focusing on product innovation and leadership**

Bosideng has specialized on down apparel for 46 years, continued to explore an end-to-end product development model focused on user value, and established a professional, comprehensive and three-dimensional product line, leading the development of the industry and setting fashion trends. In FY2021/22, we integrated oriental and occidental cultures, released the *Bosideng* original Trench-style Down Jacket and introduced a new heat-retention category in the business scenario. The composite structure camping down apparel and the environmentally-friendly and zero-pressure down apparel won the ISPO Global Design Award and the Red Dot Design Award, respectively. Climbing 2.0 series of down apparel incorporates Chinese original technologies to demonstrate that Chinese down apparel can achieve or even surpass the professional quality of down apparel from top international luxury brands. The Bosideng Testing Center was accredited as an authorized laboratory by the International Down and Feather Bureau (i.e. IDFB) and by the China Feather and Down Industrial Association, consolidating the core competitive advantages as a down apparel expert.

### **Focusing on targeted marketing to boost consumption momentum**

We take a consumer-oriented approach and continue to promote new retail reform. In recent years, we have built a number of flagship stores offering a greater sense of experience and greater value in the core business areas of first-tier cities and new first-tier cities across the country. We focus on the marketing capabilities of key stores, deepening and expanding on online and offline integration, circle-level and community-based supply scenarios, and optimize and improve on consumer experience. Simultaneously, we break the online platform mentality, turn to brand thinking and user thinking, promote precise membership management, exert more effort on new platforms such as Douyin, explore new retail models, and drive compound growth with high-quality innovation in global retail. *Bosideng's* Tmall flagship store took the lead in the "Double 11" and "Double 12" events for three consecutive years, ranking first in the domestic apparel category. In addition, we targeted operational users and invested more on consumer interaction. In FY2021/22, our corporate WeChat platform attained 6.10 million new members, accumulated over 6.30 million followers on the *Bosideng* brand's official WeChat account and over 4.90 million fans on our Douyin official account, with a significant increase in the number of young consumers under the age of 30.

## CHAIRMAN'S STATEMENT

### **Embarking on intelligent and digital transformations to ignite the engine of development**

The Group continues to implement digital infrastructure construction, the digital application of the whole value chain and digital-driven business model innovation. We have upgraded and tested our software system and big data center with our own intellectual property rights, promoted the digital intelligent transformation of associate factories, deeply integrated the new generation of digital technology with the traditional production model of down apparel, and opened up the front-end sales, mid-end inventory and back-end supply chain through production and marketing coordination. Our flexible and intelligent manufacturing of brand clothing has the ability of end-to-end quick response, while quickly and accurately serving customers and meeting market demand, it guides rapid production and replenishment, putting our intelligent and quick response ability far ahead of the industry standard. The Group has clarified that the digital transformation focuses on the three core business scenarios of “users, retail and commodities”, and continuously improves the efficiency of enterprise operations through process reengineering, organizational restructuring and model innovation, so as to continuously create greater value for users.

### **Living up to the mission of our brand with high positive energy to focus on sustainable fashion development**

In the process of the new three-year strategic transformation, the Group regards helping employees achieve internal targets, benefiting customers externally and giving back to the society and the community as its own responsibility, actively implementing the mission of the brand, fulfilling our corporate social responsibility, supporting rural revitalization and promoting common prosperity. In FY2021/22, we donated approximately RMB50 million market value of materials and cash equivalents to help Shanxi with flood relief efforts and post disaster reconstruction. Over the years, we have donated more than RMB1.2 billion to the society and was a three-time winner of the “China Charity Awards-the highest government award in China’s charity field (中國慈善領域的最高政府獎項 — 中華慈善獎)”. We actively explore ways to practise green products and sustainable fashion. In FY2021/22, Morgan Stanley Capital International (i.e. MSCI) upgraded the ESG (Environmental, Social and Governance) rating of the Group to “BBB”, providing a leading management standard for Chinese textile and clothing brands.

### **Establishing strong global leading strength and opening a new chapter on the summit**

Bosideng has been dedicated to the down apparel business for 46 years, adhering to the mission of “Bosideng warms the world”, and strives to write the warm story of the world’s leading Chinese down apparel for nearly half a century. Only by not forgetting the origin can we create the future. The year 2022 is a year of change and a year of tackling tough challenges, while the haze of the epidemic has not been dissipated. The international situation is changing and the development of the industry is facing uncertainty. Only sheer determination can be the core to support China’s international voice and the global influence of Chinese brands. The Group will remain strong in strategy, flexibly respond to changes in tactics, concentrate on advantageous resources, focus on core business sectors, continuously upgrade the *Bosideng* brand from an international mid and high-end perspective, and strive to achieve a comprehensive global leading brand.

### ***Establishing leadership, and strengthening young consumers’ awareness***

The Group will continuously and extensively exploit the representation of its brand, tell a compelling brand story and innovate brand communication as well as strengthen the professional awareness of down apparel among customers of the era, especially Generation Z. We will absorb the essence of and learn from the global fashion culture, incorporate innovation and breakthroughs, leverage on the brand’s potential and influence on customers and the industry with a more open and inclusive attitude and a broader perspective.

### ***Iterating products, and leading the trend in the down apparel industry***

The Group will integrate global advantageous resources with a focus on innovative research and development and fashion design, and strive to satisfy new consumer demand from a product perspective and on a spiritual level. The Group will launch high-quality and affordable Chinese products with professional advantages and fashion designs to the global market. By grasping the winter economic development upsurge of the “post Winter Olympic Games era”, we focus on the experience of outdoor functional scenes, arrange for the winter apparel equipment market such as public winter sport and urban skiing, so as to form our core competitive advantages of leading fashion, functionality, technology and quality.

### ***Upgrading channels and accelerating the growth of digital empowerment***

We will make every effort to open up business chains, pay attention to customers’ value, build up a strong retail team, and enhance our cohesion and strength of mutual trust, effectiveness and results. We will improve the digital and intelligent integration of new retail, a large commodity smart cooperation platform and a large retail smart operation platform featuring whole scenarios to boost the business of the whole value chain, thus enhancing the transformation of consumption scenarios in the new era. We will continue to expand new categories, new channels and new markets, and build the core channels in core business districts in core cities according to local conditions. The Group will grasp the opportunity of the platform economy and its contents and resources to drive business growth through the high-quality development of three-dimensional whole-sector retail.

“To see a thousand miles afar, we should ascend to a higher mountain”. With the stable recovery of global consumer demand for apparel products, the demand in the domestic market will return to normal. The opportunities for growth in the post-pandemic era will continue to arrive to industry-leading companies, bringing great opportunities for the Group to pursue development amid steady progress. The Group will adhere to the strategic direction of “focusing on principal business and key brands”, and focus on the main development line of “fashionable functional apparel”, developing professional leadership and establishing cutting-edge awareness. We endeavor to march towards global leadership in terms of brand complexity from a single sales scale with our slogan of “World Down Apparel, China Bosideng”.

The brave feel no loneliness when climbing up. We will rouse ourselves on our way towards global leadership. On behalf of the Board, I would like to extend my sincere gratitude to the members of the Board, the management team and people who struggled for the Group for their perseverance and dedication. And I also hope our shareholders, partners and customers around the world can trust and support Bosideng as always. The Group will stay true to its original intention and mission of “Bosideng warms the world”, and carry forward the corporate spirit of “overcoming difficulties, keeping abreast with the times, fighting cooperatively, striving for the best”, innovate the mechanism for symbiosis and co-creation of shared corporate value, constantly provide consumers with higher-quality and worthy services and products, and create value for the good life of the people.



**Gao Dekang**

*Chairman and President*

June 23, 2022



## MANAGEMENT DISCUSSION AND ANALYSIS



FY2021/22 was an extraordinary year. Changes unseen in a century, coupled with the challenging situations arising from the global pandemic, led to profound changes in the global landscape, a significant impact on market consumption, and unprecedented difficulties and challenges to the global industrial supply chain. The Group had firm confidence in its development, adhered to the strategic direction and brand leadership, and carried forward the spirit of “overcome difficulties, keep pace with the times, work collaboratively, and strive to be a pioneer and leader”. We planned for decisive organic growth in response to uncertain external changes, promoted steady progress in the main business performance indicators, and became a global leader in terms of total scale, while achieving a good start for the “new three-year” development strategy.

China’s economy and the supply and demand of consumption are more robust as compared with the global market, and the domestic demand market demonstrates huge market potential and consumption capacity. Under the new development pattern of dual circulation, new cultural confidence will transform into industrial confidence, industrial confidence will drive confidence in development, and these factors will converge into a powerful force of the times that drives the groundbreaking growth of domestic brands. The Group firmly upheld the strategic direction of “focusing on principal business and key brands”, adhered to the development model of brand leadership, seized opportunities and broke new ground in the process of identifying and adapting to changes, while striving for the healthy, sustainable and high-quality growth development goals during the “new three-year” period.

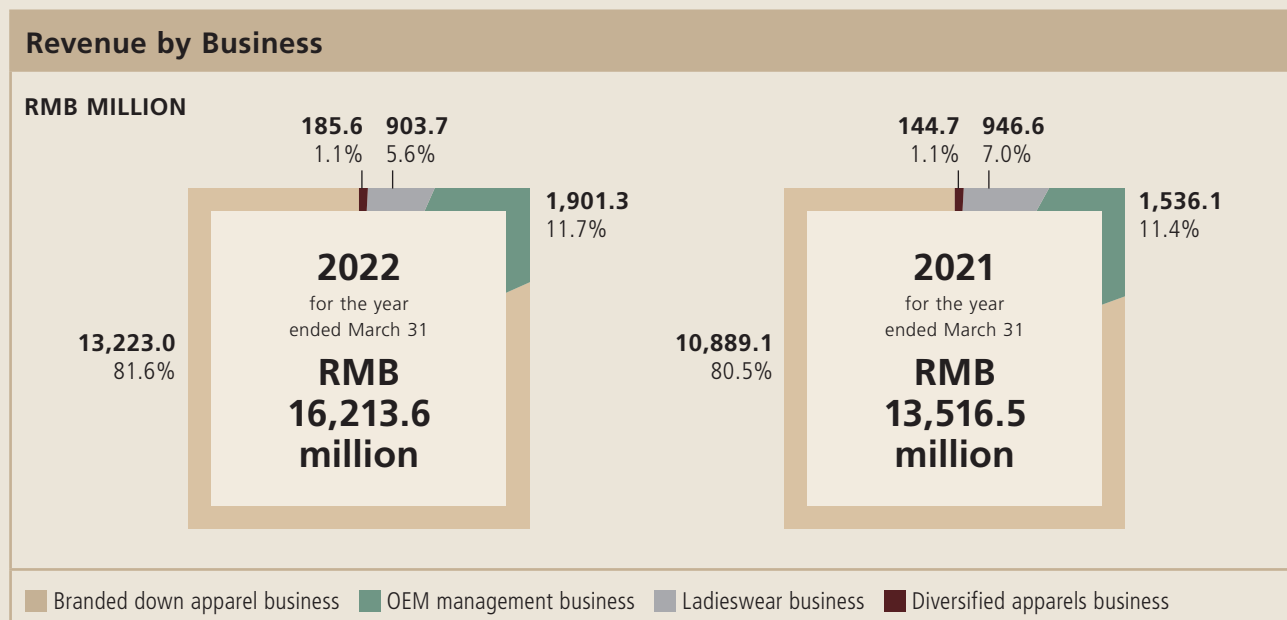
## REVENUE ANALYSIS

In FY2021/22, the Group followed firmly the strategic direction of “focusing on principal business and key brands”, defined the Group’s brand positioning of being the “world’s leading expert in down apparel”, continued to consolidate the four core competencies of “leading brand, innovating products, upgrading channel and adhering to high product quality and quick response” and the two security systems in relation to “organization, mechanism, culture and talent development and digital operation”, and, under the circumstances of the industry’s overall downward trend, achieved a steady and high quality development of the branded down apparel business, which showed the resilience of the corporation’s development.

In this Year, the Group’s revenue amounted to approximately RMB16,213.6 million, representing an increase of approximately 20.0% 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 main business segments.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded a revenue of approximately RMB13,223.0 million, accounting for 81.6% of the total revenue of the Group, representing a year-on-year increase of 21.4%. The OEM management business recorded a revenue of RMB1,901.3 million, accounting for 11.7% of the total revenue of the Group, representing a year-on-year increase of 23.8%. The ladieswear business recorded a revenue of RMB903.7 million, accounting for 5.6% of the total revenue of the Group, representing a year-on-year decrease of 4.5%. The diversified apparels business recorded a revenue of RMB185.6 million, accounting for 1.1% of the total revenue of the Group, representing a year-on-year increase of 28.3%.



### **Branded Down Apparel Business:**

In FY2021/22, positioning on the objective of being the “world’s leading expert in down apparel”, the Group focused on building leading channels, leading commodities, a leading image, leading retails, and leading user operations. In terms of brands, the Group adhered to its position as a down apparel expert with its competitive strategy being upgraded from being the “top-selling down apparel expert in the world” to the “world’s leading expert in down apparel”. In terms of products, the Group promoted the upgrades of commodity structure, explored an end-to-end product development model of “focusing on user value”, and accelerated the establishment of core competitive products with leading functions, leading fashion and leading technology. In terms of channels, the Group continued to optimize the channel structures and channel qualities, focused on expansion and building within “2+13” key cities (namely, Beijing, Shanghai and other 13 first-tier and new first-tier cities) and continuously enhanced the operating ability and sales efficiency of its terminal stores.

In this Year, the *Bosideng* brand under the Group’s branded down apparel business recorded a year-on-year increase of 16.3% in revenue, reaching approximately RMB11,617.7 million. The revenue of the overall branded down apparel business segment increased by 21.4% on a year-on-year basis to approximately RMB13,223.0 million.

### **Brand Building**

In FY2021/22, the Group continued to define its brand position as a “down apparel expert”, focus on the strategic development direction of being the “world’s leading expert in down apparel” and adhere to the “Brand-led” development model. It also further extensively explored the brand value of *Bosideng* in association with “Top Brands, High Quality, Synonym of Down Apparel”, and contributed to its brand building and improvement of operating results by constantly launching brand events, innovating communication content and communication approaches as well as continuously deepening consumer awareness and brand reputation.

According to the *Bosideng* brand health tracking report prepared by Ipsos, *Bosideng*’s current brand recognition and top-of-mind awareness rate are both in the leading position in China’s apparel industry. Among them, the net promoter score (i.e. NPS) was as high as 56, and brand reputation was as high as 9.11. It has become the preferred down apparel expert brand among over 71% of Chinese consumers. These indicators of brand health have all improved as compared to those of the previous year, and the *Bosideng* brand recognition in the minds of consumers has become more positive.

According to the “Brand Finance Apparel 50 2022” released by Brand Finance, one of the top five international authoritative brand value evaluation consultancies, the *Bosideng* brand was selected again and its ranking improved to the 48th in the apparel brand list.



BRAND RECOGNITION



Preferred down  
apparel expert  
brand among over

**71%**  
of Chinese consumers

Ranked  
**48<sup>th</sup>**  
in Brand Finance  
Apparel 50 2022

**In FY2021/22, Bosideng had continued to maintain its position as a down apparel expert, and commenced a series of brand events through first-of-its-kind product upgrades, product technology upgrades and co-created release conferences.**

### OCTOBER 2021

*Bosideng* released the original Trench-style Down Jacket Collection. On the one hand, *Bosideng* subverted customers' perception of traditional down apparel and enhanced its image as a down apparel expert by innovating the categories of down apparel; and on the other hand, the original Trench-style Down Jacket Collection may satisfy the needs and aesthetics of mainstream consumers for business scenarios, which consolidated the expansion of product series, and achieved the perfect conversion of brand power and sales power.



## NOVEMBER 2021

*Bosideng* released the climbing 2.0 series, which on the one hand, raised the awareness of the *Bosideng* brand among consumers and effectively supported brand development and positioning, and on the other hand, the products are originally made in China, leading the further development of Chinese brand apparel in top design, craftsmanship and fabrics.



## DECEMBER 2021

*Bosideng* held a release conference together with the National Theatre of China, at which, on the one hand, the “warm epic” of “world-leading Chinese down apparel” was being interpreted wonderfully; and on the other hand, the fusion of theatrical art and fashion elements pioneered the theatrical release conference in the industry, intensively elaborated *Bosideng's* global leading position as a Chinese down apparel brand and was recognized by the fashion industry and the apparel industry.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Commodity Management

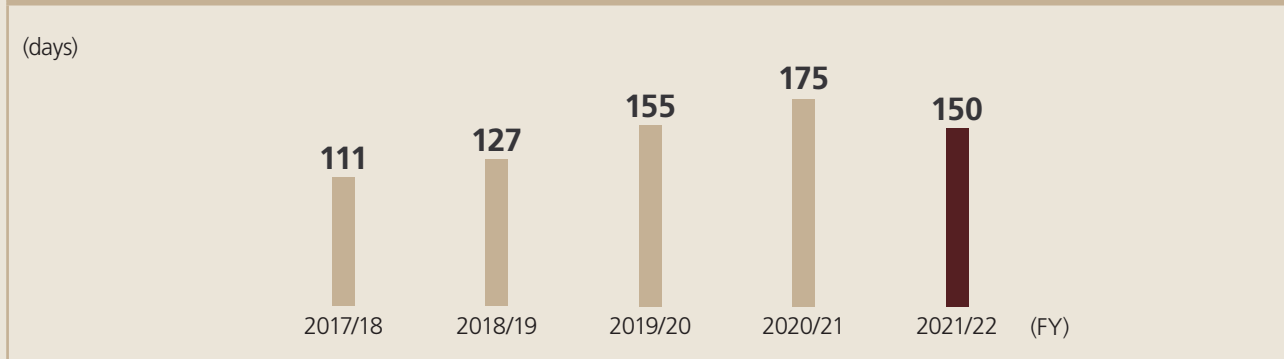
In FY2021/22, single-store orders of the Group were applied to self-operated stores, which meant products for sale in single stores would match the demand for orders and products would be produced with reference to the actual demand. Meanwhile, distributors adopted different flexible modes of order placement and rebate based on their respective scales of operation. In the Year, the proportion of the first orders placed between the Group and distributors remained at a low level, and the remaining orders shall be replenished based on actual market feedback in the peak seasons. Such a demand-pull mechanism has been playing a very important role in the Group's centralized management of channel inventory and commodity structure during peak seasons.

In FY2021/22, the Group continued to stick to the concept of commodity operation management of the last financial year. With the Group's smart central delivery centre (i.e. CDC) which serves all offline direct stores, franchised stores and e-commerce businesses throughout the country, the Group unified the inventory management of 9 direct large warehouses and 12 small warehouses of

distributors through an integrated inventory management platform, including suppliers' delivery, storage/return of commodities from the market to the warehouse, sorting and shelves arranging to continuously optimize the availability of replenished goods in accordance with market sales conditions in conjunction with different strategies that allocate and store commodities and O2O pathway.

As of March 31, 2022, the inventory turnover days of the Group were 150 days, representing a decrease of 25 days as compared to that as at March 31, 2021, which was mainly due to the launch and maintenance of a relatively lower proportion of first-time orders, as well as the continuous implementation of the demand-pull restocking and full-channel integrated operation model during the Year, which effectively controlled the inventory of finished goods despite uncertain factors such as the weather and sporadic epidemic. On the one hand, such measures not only laid a solid and relaxed inventory management foundation for the sales in the next year of the Group, and on the other hand, also demonstrated the Group's strong operating resilience as a Chinese leading down apparel enterprise in light of uncertain and negative factors.

## Inventory Turnover Analysis





## Supply Chain Management

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

In this Year, the supply chains of the Group underwent systematic innovation upgrading in terms of resource integration, adopting flexible and quick response times, excellent quality maintenance and leading costs. Despite the challenges and difficulties brought to the supply chain management of the Group from the clustered spread of the COVID-19 epidemic and the policy regarding restrictions on electricity and production in 2021, the Group defended against these risks through pre-positioning, strategic planning and symbiotic synergy in various aspects.

In terms of resources integration, based on the national macro policy and the epidemic environment, the Group maintained cooperation with high risk-resistant quality suppliers, which effectively safeguarded the quality and safe supply of products.



In terms of adopting flexible and quick response times, the Group established an end-to-end value chain management model focusing on stores, and achieved process iteration and full integration of the information chain, while enhancing upgrading on factory intelligent manufacturing, which provided possibilities and guarantees for quick response upgrading. The system had been upgraded in respect of sales and production synergy, strategies planning, cycle management, material preparation on a rolling basis and accurate order resource allocation, which shortened the order cycle from 2 weeks to 1 week in the peak seasons and provided a solid guarantee for accurate sales and inventory risk.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of quality management, the Group regarded excellent quality and users' perception as the core bases for improvement, and connected users' needs and experience for comprehensive upgrading of experience quality by matching appropriate high-quality resources with attributes in scene category, so as to meet the high-end of standards, resources, materials and production lines. It also implemented a digitalized operation system for quality control, broke through the entire quality closed loop and made the whole process controllable and traceable, so as to ensure online and transparent quality control on a real-time basis.

In terms of leading costs, despite the increasing uncertainties in the market under the impact of the epidemic and the policy regarding restrictions on electricity and production in 2021, and the fact that the overall materials market was unstable and uncertain, the Group made new breakthroughs in terms of resources integration vertically and horizontally, technology innovation, refined efficiency improvement and excellent operation by creating strategies for strategic efficiency improvement and cost reduction with strategic suppliers in advance, and achieved a strategic model for long-term, symbiosis and win-win cooperation by connecting *Bosideng's* brand empowerment, advantages in volume and financial support together with suppliers, so as to ensure the certainty and controllability of costs in the event of external uncertainty.



### Logistics and Delivery

For logistics and delivery, the Group continuously adopted a system to automatically match transport and delivery resources for each order based on traffic (mainly based on order quantity, weight and size), factoring in limitations such as the advantages of social transport and delivery resources, transport costs and timeliness. The Group also collects and monitors data in respect of each step of the entire process, including collection, distribution, in-transit and sign-for-acceptance.

A series of actions have been taken in respect of the logistics park area of the Group in terms of improving logistics efficiency. On the one hand, the advanced algorithms of the self-developed ICC (i.e. inventory calculation centre) and OPC (i.e. order processing centre) systems are adopted to instantly collect, match, locate and calculate the distance between the geographical location of the product and the geographical location of the consumer, and generate instructions to



## Digital Operation

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

In terms of research on digital transformation, in recent years the Group has made significant achievements in terms of digitalization in many aspects, including smart manufacturing, smart logistics and smart commodity operations. It has gradually entered into the deep waters of digital transformation to unite perception for cohesion. While continuously learning from leading enterprises and successful cases, we have gradually established the three core business scenarios with a focus on users, retailing and commodities, and constantly improved the operating efficiency and created greater value for users through means such as process redesign, organizational restructuring and model innovation.

In terms of digital operation, based on the development trend of modern IT and combined with the existing system or application usage of the Group and the microservice architecture and stream-batch integrated computing technology, we have released top-level IT infrastructure in line with the trend of the times under the principle of one entrance, one platform and one digital warehouse, and comprehensively formulated a three-year implementation plan for downlisting, upgrading, integrating, reconstructing and newly constructing IT products under the principle of life cycle management of IT products, and ultimately realized the goals of a mobile office, online business, digital operations and intelligent decision-making, thereby providing powerful technical solving tools or solutions for the Group's digital transformation.

prioritize early orders and ensure early pick up by the courier company and the fastest distribution to consumers. On the other hand, with the coming of a new wave of smart technology through advanced logistics information technology ("IT") system and highly automatic logistics equipment, it has become possible to maximize the automatic efficiency of equipment and reduce inventory operation time and deliver to the carrier for pick up at the fastest speed.

In FY2021/22, the Group has implemented an automatic and smart allocation system based on commodity attributes in conjunction with each carrier's ability and price in all regions of the PRC by way of enhancing the system transportation modules of Extended Warehouse Management (i.e. EWM). Under the premise of maintaining reasonable costs, we maximized our service efficiency and improved users' experience. Meanwhile, the significantly improved out-warehouse rate and optimized in-transit efficiency has contributed to the Group's leading position in logistics and delivery in the industry.



## New Retail Operations

In this Year, the Group continued the use of corporate WeChat to build a more convenient communication bridge with customers, and achieved approximately 6.10 million new members and approximately 2.50 million corporate WeChat friends. The Group had over 6.30 million followers on its *Bosideng* brand WeChat account and over 4.90 million fans on its Douyin official account. Among them, the number of young consumers under the age of 30 increased significantly as compared to that of the corresponding period of last year. Furthermore, the proportion of the Tmall member repurchase sales had reached 29.2%.

In terms of member digital innovation, we continued to create a customer tags system through Alibaba Data Center and built a user hierarchy model and a forecast model to conduct precision level-by-level operations on users and reach-out to consumers with high quality digital content to improve consumers' shopping experience and out-of-store sales through cloud-based stores with "Thousands of Stores with Thousands of Images (千店千面)". At the same time, we provided marketing assistants for each corporate WeChat shopping guide, and used the data center to match interactive content templates for terminal shopping guides to assist them in maintaining good customer relationships.



## Technological Innovation

The Group attaches great importance to the technological innovation of products and incorporates scientific technology innovation into the development of new materials, new products, supply chain management and other important corporate core strategies, applying high-end functional resources around the world and continuously enhancing investment.



In this Year, the Group focused on investment in scientific technology to establish and develop itself as a leader in scientific technology. The use area of the Group's scientific technology center increased to 10,000+ sq.m., in which the Group built a leading polar environment simulation testing laboratory, upgraded the software and hardware capabilities of the raw material expert laboratory in all aspects and supported an Antarctic scientific expedition with the technology and quality services of climbing products.

In this Year, the Group focused on new material development and the research and development of new products. In terms of new materials development, the Group introduced internationally-high potential energy fabric brands to attain high-end functional resources, two types of which have obtained ISPO TOP 10 and ISPO SELECTION. In terms of the research and development of new products, the Group had initially established *Bosideng's* unique and exclusive technology system. It is particularly worth mentioning that



## MANAGEMENT DISCUSSION AND ANALYSIS

the extreme environmental-friendly and zero-pressure down apparel, a *Bosideng* brand under the Group, was awarded the Red Dot Design Award in this Year.

In this Year, the Group applied for an aggregate of 140 patents, including inventions, utility model and appearance patents, and obtained 20 patent certificates in FY2021/22 for applications submitted in the previous years, which provided patented technology and endorsement support for down apparel experts. As of March 31, 2022, the Group has accumulated 369 patents (including invention, utility model and appearance patents) in total.

The Group plays the role of the down apparel sub-committee of the National Clothing Standards Committee and the ISO/TC133 secretariat, the core drafting unit and the first drafter of the Down Clothing standard GB/T14272-2021, a member of the IDFB Technology Committee, the fourth drafting unit of ski clothing, the first drafting unit and the drafter of the Standards for Design Assessment on Green Design Products – Down Clothing (《綠色設計產品評價設計規範—羽絨服裝》), and published Climbing Series 2.0 Down Apparels, Green Standards, 6A Standard Leader of Sun Protecting Cloth and a number of other leading standards in the industry. For three consecutive years, the Group has been awarded the top-ranked Corporate Standard Leader for down apparels by the State Administration for Market Regulation, fully demonstrating the Group's image as a standard leader.

### Research and Development of Products

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

The combination of product design and consumer preferences is the key to product innovation. The Group conducted precise development of different series of products for consumers based on consumer preferences and cognitive models. On the whole, the new product development of the Group was articulated in different scenarios: "sports" represented fashion, "business" represented quality, "outdoors" represented functionality and "leisure" focused on current fashion trends to create hot-selling products. Through end-to-end integration of development for a series of scientific, objective and methodical design processes covering customer research, market research, trend analysis, commodity planning, design planning, promotion planning, product development, customer appreciation, ordering feedback, sales feedback and summary reviews, we endeavored to present new series of products to consumers.

The *Bosideng* brand also attaches great importance to its cooperation with international designers and well-known intellectual properties ("IPs"). Through cooperation with international designers and IPs such as Walt Disney and Marvel, the Group launched brand new products which were well received and sought after among young consumers.

In this Year, the urban multifunctional jacket of *Bosideng* won the ISPO Award – Global Design Award, and the composite structure camping down apparel and zero-pressure down puff obtained the ISPO Global Design Award and the Red Dot Design Award. In addition, the professional warmth series sponsored the 38th Antarctic expedition mission of the Chinese Antarctic expedition team.





### THE KEY PRODUCT COLLECTIONS IN FY2021/22 INCLUDED:



#### **Trench-style Down Jacket Collection**

The first launch of the *Bosideng* Trench-style Down Jacket series in 2021 marked innovation and a breakthrough in categories of down apparel. Products under the series broke down the conventional design of down apparel and combined the classic British Trench-style Down Jacket with Chinese down apparel through an advanced custom production process and achieved the reformation of cross categories. Meanwhile, the version and style more in line with the Asian figure was built adopting slim 3D tailoring design and *Bosideng's* 46 years down apparel craftsmanship, which makes for a more sleek and stylish appearance, stronger wrapping and firmer fit.



### High-end Extreme Cold Collection

The luxury-grade functional collection is simple and elegant in design. It interprets the "big name design" by creating a unique balance between cold resistance and luxury fashion and can withstand the "extreme cold-resistant" experience of up to below 30°C. Matte metal logo and high-quality leather accessories were applied in detail with 800+ imported European goose down filling, which perfectly demonstrated the sense of high-end luxury fashion and practical functions.





### High-end Outdoor

In light of sudden changes in the weather of the city, *Bosideng* continued to break through technical barriers by building a functional solution for the outlook of the city together with GORE-TEX, the “cloth of the century”. The fabric of the product was windproof, waterproof/water repellent and breathable, which can respond to all bad weather while making it more comfortable of the wearer. In pattern style, *Bosideng* perfectly instilled the beauty of an urban style into the comfort of an outdoor fit. The products were filled with imported goose down with a bulkiness of 800+, which may keep the wearer from the cold for a long time with a lighter upper body. In product details, a laser lamination process was adopted locally and heat retention storage technology was applied inside. Regardless of wind or rain or outdoor explorations, High-end Outdoor is a piece of all-weather protection technological equipment and one of the outstanding products that represents *Bosideng* as the “world’s leading expert in down apparel”.



### Ski Collection

In response to the “300 million people’s ice and snow sports” promoted by President Xi Jinping and to welcome the 2022 Beijing Winter Olympics, *Bosideng* not only made breakthroughs and innovations in the ski collection in terms of style, appearance and category style (single board/double board), but also created two functional structures suitable for skiing scenes, “Down Air Circulation System” and “Temperature and Humidity Balance System”, to consolidate the product’s leading function and solve the problem that down material is not suitable for the filling of ski suits. The use of century cloth GORE-TEX and professional stretch fabric Dermizax makes consumers feel the more professional, comfortable and high quality of *Bosideng’s* ski products.





### City Sport Collection

Goosebumps (hereinafter referred to as "GB") was originated from goose bumps resulting from coldness, excitement or touch. Wearing the GB collection, which integrates functionality and fashion, will enable a more comfortable, relaxed and natural city life. This season, we incorporated more vintage print elements into the existing colourful and workwear style and used 600+ high-loft quality goose down in combination with the trendy silhouette to lead the new fashion.



## Stylish Sport Collection

Nature has evolved to provide for the sustainability for life, and while creating new things, the burden on them is slowly increasing. Nowadays, we also feel the "agitation" of the earth, while the process of human civilization and the development of the natural environment form two sides. This collection takes the natural snowy mountains as the origin, combining fashionable color schemes and 3D streamline shapes to inject a young and energetic style element into the theme products. Meanwhile, it upgrades the process that tightly locks down the craftsmanship spirit to offer downproof and more comfortable apparel to consumers.



### Puff Collection

With the changing times and environment, people gravitate towards "light" fashion, returning to the most classic comfort experience of a down jacket. Defined by fashionable light-sensitive and super-light and soft nylon fabric, exquisite structure design, 3D fashion silhouette and waist classic version with hundreds of different models, the collection is stylish, light and fluffy and can maintain warmth for a long time, which can meet all-round demands for people's daily commuting and socials with their friends. Products of the collection are promoted by celebrities, and are concerned and loved by consumer groups.





### **Golf Collection**

By using 360-degree high-quality stretch fabric and 3D tailoring, the collection enables people to be comfortable and slim, dynamic and free; the collection is made of 90% high-quality goose down with 600+ fill power, which makes it warm and light with improved quality. In terms of technology, German anti-lint technology and antidrilling sewing technology are adopted and the needle holes are smaller so as to effectively prevent the down cluster from sticking out of needle holes.





### **Light Down Apparel Basic Collection**

Carrying forward *Bosideng's* 46-year classic version, we adopted new 25D super soft yarn and the Japanese calendaring and softening process to bring a cloud-like gentle touch; we choose fashionable bright colors to meet the needs of different consumers and create vitality for the winter dreary. The collection is made of 90% high-quality duck down with 600+ fill power and thus it is light, comfortable and fit for health, and brings customers peace of mind. In terms of technology, anti-lint technology and antidrilling sewing technology are adopted and the needle holes are smaller so as to effectively prevent the down cluster from sticking out of needle holes.



## Multi-brand Strategies

While emphasizing the development of the *Bosideng* brand and reshaping *Bosideng* as a mid-to-high-end functional brand in today's era, the Group maintained the strategy of "Down apparel +" to continuously develop

and position its branded down apparel business under its mid-end brand *Snow Flying* and cost-effective brand *Bengen*, to achieve full coverage through the differentiated positioning of each brand, strengthen the core business of down apparels and maximize market share.



## Snow Flying

In FY2021/22, the *Snow Flying* brand recorded revenue of approximately RMB974.2 million, representing a year-on-year increase of 76.6%. The *Snow Flying* brand continued to launch its online distribution business to further enhance the "Internet +" operating model and gained the rapid development of its brands by operating its business with the core competitive mindset of "excellent operation and affordable prices".

In terms of channel development, the *Snow Flying* brand integrated resources through development model innovation and determined online channels as its key direction, established an online brand for distribution authorization and new live broadcast retailing as the strategic development business to

enhance effective reach to customer groups, optimize brand promotion strategy and improve the operating capabilities of products. In terms of product expansion, the *Snow Flying* brand not only values product innovation, but also the quality management of products. From product development to listing, the brand empowerment and control is carried out throughout the process by way of selecting quality business partners, which laid a solid foundation for the rapid and quality growth of the brand.

In the future, the *Snow Flying* brand will be committed to becoming an apparel brand operator trusted by consumers in the Internet era with a focus on three key tasks, being creating a new growth curve, differentiating from the main brands, and innovating business models.



### ***Bengen***

In FY2021/22, the *Bengen* brand recorded revenue of approximately RMB235.3 million, representing a year-on-year increase of 60.3%. From FY2020/21, the *Bengen* brand has greatly reduced its offline agency channels and shifted more to online channels. After two years of efforts, the *Bengen* brand reduced

the use of offline agents and focused on online direct sales and distribution and has obtained obvious progress. In the future, the online cost-effective down apparel market will be intensively cultivated through innovative development models and resources integration, so as to become the first choice of fashion down apparel brand for women in the new era.

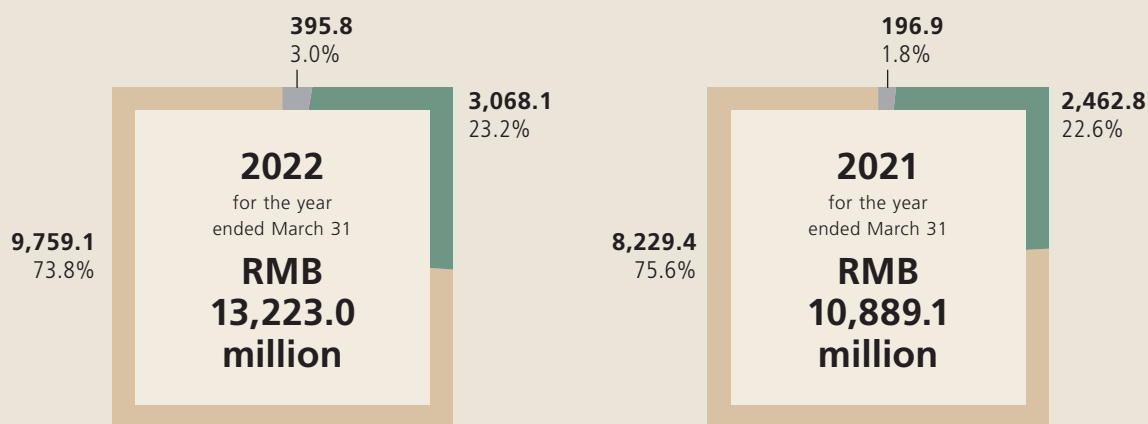
### Revenue from branded down apparel business by brand

Brands	For the year ended March 31,				
	2022		2021		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
<i>Bosideng</i>	11,617.7	87.8%	9,993.7	91.8%	16.3%
<i>Snow Flying</i>	974.2	7.4%	551.7	5.1%	76.6%
<i>Bengen</i>	235.3	1.8%	146.8	1.3%	60.3%
Others*	395.8	3.0%	196.9	1.8%	101.0%
Total revenue from branded down apparel business	13,223.0	100.0%	10,889.1	100.0%	21.4%

### Revenue from branded down apparel business by sales category

Sales categories	For the year ended March 31,				
	2022		2021		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	9,759.1	73.8%	8,229.4	75.6%	18.6%
Wholesale	3,068.1	23.2%	2,462.8	22.6%	24.6%
Others*	395.8	3.0%	196.9	1.8%	101.0%
Total revenue from branded down apparel business	13,223.0	100.0%	10,889.1	100.0%	21.4%

#### RMB MILLION



■ Self-operated ■ Wholesale ■ Others

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

## MANAGEMENT DISCUSSION AND ANALYSIS

In FY2021/22, the Group had been improving the quality of channels to increase their efficiency. In terms of offline channel construction, first, the Group paid more attention to the channel structural layout and targeted “2+13”, i.e. 15 first-tier and new first-tier cities in total; second, the Group paid more attention to the quality of channels, and established better stores in shopping malls, popular business areas and core areas of cities by “closing down small stores and opening large ones”; third, the Group further enhanced the layout of multi-level markets and established corresponding self-operated stores or dealers’ stores according to options and plans in markets at different levels to start sales in local markets. As at March 31, 2022, the total number of selling points of

the Group’s down apparel business (net) decreased by 341 to 3,809 as compared to that as at the end of the last financial year; self-operated selling points (net) decreased by 81 to 1,726 and selling points operated by third party distributors (net) decreased by 260 to 2,083. The self-operated and third party distributor-operated selling points as a percentage of the overall selling points were approximately 45.3% and 54.7%, respectively. Among the total selling points of the Group’s branded down apparel business, approximately 30.1% were located in first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 69.9% were located in third- and lower-tier cities.

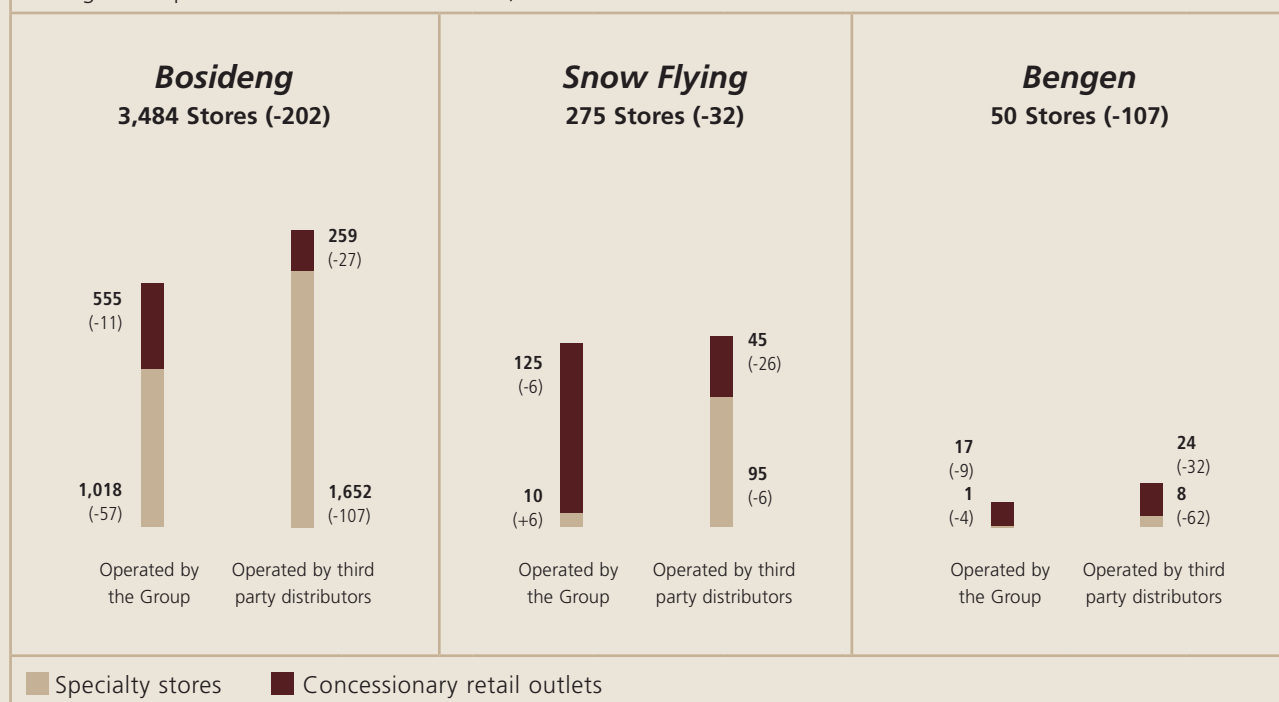




## Retail network breakdown by down apparel brand

As at March 31, 2022	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
<b>Specialty stores</b>								
Operated by the Group	1,018	-57	10	6	1	-4	1,029	-55
Operated by third party distributors	1,652	-107	95	-6	8	-62	1,755	-175
Subtotal	2,670	-164	105	-	9	-66	2,784	-230
<b>Concessionary retail outlets</b>								
Operated by the Group	555	-11	125	-6	17	-9	697	-26
Operated by third party distributors	259	-27	45	-26	24	-32	328	-85
Subtotal	814	-38	170	-32	41	-41	1,025	-111
<b>Total</b>	<b>3,484</b>	<b>-202</b>	<b>275</b>	<b>-32</b>	<b>50</b>	<b>-107</b>	<b>3,809</b>	<b>-341</b>

Change: Compared with that as at March 31, 2021



## MANAGEMENT DISCUSSION AND ANALYSIS

### Retail network of branded down apparel business by region

	As at March 31, 2022	As at March 31, 2021	Change
Eastern China	1,299	1,412	-113
Central China	827	949	-122
Northern China	332	380	-48
Northeast China	453	465	-12
Northwest China	397	448	-51
Southwest China	501	496	5
<b>Total</b>	<b>3,809</b>	4,150	-341

Region

**Eastern China** : Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong

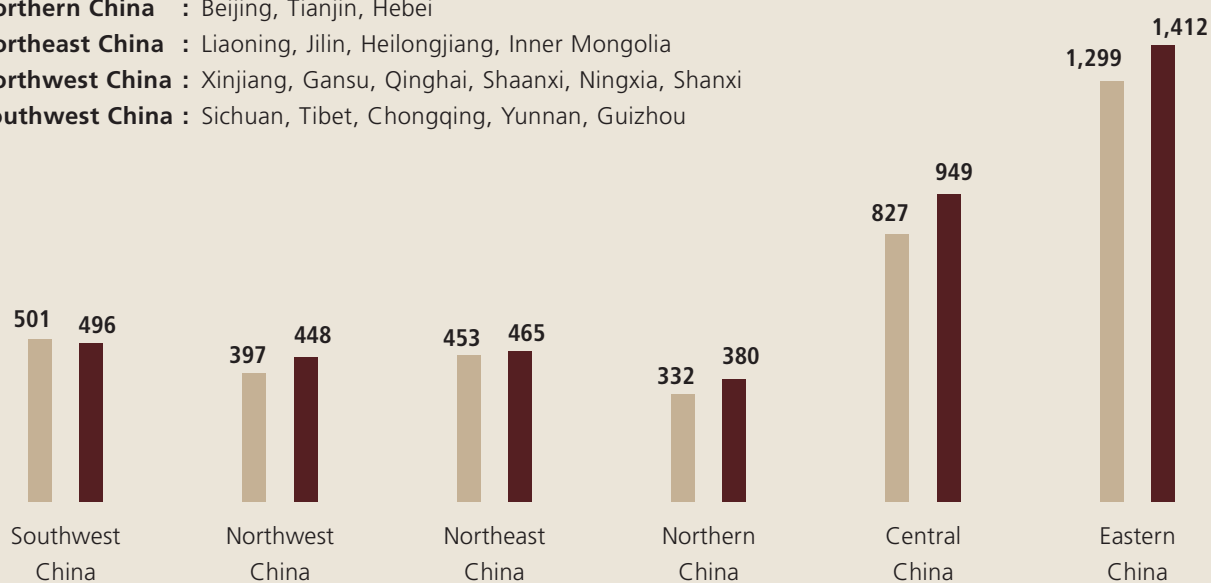
**Central China** : Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan

**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



■ As at March 31, 2022    ■ As at March 31, 2021

## OEM Management Business:

In FY2021/22, revenue from the Group's OEM management business amounted to approximately RMB1,901.3 million, representing 11.7% of the Group's revenue and an increase of 23.8% 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 approximately 87.0% of its total revenue.

In this Year, despite the impact of the global epidemic, the OEM management business maintained stable and healthy development, which was mainly due to, first, the relatively high growth in performance of core customers of the OEM management business, which was mainly because the business segment firmly grasped the advantages of down apparel experts, with a focus on understanding the concerns and demands of core customers and the improvement of service content and quality, which obtained high recognition from customers and major customers have maintained growth in orders, in particular, the highest year-on-year sales growth for a single customer reached 75%; second, the OEM management business team actively sought high-quality new customers and sought high-quality new customer resources that match their business; third, the overseas production arrangement has achieved remarkable results, which was mainly due to the continuous and effective arrangement in the past few years, and the OEM management business is cooperating with certain factories in Vietnam, which effectively satisfied the production needs of customers; and, fourth, a flexible management mechanism, in particular during the local epidemic in Vietnam, the OEM management business team swiftly adjusted its production plans and quickly shifted part of the Vietnam orders to China making use of the advantages in the layout of production

resources in China and Vietnam, and the efficient synergies between the Chinese and Vietnamese teams to minimize the impact of the epidemic.

Through various measures adopted by the Group to strictly control costs and expenses, the gross profit margin of the OEM management business decreased by 1.0 percentage point to 18.6% as the global epidemic during FY2021/22 has had a certain impact on supply chain costs, transportation costs and others.

## Ladieswear Business:

The Group operates four mid- to high-end ladieswear brands to cater to customers' dressing needs on different occasions. After 15 to 30 years of brand accumulation, the four brands present a rich product hierarchy and unique differentiated styles. *JESSIE* focuses on elegant urban scenarios and features simple and capable products, highlighting the self-confidence of intellectual women; *BUOU* features elegant, romantic and detail-oriented products, while each of *KOREANO* and *KLOVA* features understated-luxury products to demonstrate the sophistication and elegance of oriental women, bringing individuality and the ultimate wearing experience to customers. In the highly competitive ladieswear market in the PRC, the Group has won the favor of Chinese female consumers through its rich product hierarchy image and brand positioning.

In FY2021/22, revenue from the Group's ladieswear business was approximately RMB903.7 million, representing a slight decrease of 4.5% as compared to that of the corresponding period of last year. The contribution from the ladieswear business to the Group's total revenue was 5.6%. Revenue from the ladieswear brands were as follows:

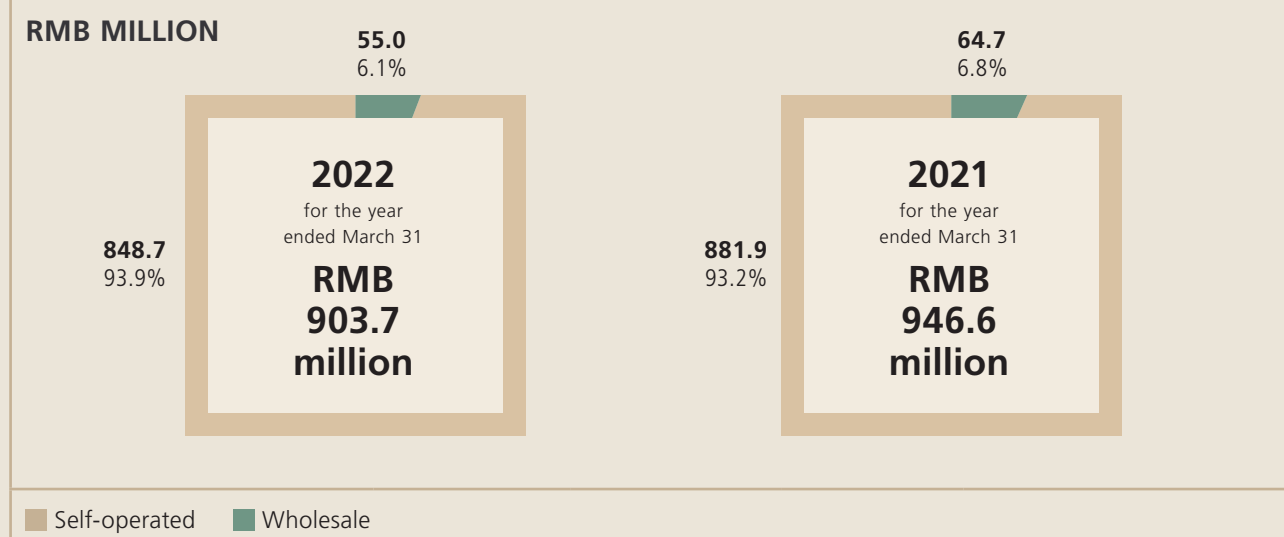
## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue from ladieswear business by brand

Brands	For the year ended March 31,				
	2022		2021		Change
	RMB million	% of ladieswear revenue	RMB million	% of ladieswear revenue	
JESSIE	285.3	31.6%	302.8	32.0%	-5.8%
BUOU BUOU	253.5	28.0%	257.7	27.2%	-1.6%
KOREANO and KLOVA	364.9	40.4%	386.1	40.8%	-5.5%
Total revenue from ladieswear business	903.7	100.0%	946.6	100.0%	-4.5%

### Revenue from ladieswear business by sales category

Sales categories	For the year ended March 31,				
	2022		2021		Change
	RMB million	% of ladieswear revenue	RMB million	% of ladieswear revenue	
Self-operated	848.7	93.9%	881.9	93.2%	-3.8%
Wholesale	55.0	6.1%	64.7	6.8%	-15.0%
Total revenue from ladieswear business	903.7	100.0%	946.6	100.0%	-4.5%





## Fashion Ladieswear – JESSIE

In this Year, in terms of channel construction, *JESSIE* enhanced the operation and management of direct sales business segments by highlighting the coordinated management of commodities and channels, building key regions and key stores and performing refined planning and strict management and control over terminal prices, terminal discounts, new-old proportion and sell-through rate. Meanwhile, the business development strategy of “stabilizing stock and promoting growth” has been continuously implemented in the distribution business segment to enhance the support for key customers and quality distributors and encourage the operating confidence of distributors by way of decoration subsidies and return rates.

In terms of store operation management, the operation management system of “enabling growth marketing integration” was further promoted through direct sales, training, planning and promotion, and the “empowerment and growth” project team of the commodity department focused on linkage optimization of the operating management system from such processes as terminal collocation training, product integration, product value shaping and promotion to support the empowerment terminal.

In terms of commodity operation and management, core apparel categories and major launches were our focus, while the orderly combination of products and sales was gradually achieved through corporate promotion, training and commodity operation and other processes to establish an effective sales model.

Meanwhile, *JESSIE* focused on the expansion of new retail operations in this Year, through the CRM member system and corporate WeChat, ERP system by improving member maintenance and the operation system, and gradually deployed community marketing as well as carried out member marketing activities to improve membership loyalty.

However, due to the fierce competition in the ladieswear industry in the domestic market and the impact of the sporadic domestic epidemic in the past financial year, *JESSIE*'s revenue for this Year decreased by 5.8% to approximately RMB285.3 million, of which the revenue of self-operated businesses decreased by 4.5% to approximately RMB239.8 million and the revenue of wholesale businesses decreased by 12.0% to approximately RMB45.5 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Fashion Ladieswear – BUOU BUOU

In FY2021/22, *BUOU BUOU* has been adjusting its management ideas and operation approaches, and actively responded to the industrial competition and the impact brought by the epidemic through optimized channel structures, focusing on product depth and refined marketing.

In terms of channel upgrades of self-operated stores, through continuous expansion and optimization of channel construction, in addition to traditional department stores, the team of *BUOU BUOU* has strived to embrace shopping malls and fashion department stores and other mainstream business formats; meanwhile, franchisees have actively transformed their identities, i.e., from a franchise agency relationship to a cooperative operation relationship, to achieve win-win prospects.

In terms of store upgrades, *BUOU BUOU* focused on the performance improvement of individual outlet stores, while emphasizing on the image building of benchmark stores. Meanwhile, the team of *BUOU BUOU* has driven the refined operation and management of commodities and stores through reorganizing the display and matching styles of commodities, and uniformly training and guiding front-line sales staff.

In terms of customer relations management, interim consumer groups were major benchmarking sales groups of the *BUOU BUOU* brand. Through analyzing the clothing preferences of the younger generation, youthful elements have been brought into product innovation. Meanwhile, new product matching styles have been delivered to target consumers in an all-round way through new media platforms such as official accounts, WeChat accounts and WeChat malls.

In this Year, the *BUOU BUOU* team focused on managing the effectiveness of each channel and with a strong focus on reducing traditional online distribution channels. *BUOU BUOU* recorded revenue of approximately RMB253.5 million, representing a slight decrease of 1.6% as compared to that of the corresponding period of last year, of which the revenue of self-operated businesses decreased slightly by approximately 0.3% to approximately RMB243.9 million and revenue of wholesale businesses decreased by approximately 26.6% to approximately RMB9.6 million.





### Fashion ladieswear – *KOREANO and KLOVA*

By virtue of over 30 years of brand accumulation, the stable and mature channel operation capabilities, the loyalty and recognition of a wide range of membership customer base and good product design and development capabilities and other advantages, *KOREANO* and *KLOVA* laid a solid foundation for their expansion.

In terms of channel construction, *KOREANO* and *KLOVA* continued to open more new stores and gradually improved the channel structure with offline channel operations. Beyond that, these brands further optimized compensation incentive plans for stores to establish an effective and healthy competition mechanism through the establishment and evaluation of various store employee incentive policies. In respect of online channel operations, the brands also added new media platforms such as live streaming in addition to keeping Tmall, Vipshop and other traditional platforms; through attempting new marketing channels, the two brands catered to consumption habits and the preference of mainstream consumers to promote direct interaction between channels and customers.

In terms of product operations, *KOREANO* and *KLOVA* continued to adhere to stable pricing and retail pricing strategies, and always insisted on the product design presentation of “Fashion, High-end, Comfort and Customization”, to strengthen VIP membership services and experience, and enhance brand power and reputation. Moreover, VIP high-end customization experience stores were launched to invite customers to visit and experience on-site private customization services.

In terms of brand promotion, *KOREANO* and *KLOVA* conducted omni-channel brand promotion by “multi-media”, “multi-dimensional” and “multi-modality”, and integrated and built a center support system in this Year. The new project operation department is responsible for retail operating support such as training, planning and live streaming and brand promotion including short video creation, production and release. In September 2021, *KOREANO* and *KLOVA* participated in the Nolcha Shows, a catwalk event at New York Fashion Week, and simultaneously promoted the event through new media channels such as Douyin, Weibo, our Wechat official account and stores, etc., by way of short videos to encourage brand power enhancement and membership recruitment, which received positive responses and support from shopping malls and VIP members.

In FY2021/22, as a result of the pandemic, revenue from *KOREANO* and *KLOVA* was approximately RMB364.9 million, representing a year-on-year decrease of 5.5%.

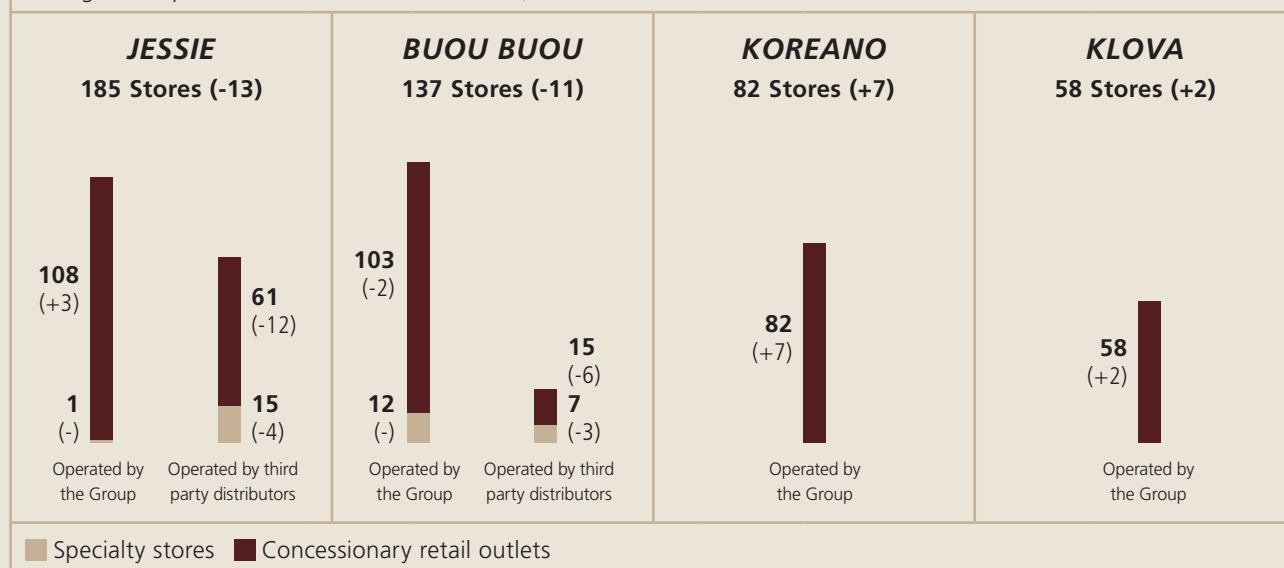
## MANAGEMENT DISCUSSION AND ANALYSIS

As of March 31, 2022, the total number of retail outlets of the Group's ladieswear business (net) decreased by 15 to 462, self-operated retail outlets (net) increased by 10 to 364 and retail outlets operated by third party distributors (net) decreased by 25 to 98 as compared to the same period of last year, respectively. Self-operated retail outlets and those operated by third party distributors accounted for approximately 78.8% and 21.2% of the entire retail network, respectively. Approximately 61.7% of the total retail outlets of the Group's ladieswear business are located in first-and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 38.3% are located in third-tier cities or below.

### Retail network breakdown by ladieswear brand

	<i>JESSIE</i>		<i>BUOU BUOU</i>		<i>KOREANO</i>		<i>KLOVA</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
<b>As at March 31, 2022</b>										
<b>Specialty stores</b>										
Operated by the Group	1	-	12	-	-	-	-	-	13	-
Operated by third party distributors	15	-4	7	-3	-	-	-	-	22	-7
Subtotal	16	-4	19	-3	-	-	-	-	35	-7
<b>Concessionary retail outlets</b>										
Operated by the Group	108	3	103	-2	82	7	58	2	351	10
Operated by third party distributors	61	-12	15	-6	-	-	-	-	76	-18
Subtotal	169	-9	118	-8	82	7	58	2	427	-8
<b>Total</b>	<b>185</b>	<b>-13</b>	<b>137</b>	<b>-11</b>	<b>82</b>	<b>7</b>	<b>58</b>	<b>2</b>	<b>462</b>	<b>-15</b>

Change: Compared with those as at March 31, 2021





### Retail network of ladieswear business by region

	As at March 31, 2022	As at March 31, 2021	Change
Eastern China	56	60	-4
Central China	150	158	-8
Northern China	53	47	6
Northeast China	54	59	-5
Northwest China	85	90	-5
Southwest China	64	63	1
<b>Total</b>	<b>462</b>	<b>477</b>	<b>-15</b>

Region

**Eastern China** : Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong

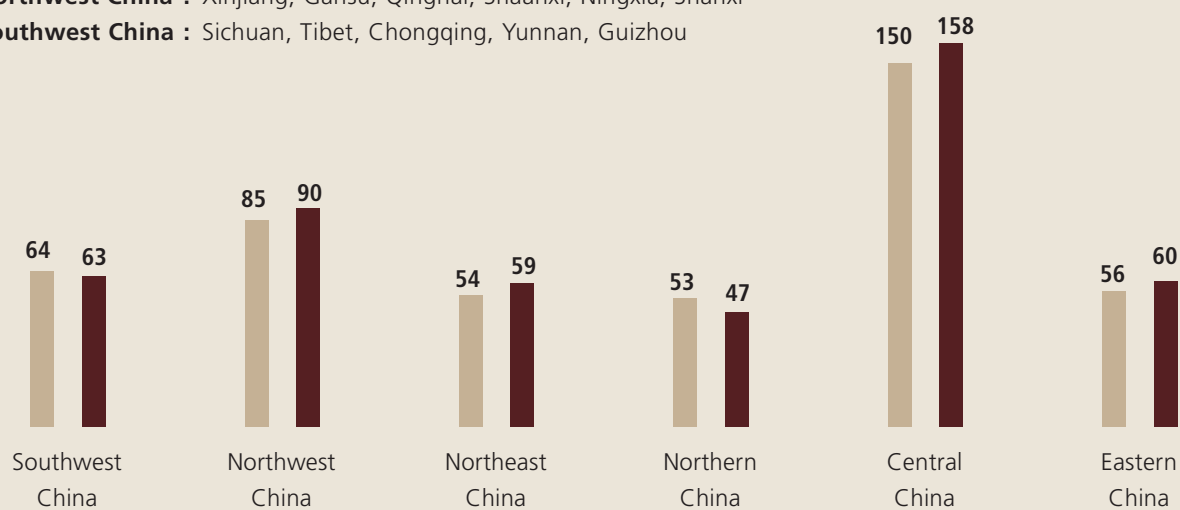
**Central China** : Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan

**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



■ As at March 31, 2022    ■ As at March 31, 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### Diversified apparels business segment:

During FY2021/22, revenue from our diversified apparels business was approximately RMB185.6 million, representing an increase of 28.3% as compared to that of the corresponding period of last year. As the Group adhered to the overall strategy of “focusing on our principal business and

shrinking diversification”, the contribution from businesses such as the MAN and HOME brands to the Group’s total revenue further dropped. However, the school uniform business developed by the Group in 2016 recorded significant growth in the Year. Therefore, the proportion of the overall diversified apparels business to the Group’s total revenue remained at 1.1%. Revenue from diversified apparels brands during the Year were as follows:

#### Revenue from diversified apparels business by brands

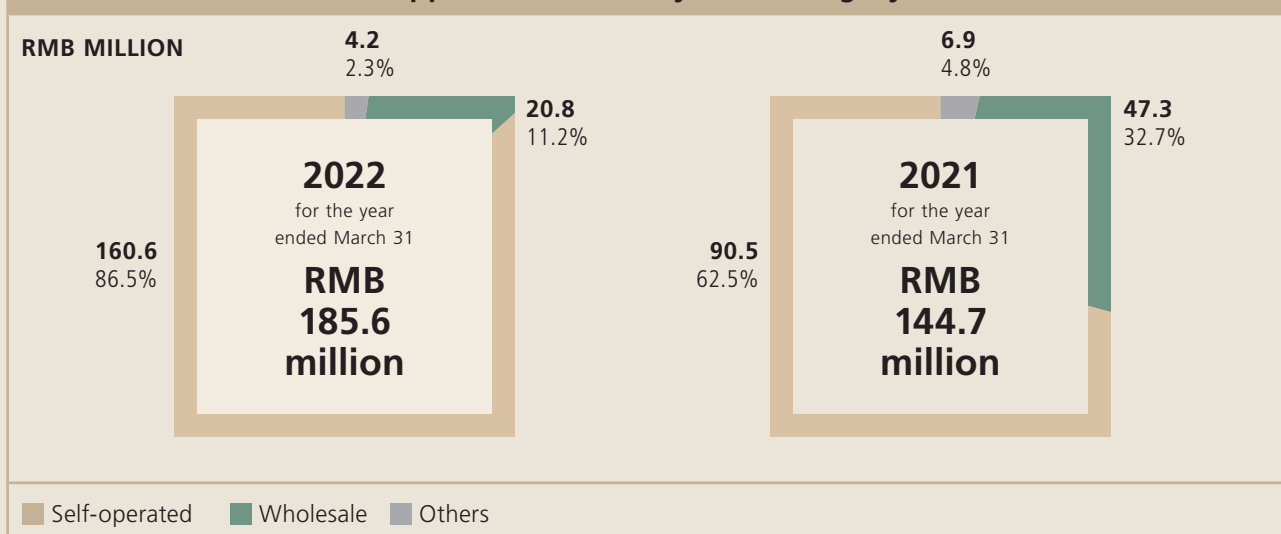
	For the year ended March 31,				Change
	2022		2021		
Brands	RMB million	% of diversified apparel business revenue	RMB million	% of diversified apparel business revenue	
<i>Sameite</i>	160.6	86.5%	88.8	61.4%	80.9%
Other brands and others	25.0	13.5%	55.9	38.6%	-55.3%
Total revenue from diversified apparels business	185.6	100.0%	144.7	100.0%	28.3%

#### Revenue from diversified apparels business by sales category

	For the year ended March 31,				Change
	2022		2021		
Sales categories	RMB million	% of diversified apparel business revenue	RMB million	% of diversified apparel business revenue	
Self-operated	160.6	86.5%	90.5	62.5%	77.6%
Wholesale	20.8	11.2%	47.3	32.7%	-56.0%
Others*	4.2	2.3%	6.9	4.8%	-39.3%
Total revenue from diversified apparels business	185.6	100.0%	144.7	100.0%	28.3%

\* Represents rental income

## Revenue from diversified apparels business by sales category



### School uniform business – Sameite

During FY2021/22, the school uniform business under the diversified apparels business segment remained in operation under *Sameite*. Adhering to the clothing design concept of “carrying education with clothes and inheriting culture with clothes”, our

*Sameite* brand insists on providing students with safe, comfortable, fashionable and functional school uniform products, and expects to dress every child in the uniform of his or her dream as its mission. Currently, *Sameite* serves more than 500 schools, with an annual supply of over one million pieces.

## MANAGEMENT DISCUSSION AND ANALYSIS

During this Year, in terms of channel upgrading, on the one hand, *Sameite* brand established an in-depth business with benchmark education groups in the core first-tier cities to create a high-end uniform brand label through creating sales channels of uniforms and campus apparel products for first-class high-end private schools in Beijing, Shanghai and Guangzhou; on the other hand, *Sameite* brand established a joint operation mechanism for regional franchisees with a view to deepen cooperation. In terms of product planning, *Sameite* brand consolidated the status of the main series of products, increased the proportion of popular styles, and reinforced its reputation as a category expert by improving product versions and the customization of business.

The establishment and cultivation of a sound and stable customer relationship is crucial to the continuous and stable development of *Sameite* brand. It increased the revenue and expanded the market coverage through cooperation with well-known domestic education groups and benchmark schools.

At the same time, *Sameite* brand continued to pursue leadership in products, and increase core brand coverage by upgrading techniques, creating popular styles, etc. Through the innovative independent digital system, we launched online retailing and cross-regional distribution, and launched the independent campus apparel, which was well received by schools.

In this Year, *Sameite* brand won the title of the National Quality Leading Brand of School Uniform Industry, the National Product and Service Quality Integrity Model Enterprise, the 2021 China School Uniform Design Competition High School Student Sports Series First Prize, the Special Award in the 2021 China School Uniform Design Competition in terms of primary school student sport collections, the Enterprise Honoring Contracts and Being Trustworthy (2019-2029) (2019-2029年度守合同重信用企業), the 2021 Strategic Partner of BEED (BEED 2021戰略合作夥伴), the Strategic Partner of Maitian Welfare, the Reliable Quality Product in the PRC and the Leading Quality Brand in the PRC School Uniform Industry, etc.

During FY2021/22, contract orders for the school uniform business of *Sameite* recorded an increase of 80.5% as compared to that of the corresponding period of last year, and revenue amounted to approximately RMB160.6 million, representing an increase of 80.9% as compared to that of the corresponding period of last year.

### **Children's wear business, MAN and HOME business**

Since FY2018/19, the Group had started to downsize the MAN and HOME brands under the diversified apparels business segment comprehensively. During FY2021/22, there was no additional investment in the project company which cooperated with the Japanese brand of *Petit main*. This resulted in a certain reduction in size of other diversified apparels businesses other than the school uniform business during the past financial year.



## ONLINE SALES

Online sales channels have been a key focus of the Group for vigorous development. Since the Group's strategic transformation in 2018, it continued to show high-quality growth.

In the development of online platforms in the past financial year, online channels have been further transformed and expanded. Based on the omni-channel layout, the Group had realized sales in more channels. Meanwhile, except for online direct sales channels like Tmall, Vipshop, Jingdong and Douyin, the Group also focused on improving the operating efficiency of online distributors by streamlining, efficiency improvement and operation refinement.

In terms of brand building, on the one hand, the Group enhanced efficiency through the establishment of a new crowd tag; increased the page stay time of customers through continuous store visual upgrading; built category trend words with the industry to attract consumers' attention, and repeatedly appeared on trending searches; on the other hand, the Group focused on the voice and operation of online brand events, promoting strong exposure of major brand marketing events and accepting sales. For example, during this Year, in terms of the major brand event of the Group, the press conference of the original Trench-style Down Jacket Collection by *Bosideng*, the online platform achieved No. 1 among the Tmall and Douyin platform one-day list through integrating sales channels with marketing IP to amplify brand volume, taking advantage of the influence of the top key opinion leaders ("KOL") to promote transformation, multi-channel broadcast of the press conference and other ways to boost sales.

In the expansion progress of emerging platforms, the Group adhered to the development of online platforms to keep pace with the times at all times. In addition to actively breaking the inherent thinking and cooperation with emerging short video platforms, the Group also continued to focus on developing the coverage of online omni-channel live broadcasting businesses. For example, as of March 31, 2022, more than 97% of the *Bosideng* brand's revenue from Douyin came from live broadcasts. At the same time, the Group mainly cooperated with the KOL, who are popular among consumers on various platforms, for live broadcasts.

In terms of member maintenance and expansion, as of March 31, 2022, the flagship store at Tmall of the *Bosideng* brand attracted approximately 6.60 million members, and more than 16.90 million fans; while on the online platforms, Jingdong and Douyin, which are newly added in this Year, the Group had also attracted over 3.70 million members, and more than 7.80 million fans. Meanwhile, the proportion of young and new consumer groups under the age of 35 had steadily increased.

After the successful destocking in the past year, with the further upgrading of the brand and product innovation during the Year, the proportion of product sales revenue in the middle and high price segment of the Group had steadily increased. In particular, as of March 31, 2022, in terms of the online sales of the down apparel under the *Bosideng* brand, the proportion of the down apparel products under the *Bosideng* brand over RMB1,800 per unit price increased significantly from 31.8% to 46.9% as compared to that of the corresponding period of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

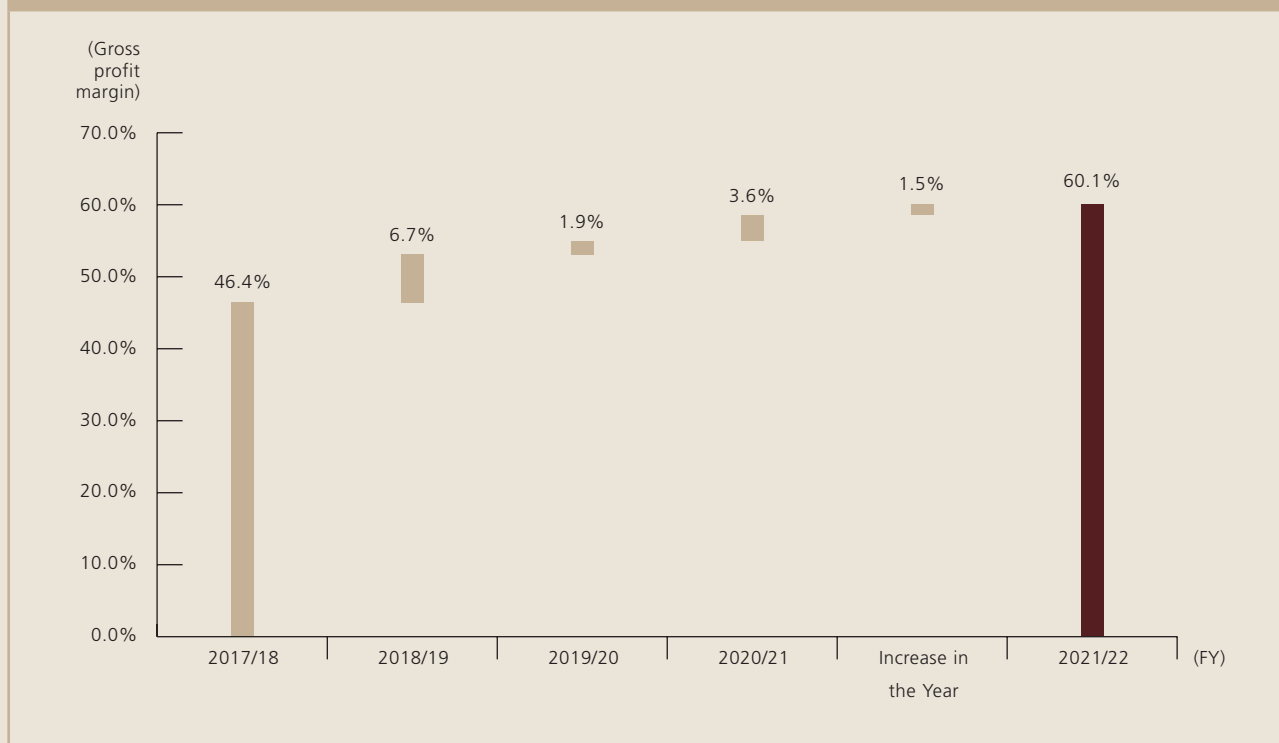
During this Year, revenue from the total online sales of the Group's brands was RMB4,024.8 million, representing a year-on-year increase of 12.3%. Revenues from the online sales of the branded down apparels and ladieswear businesses for the Year were approximately RMB3,931.0 million and RMB85.9 million, accounting for 29.7% and 9.5% of the revenue of each business, respectively. By sales categories, revenue from the self-operated and wholesale businesses through online sales amounted to approximately RMB3,547.5 million and RMB477.3 million, respectively.

### GROSS PROFIT

During FY2021/22, gross profit of the Group increased by 22.9% as compared to that of the corresponding period of last year, from approximately RMB7,924.3 million to RMB9,737.2 million. With the successful brand upgrading and product upgrading, the gross profit margin increased by 1.5 percentage points as compared to that of the corresponding period of last year, from 58.6% to 60.1%.

The gross profit margin of the Group has continued to increase steadily year by year, surpassing the highest level in its history.

### Changes in the gross profit margin of the Group during the last five financial years



Gross profit margin of the branded down apparel business increased by 2.0 percentage points to 65.7%, mainly because during the past financial years, with the successful brand reshaping, the sales products structure of the *Bosideng* brand under the down apparel business showed a trend of continuous upgrading; hence, with the sales proportion of high-unit price products increased, the improvement of the overall gross profit margin of the branded down apparel was driven by the improvement of gross profit margin of the *Bosideng's* brand. It is inseparable from the Group's "Brand Leadership" model since its strategic transformation in 2018, its adherence to product innovation and channel upgrading, and devotion to the strategic

path of building the "world's leading expert in down apparel". The gross profit margin of the OEM management business recorded a slight decline of 1.0 percentage point to 18.6% due to the impact of the global pandemic during FY2021/22 on supply chain costs, transportation expenses and others. In spite of facing the impact of uncertain factors such as the sporadic epidemic, the gross profit margin of the ladieswear business was basically the same as compared to that of the corresponding period of last year through the management of product terminal prices and the cost control.

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

Brands	For the year ended March 31,		Changes percentage points
	2022	2021	
<i>Bosideng</i>	<b>69.4%</b>	66.2%	+3.2
<i>Snow Flying</i>	<b>47.3%</b>	38.9%	+8.4
<i>Bengen</i>	<b>24.8%</b>	35.2%	-10.4
<b>Branded down apparel business</b>	<b>65.7%</b>	63.7%	+2.0
<b>OEM management business</b>	<b>18.6%</b>	19.6%	-1.0
<i>JESSIE</i>	<b>66.5%</b>	68.5%	-2.0
<i>BUOU BUOU</i>	<b>68.3%</b>	70.1%	-1.8
<i>KOREANO and KLOVA</i>	<b>80.0%</b>	77.4%	+2.6
<b>Ladieswear business</b>	<b>72.4%</b>	72.6%	-0.2
<b>Diversified apparels business</b>	<b>25.7%</b>	0.1%	+25.6
<b>The Group</b>	<b>60.1%</b>	58.6%	+1.5

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING PROFIT

During FY2021/22, the Group's operating profit increased by 15.5% to approximately RMB2,568.8 million. Operating profit margin was 15.8%, representing a slight decrease of 0.7 percentage point as compared with that of last year. The decrease in the operating profit margin was mainly because the Group stuck to the strategic direction of "focusing on principal business and key brands" and adhered to the development model of "Brand Leadership", and continuously increased the investment in products, brands, channels and talent development during the Year, which laid the foundation for future sustainable growth.

## DISTRIBUTION EXPENSES

During FY2021/22, the Group's distribution expenses, mainly comprising of advertising and promotion expenses, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB6,171.2 million, representing an increase of 28.4% as compared to approximately RMB4,807.4 million of the corresponding period of last year. The Group's distribution expenses accounted for 38.1% of its total revenue, representing an increase of 2.5 percentage points as compared to 35.6% of the corresponding period of last year. The increase in distribution expenses was mainly due to the Group's efforts in the construction of business channels and terminal stores for the branded down apparel business, as well as the enhanced brand promotion and marketing efforts, which led to an increase in related expenses in the Year.

## ADMINISTRATIVE EXPENSES

The Group's administrative expenses, mainly comprising of salary and welfare, amortization of option fees, depreciation and consultancy expenses, amounted to approximately RMB1,203.1 million in the Year, representing an increase of 17.2% as compared to approximately RMB1,026.2 million of the corresponding period of last year, which was mainly due to the increase in the costs of information system construction, research and development and supply-chain transformation during the overall construction of the digital operation system of the Group in the Year. The proportion of administrative expenses to the Group's total revenue decreased to 7.4% as compared to that of the corresponding period of last year due to the effective management of usage of expenses.

## FINANCE INCOME

During FY2021/22, the Group's finance income increased by 48.0% to approximately RMB316.0 million from approximately RMB213.5 million. The increase was mainly due to the increase in interest income from bank deposits and treasury income from financial assets during FY2021/22 as compared to that of the corresponding period of last year.

## FINANCE COSTS

During FY2021/22, the Group's finance costs increased to approximately RMB198.6 million, representing an increase of 1.5% as compared to that of the corresponding period of last year. The increase in finance costs was mainly due to the increase in interest on interest-bearing borrowings and discounted bills of the Group during FY2021/22.



## DOUBLE INVESTMENT GRADE CREDIT RATING AWARDED BY MOODY'S AND S&P, THE INTERNATIONAL AUTHORITATIVE CREDIT RATING INSTITUTIONS

On April 19, 2022, two international authoritative credit rating institutions, Moody's and S&P awarded long-term credit ratings of "Baa3 (stable outlook)" and "BBB- (stable outlook)" to the Group, respectively. The receipt of "double investment grade" from Moody's and S&P not only made the Group the first company in the branded apparel industry in the Asia-Pacific region to obtain an investment grade, but it was also the best international credit rating result achieved in the Chinese branded apparel industry so far.

## TAXATION

During FY2021/22, income tax expenses increased from approximately RMB537.3 million to approximately RMB613.4 million. The effective tax rate was approximately 23.0%, which was lower than the standard PRC income tax rate of 25%.

## DIVIDENDS

The Board recommended the payment of a final dividend of HKD13.5 cents (equivalent to approximately RMB11.5 cents) per ordinary share for the Year. The proposed dividend shall be subject to approval by the shareholders of the Company at the AGM to be held on or about August 22, 2022. Upon approval, the proposed dividend will be paid on or around September 15, 2022 to shareholders whose names appear on the register of members of the Company on August 25, 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group's net cash generated from operating activities amounted to approximately RMB2,670.1 million. As at March 31, 2022, the Group's cash and cash equivalents amounted to approximately RMB2,502.6 million.

As at March 31, 2022, the distribution of cash and cash equivalents by currency was as follows:

	RMB'000
Renminbi	1,945,078
US dollar	450,297
Pound sterling	4,054
Hong Kong dollar	101,119
Japanese yen	80
European dollar	1,935
<b>Total</b>	<b>2,502,563</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

In order to obtain higher returns on the Group's available cash reserves, the Group has invested in other financial assets, including capital guaranteed short-term investments with banks in the PRC, capital non-guaranteed short-term investments with banks and other financial institutions in the PRC, and other financial securities. The expected but unguaranteed returns of capital guaranteed short-term investments with banks ranged from 1.05% to 5.05% per annum.

As at March 31, 2022, the fair value of principal non-guaranteed short-term or long-term investments with banks was RMB5,384,288,000 (March 31, 2021: RMB3,850,898,000), and during FY2021/22, the net realized/unrealized gain through profit or loss was RMB176,185,000 (for the year ended March 31, 2021: RMB65,670,000). As at March 31, 2022, the amortized cost of principal guaranteed short-term or long-term investments with banks was RMB 1,169,783,000 (March 31, 2021: RMB2,144,435,000), and during FY2021/22, the interest income derived was RMB39,260,000 (for the year ended March 31, 2021: RMB97,798,000). Neither the single short-term investment nor short-term investment made with the same bank on aggregate basis accounted for over 5% of the Group's total assets.

Other financial securities refer to trading stocks held by Shuo Ming De Investment

Co., Ltd ("Shuo Ming De Investment"). Shuo Ming De Investment invested approximately RMB224,921,000 in February 2018 to subscribe for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (a company listed in Shanghai Stock Exchange with stock code: 603518) ("Jinhong Group") at subscription price of RMB18.46 per share. Due to the bonus issue of shares by Jinhong Group in May 2019, the number of shares held by Shuo Ming De Investment increased to 17,057,922 shares, and the investment cost adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share. The current shareholding held by it in Jinhong Group is less than 5%. Further details of the Investment are set out in Note 26 to the Financial Statements.

As at March 31, 2022, the bank borrowings of the Group amounted to approximately RMB934.0 million (March 31, 2021: RMB670.9 million) and the carrying amount of liability component of the convertible bonds was approximately RMB1,604.6 million (March 31, 2021: approximately RMB1,609.5 million). The gearing ratio (being total borrowings/ total equity) of the Group was 20.8% (March 31, 2021: 20.3%). As at March 31, 2022, the distribution of borrowings by currency unit and types of interest rate adopted were as follows:

Types of interest rate	US dollars RMB million	HK dollars RMB million	Japanese yen RMB million	Renminbi RMB million	Total RMB million
Floating interest rate	412.6	283.9	236.4	–	932.9
Fixed interest rate	–	–	–	1.1	1.1
<b>Total</b>	<b>412.6</b>	<b>283.9</b>	<b>236.4</b>	<b>1.1</b>	<b>934.0</b>

The Group anticipates that it will be able to arrange with its lenders to obtain new loans to replace the existing borrowings as they will fall due in the foreseeable future, and if it is not available, the Group has sufficient cash and assets held for sale to meet its borrowing repayment requirements.

## SUSTAINABLE DEVELOPMENT

### **MSCI, an international authoritative institution, consecutively improved our Environmental, Social and Governance (“ESG”) rating by two grades to BBB**

Morgan Stanley Capital International (“MSCI”) issued ESG rating reports in June 2021 and February 2022, respectively. Benefitting from the improvement of issue scores such as corporate governance, employee management and welfare, and product carbon footprint, the Group’s MSCI ESG rating gradually jumped two grades from B to BBB, making the Group a leader in China’s textiles and apparel sector.

Since 2021, the Group has established an ESG interconnected management structure at three-levels in terms of decision-making, management and implementation, so as to ensure the effective implementation of ESG targets, timely supervision of performance and assessment on potential risks and new opportunities on sustainable development. Through focusing on product quality, responsible supply chains, employee welfare, social responsibility and other sectors, we received more positive feedback from all stakeholders and the recognition from MSCI, the international authoritative rating institution.

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

### **Formation of a joint venture with Willy Bogner GmbH & Co. KGaA (“Bogner”), a German company**

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

Bogner is a renowned worldwide athluxury sports fashion apparel supplier which is headquartered in Munich, Germany, and its brands, *BOGNER* and *FIRE+ICE*, are sold in over 50 countries worldwide. Throughout its nearly 90 years of operations, *BOGNER* has demonstrated its uncompromising passion for sport fashion and has brought new experiences of outdoor sports to its customers with chic and creative design and quality craftsmanship, and it has become a global market leader in athluxury sports fashion.

As a group that has specialized in the down apparel business for 46 years, the Group has a close association with winter sports and has provided continuous support to climbing and winter sporting events in China for over 20 years. The Group considers that at the key note of the 2022 Beijing Winter Olympics, joining hands with *BOGNER* which has focused on the field of skiing apparel and athluxury sports fashion for nearly 90 years

## MANAGEMENT DISCUSSION AND ANALYSIS



and possesses a global leading advantage in the athluxury sports fashion field to enter the winter sports apparel and fashion market in China, has not only consolidated the Group's development direction of becoming the "world's leading expert in down apparel", but also served as a new growth engine to boost the Group's medium and long-term development momentum. The Group believes that there is great growth potential in the premium sport fashion market in China, and *BOGNER* will see significant opportunities in China's markets. Bosideng and *BOGNER* share their love for winter sports apparel and fashion, and will certainly bring a different winter sports clothing experience to consumers in China.

For specific details of the formation of the Joint Venture, please refer to the announcement of the Company dated December 2, 2021.

As of March 31, 2022, the Joint Venture has actively expanded its business in the Greater

China Region. Through accurate targeting to high-end positioning, it has identified its core customers, illustrated the craftsmanship of the products and incorporated the products into lifestyle and scenarios, thereby spreading *BOGNER's* culture and vision, and continuously improving its brand reputation.

In terms of brand building, the cooperation with a top brand spokesperson enables *BOGNER's* brand to quickly develop in China's mainstream market. Through organizing offline immersive scenario-based experiential activities, the brand recognition among new-generation consumers has been enhanced. By creating and operating brand accounts on mainstream media platforms, it has improved its capacity of creating high-quality content in all areas. In terms of channel building, it has gradually penetrated into the high-end target market in China through high-end shopping centres in Beijing and Shanghai, as well as Tmall flagship shops and establishing a Tmall luxury channel.



## Acquisition of remaining 30% equity interest in *JESSIE*

During the Year, the non-controlling shareholders of *JESSIE* exercised the put option and the wholly-owned subsidiary of the Company completed the cash acquisition of the non-controlling shareholders' equity of *JESSIE* at a consideration of RMB139,795,295.10. After the acquisition, the Group's shareholding in *JESSIE* increased from 70% to 100%. The consideration for the acquisition was determined with reference to the valuation made by an independent qualified valuer and was funded by internal resources of the Group.

As all applicable percentage ratios for the acquisition of the non-controlling shareholders' equity of *JESSIE* are lower than 5%, the acquisition of the non-controlling shareholders' equity of *JESSIE* did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

In the course of the Year, save as disclosed above, the Group had not made any other significant investment, nor material acquisitions or disposals of subsidiaries, associates and joint ventures.

As at March 31, 2022, the Group did not hold any other significant investments with a value that accounted for more than 5% of the Group's audited total assets as at March 31, 2022; nor had future plans for material investments or capital assets acquisitions.

## CONTINGENT LIABILITIES

As at March 31, 2022, the Group had no material contingent liabilities.

## CAPITAL COMMITMENTS

As at March 31, 2022, the Group had outstanding capital commitments in respect of plant, property and equipment and equity investment amounting to approximately RMB138.7 million (March 31, 2021: RMB12.9 million).

## PLEDGE OF ASSETS

As at March 31, 2022, bank deposits amounting to approximately RMB952.1 million had been pledged to banks as security for bills payables (March 31, 2021: approximately RMB657.3 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 prioritizing risk prevention and maintaining a sound cash management strategy. The Group's source of funding in the Year was primarily raised by cash generated from operating activities, bank borrowings and/or bond issuance. The major objective of the Group's treasury policies is to appropriately improve the comprehensive income level of funds on the basis of ensuring liquidity.

### FOREIGN CURRENCY EXPOSURE

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

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

### HUMAN RESOURCES

As of March 31, 2022, the Group had 10,118 full-time employees (March 31, 2021: 9,028 full-time employees), representing a year-on-year increase of 1,090 employees. Staff costs for this Year (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB1,715.7 million (for the corresponding period of last financial year: approximately RMB1,613.7 million).

Based on the strategic deployment of the Group to become the "world's leading expert in down apparel", the Group focuses on the value creation that customers explicitly perceive, linking the Group's strategic core capabilities. Based on the present and looking to the future, the Group continues to strengthen the identification and development of strategic key employees and actively build up the new generation of young talents. In this Year, the Group actively expanded the pool of diversified and professional talents and the potential of the new generation, and at the same time opened up the development path for such talent throughout their life cycle. Regarding the campus recruitment project carried out every year, the Group has been iteratively upgrading in recent years to mainly focus on domestic "985" and "211" categories colleges and universities. The talent selection for designers tends to focus on the reserve forces of postgraduates and those with high-quality overseas study backgrounds. From graduates to group executives, the Group has opened up an entire training path, and gradually formed an operation mechanism that provides opportunities for those who want to accomplish, a stage for those who can accomplish and rewards those who succeed. The Group hopes to gradually cultivate a group of outstanding reserve forces at all levels through large-scale professional training and personalized teaching.

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

## CORPORATE CULTURE

The Group attaches great importance to the construction and preservation of corporate culture. We firmly believe that corporate culture is the key to realizing the "100-year brand, 100-year corporation" foundation of the Group. It is the gene and essence of the corporation and brand in the entrepreneurial process, the soul and bloodline that runs through the development of the corporation, and the driving force, spiritual pillar and guiding direction of development. In the course of the development of the Group, the excellent corporate culture with Bosideng's characteristics has been condensed, and a large number of outstanding backbones with Bosideng genes have emerged. It is precisely because of the strong cultural traction that the Group has successfully completed the historical strategic transformation and laid the foundation for future strategic implementation.

In order to achieve the strategic deployment of becoming the "world's leading expert in down apparel", the Group continues to innovate the implementation of corporate culture. Through the implementation of corporate cultural behaviors and guidance of the system, cadres at all levels lead by example, set benchmarks and use symbiotic learning and transformation, so that every employee can perceive, implement and inherit corporate culture.

## TALENT DEVELOPMENT

In order to better support the strategic implementation of the Group, the Group attaches great importance to the cultivation of talents. After years of accumulation, we have completed the construction of a scientific system for talent training. From strategic interpretation, business path analysis, organizational structure inventory, job classification, to clear organization and personnel capabilities, various aspects have undergone multiple rounds of iterations towards strategic implementation such as competence standards, evaluation standards, evaluation process and other aspects involved in the talent training process. On the one hand, the Group insists on introducing leading talents from the outside to match market changes, lead industry development, and establish leading advantages. On the other hand, the Group will also continue to develop outstanding management teams, experts and strategic reserve talents internally.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group believes that talents are the cornerstone of brand development, and designers are the creators of core competitive products. Focusing on the brand positioning of the “world’s leading expert in down apparel”, the product design team always takes the long-term goal of talent strategy to create a leading, diversified, professional and highly-creative organization. While actively introducing outstanding talents, the Group also focuses on helping the core team grow, constantly creating an atmosphere of organizational learning in the process of allowing the team to carry out sustainable and iterative innovation and creation, and continue to produce refreshing products.

Store staff are the key contact for customers to perceive value. Therefore, the Group has gradually established a retail model with stores as the core force in the strategic deployment and development of the past three years, continuously strengthening the training of store staff, creating a younger store team with strong learning ability, continuously improving business skills and providing customers with quality services.

The “Eagle” talent training is a talent strategy project of the Group to build the internal talent echelon, which aims to build a management team of the Bosideng Group with unified cultural value. The cultivation of which covers university students, reserve managers/directors and reserve retail general managers. Through a series of activities, the Group has established a comprehensive development system for reserve management personnel. After three years of efforts, the Group has developed an entire chain from strategic capability undertaking, talent selection, talent training to talent development with established professional systems including organizational talent identification, position rank and talent appraisal standards to provide professional support for talent development.

Currently, the “Eagle” project has cultivated considerable outstanding talents of 357 university students, 46 reserve managers, 28 reserve directors, and 16 retail company general managers, which provides strategic talents for the Group and lays a solid foundation for the achievement of the strategic goal of becoming the “world’s leading expert in down apparel”.

### FUTURE OUTLOOK

Currently, global consumption demand for apparel is recovering steadily. The apparel industry in China has a complete and advanced industrial chain, and its role in the global value chain is increasingly prominent. Although we confronted numerous challenges from the epidemic and other various aspects in 2021, we still believe that from a long-term perspective, China’s economy will recover in an orderly manner in the post-epidemic era. Therefore, as a leading enterprise in China’s down apparel industry, the Group will continue to demonstrate its development resilience in the face of changes and challenges; on the one hand, the Group will continue to keep pace with the times and embrace the changes of the times through continuously building up the core competitiveness of the corporation; on the other hand, in the face of the complexity and uncertainty of the external environment, the Group will unswervingly adhere to the original mission of “Bosideng warms the world”, the strategic vision of “Be the most respectable and fashionable functional apparel group around the world” and the strategic direction of “focusing on principal business and key brands”. The Group will set higher standards based on benchmarking, spare no efforts in overcoming difficulties, bravely scale new heights, and strive to enhance its global leading position.



**Down apparel business:**

By focusing on positioning itself as the “world’s leading expert in down apparel”, the Group will take its customer-value-oriented approach, insist on the “Brand Leadership” development model, and gain favor with mainstream consumers through its efforts on products, channels, retail and supply chain and other aspects. In terms of channel construction, by targeting core cities and mainstream business districts, we will focus on the development of core stores and the improvement of the quality of store operations. In terms of product development, the Group will implement the “store-centered large retail operation process” to comprehensively improve the efficiency of retail operation. Meanwhile, the Group will integrate superior resources around the globe, with a focus on innovative research and development and fashion design, delivering the essence of the brand with original design, and enhancing product value with the use of leading technology. In terms of spread development, the Group enhanced its brand leadership, innovated the content and methods of brand communication, and continued to innovate and iterate in terms of brand strategies, visual contents, customer experience, brand public relations, membership management, etc., for the purpose of enhancing its brand value and creating a better life.

Meanwhile, the Group will also actively deploy mid-end *Snow Flying* and cost-effective and affordable *Bengen* brand down apparel, and take the initiative to strive for online channels through model innovation to stabilize and expand our market share.

**OEM management business:**

The Group will expand new customer resources on the basis of continuously deepening good and stable cooperation with existing core customers. The Group will continue to improve the quality of operations and profitability by tapping into the potential of existing businesses and pursuing breakthroughs in increment businesses. Meanwhile, the Group will accelerate the deployment of overseas production resources, while optimizing and improving our service capacity.

**Fashionable ladieswear business:**

In light of the increasingly competitive environment, the ladieswear brands of the Group will continue to amplify their own brand characteristics and advantages, and gradually improve product, channel and brand power as well as other aspects to boost the operational and management efficiency of ladieswear business units. Meanwhile, the Group will promote the sharing of resources among ladieswear brands, expanding the synergy between brands with the aim of achieving the healthy growth of its fashionable ladieswear business.



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE CODE

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

The Group has applied and complied with the applicable code provisions set out in the Code for the Year, except for code provisions A.1.1 and A.2.1, the details of which are disclosed below.

## BOARD OF DIRECTORS

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

As at July 15, 2022 (being the Latest Practicable Date), the Board consisted of eight Directors, of whom five are executive Directors and three are independent non-executive Directors. The executive Directors are responsible for implementing business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including but not limited to, the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate Directors' and officers' liabilities insurance.

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

During the Year, the Board convened a total of three Board meetings based on the needs of the operations and business development of the Group, instead of holding at least four regular board meetings during the Year as required under code provision A.1.1 of the Code. Due to measures put in place in response to the COVID-19 pandemic, each Board meeting had been arranged to discuss multiple topics and resolutions. During the Year, the Directors were provided with all relevant information on an ongoing basis to enable them to stay informed of the

## CORPORATE GOVERNANCE REPORT

Group's development progress and to make swift decisions as required. The Company will consider holding more regular Board meetings in the coming year to comply with the requirements under the said code provision.

The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the Year, as well as at the annual general meeting and the extraordinary general meeting held on August 20, 2021 and March 29, 2022, respectively, are as follows:

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

\* Director who was unable to attend the Board meeting had arranged his alternate Director to attend the Board meeting, but attendance of his alternate Director was excluded in the attendance records.

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

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

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

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

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



## DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Pursuant to the requirements of code provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide their training records to the Company. According to the training records provided by the Directors, the trainings attended by them during the Year are summarized as follows:

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

## AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor the external auditor, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference of the Audit Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The Financial Statements have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 15, 2022 (being the Latest Practicable Date), the Audit Committee comprised three independent non-executive Directors (i.e. Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

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

- review of and recommendation for the Board's approval of the 2020/21 annual report and 2021/22 interim report and the financial information contained therein with a focus on compliance with accounting and auditing standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the continuing connected transactions of the Group;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the efficiency of the financial reporting procedures, and the systems of internal control and risk management;
- review of and monitoring the scope, effectiveness and results of the internal audit function, so as to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

In the two meetings held during the Year, the Audit Committee had considered the 2020/21 annual results and 2021/22 interim results of the Group as well as the reports prepared by the external auditor relating to accounting matters and other major findings identified during the course of the interim review and annual audit. During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the Company's external auditor.

## REMUNERATION COMMITTEE

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

As at July 15, 2022 (being the Latest Practicable Date), the Remuneration Committee consisted of one executive Director and two independent non-executive Directors (i.e. Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen).

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

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

Remuneration band	Number of persons
RMB7,500,001 to RMB8,000,000	1
RMB8,500,001 to RMB9,000,000	1
RMB13,500,001 to RMB14,000,000	1
RMB14,500,001 to RMB15,000,000	1
RMB15,500,001 to RMB16,000,000	1
RMB19,000,001 to RMB19,500,000	1
RMB25,500,001 to RMB30,000,000	1

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

## NOMINATION COMMITTEE

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

As at July 15, 2022 (being the Latest Practicable Date), the Nomination Committee consisted of one executive Director and two independent non-executive Directors (i.e. Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

## CORPORATE GOVERNANCE REPORT

During the Year, as (i) there were no changes to the membership of the Board and the structure of the senior management of the Group remained stable, (ii) the Board (including all of the members of the Nomination Committee) had discussed with each other matters in relation to the overall structure, size and composition of the Board and the re-election of Directors at the Board meetings; and (iii) there were no other significant matters took place that required discussion, the Nomination Committee held no meetings during the Year.

### BOARD DIVERSITY

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

During the Year, the Company had continued to comply with its Board Diversity Policy, and the Board considered that it has a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, textile industry, auditing and accounting. The Directors obtained degrees in various majors including business administration, engineering, economics and accounting. Furthermore, the Board has a wide range of age, ranging from 46 years old to 72 years old. The current gender ratio of all employees (including senior management) of the Group is approximately 79.6% (female) to approximately 20.4% (male). The Group will also continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and the management levels. All Directors, including independent non-executive Directors, have brought a variety of valuable business experiences, knowledge and professional skills to the Board for its efficient and effective running. Independent non-executive Directors are invited to serve on the Board Committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee.

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

Gender		Male		Female	
		6		2	
Nationality				Chinese	
				8	
Age group		40-49	50-59	60-69	70-79
		2	2	2	2
Length of service			5 years or below	6-10 years	Over 10 years
			1	1	6

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

## APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

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

## INTERNAL CONTROL AND RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

The Board has an overall responsibility for maintaining sound and effective internal control and risk management systems and internal audit function of the Group. Under the internal control and risk managements systems of the Group, the processes used to identify, evaluate and manage significant risks by the Group are summarized as follows:

- risk identification: identifies risks that may potentially affect the Group's business and operations;
- risk assessment: assesses the risks identified by using the assessment criteria developed by the management, and considers the impact and consequence on the business and the likelihood of their occurrence;
- risk response: prioritizes the risks by comparing the results of the risk assessment, and determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; and
- risk monitoring and reporting: performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place, revises the risk management strategies and internal control processes in case of any significant change of circumstances, and reports the results of risk monitoring to the management and the Board regularly.

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

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

The Board has conducted reviews of its systems of internal control and risk management semi-annually, through the Audit Committee, to ensure the effectiveness and adequacy of the systems. Key processes used to conduct the said reviews include considering the internal control evaluations conducted by management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. In the event that any material internal



## CORPORATE GOVERNANCE REPORT

control defects are identified during the reviews, the Audit Committee will review the actions performed or the plans to be carried out by the management in addressing the issues and defects regarding the internal control and risk management systems. The corresponding remedial plans and recommendations to resolve such defects will then be submitted to the Board for consideration. The Board convened meetings with the Audit Committee semi-annually to discuss financial, operational and risk management controls. The Directors are of the view that the existing systems of internal control and risk management are effective and adequate to the Group.

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

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

### MANAGEMENT FUNCTION

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

### DIRECTORS AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

The statement of the auditor of the Group about their reporting responsibilities on the Financial Statements is set out in the section headed "Independent Auditor's Report" on page 101 to page 106 of this annual report.

### AUDITOR'S REMUNERATION

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

	RMB'000
Audit services (including interim financial report review)	5,600
Non-audit services (including advisory for tax, compliance and other special audit services)	1,284
<b>Total</b>	<b>6,884</b>

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

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

## COMPANY SECRETARY

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

## DIVIDEND POLICY

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

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

Address: Unit 5709, 57/F., The Center  
99 Queen's Road Central  
Central, Hong Kong

Email: bosideng\_ir@bosideng.com  
Tel: (852) 2866 6918  
Fax: (852) 2866 6930

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

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

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

## MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

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

As disclosed in the announcement of the Company dated July 11, 2022, the Board announced that it proposed to adopt a new articles of association by amending the Articles for the purpose of, among others, (i) bringing the Articles in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; (ii) providing flexibility to the Company in relation to the conduct of general meetings; and (iii) making other consequential and housekeeping amendments (the "Proposed Adoption"). The Proposed Adoption is subject to the approval of the shareholders of the Company by way of a special resolution at the AGM.

## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Gao Dekang**, aged 70, is the Chairman and the CEO and a director of certain subsidiaries of the Group. He is a representative of the 10th to 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and was appointed as an executive Director in July 2006. He is responsible for the overall strategic development of the Group and has over 40 years of experience in the apparel industry. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002, and a Master's degree in business management from Victoria University in Switzerland in 2012.

Mr. Gao has held the following public offices:

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

Mr. Gao has been widely recognized throughout the years:

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

## DIRECTORS AND SENIOR MANAGEMENT

Year	Award
2013	Special Contributor to the Textile Enterprises Culture Construction in the PRC
2015	2014-2015 Outstanding Persons in the Enterprises Culture Construction in the PRC
2015	Most Respected Entrepreneur of China in 2015 by Hurun Report
2017	Person of the Year in Innovation for the Textile Industry in the PRC
2017	CCTV's Charitable Person of the Year
2018	The Pioneer of China's Feather and Down industry
2018	Outstanding Persons in the Textile Industry of 40 years of Reform and Opening up
2018	Craftsman of the Nation in the Light Industry
2019	Commemorative Medal Celebrating the 70th Anniversary of the Founding of the People's Republic of China
2020	China National Light Industry Council 1st Class Science and Technology Progress Award
2020	Role Model in the PRC Textile Industry's Fight Against COVID-19
2021	Innovative Person of the 13th Five-year Plan for the PRC Textile Industry

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

**Ms. Mei Dong**, aged 54, is an executive Director and the Executive President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the overall operational management of the Group. Ms. Mei is a director and/or legal representative of certain subsidiaries of the Group. She has over 20 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation Limited ("Bosideng Corporation") in June 1994, and remained with the Group after the reorganization of the businesses of the Group prior to its listing. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the spouse of Mr. Gao Dekang (the Chairman, CEO, a controlling shareholder of the Company and an executive Director) and the mother of Mr. Gao Xiaodong (an executive Director and a Vice President of the Company).

**Ms. Huang Qiaolian**, aged 57, is an executive Director and a Vice President of the Company. She is also the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. and Shenzhen Buoubuou Fashion Co., Ltd. (both are subsidiaries of the Company). Ms. Huang was appointed as an executive Director in June 2007. Ms. Huang is responsible for conducting monographic studies on the fashion trends of down apparel, unveiling the fashion trends and designing apparel products. Her works have been displayed in numerous exhibitions in countries such as Korea, Canada and Russia, and in special releases held during the New York Fashion Week and the Milan Fashion Week in 2018 and 2019, respectively. She received various honours such as contemporary renowned designer, one of the top ten fashion designers in China and the contributing designer in publishing research on the garment trends in China. She has over 20 years of experience in the fashion industry. She serves various positions in different associations and organizations, such as the chairperson of the Fashion Art Committee of the China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the special researcher for the fashion trends of China, etc.. Ms. Huang joined Bosideng Corporation in March 1997 and had remained with the Group since the reorganization of the businesses of the Group prior to its listing. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987, and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.



**Mr. Rui Jinsong**, aged 49, is an executive Director and the Senior Vice President of the Company. He is the General Manager of the *Bosideng* brand division and a director of certain other subsidiaries of the Group. He was appointed as an executive Director with effect from May 2013. Mr. Rui is fully responsible for the overall management of the operational management business of the Group's core *Bosideng* brand. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile Engineering in 1994. He joined Bosideng Corporation in May 2004 and had remained with the Group since the reorganization of the businesses of the Group prior to its listing, from which he acquired practical experience in brand positioning strategy, core competitiveness building and brand operating management.

**Mr. Gao Xiaodong**, aged 46, is a Vice President of the Company and was appointed as an executive Director in March 2017. Mr. Gao is fully in charge of the Group's diversified apparels businesses. He is a qualified senior economist and has obtained a master's degree in business administration from Centenary College in 2009. Mr. Gao joined Bosideng Corporation in 2002 as its Senior Vice President and joined the Group in 2013, from which he accumulated tremendous experience in the apparel, highway, real estate and hotel segments. Mr. Gao is the son of Mr. Gao Dekang (the Chairman, CEO, an executive Director and a controlling shareholder of the Company) and Ms. Mei Dong (an executive Director and the Executive President of the Company).

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Dong Binggen**, aged 72, a senior engineer, was appointed as an independent non-executive Director in September 2007. He graduated from Eastern China Textile Institute (currently known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman, President and Secretary of the Communist Party Committee. Mr. Dong was the Chairman of China Union Holdings Ltd. (SZSE, Stock Code: 000036) from June 2004 to June 2019. He had also been the Chairman of the Shenzhen Textile Industry Association and the President of the Shenzhen Textile Engineering Association. He is currently a member of the Standing Committee and the Invited Vice Chairman of China Textile Industry Association.

**Mr. Wang Yao**, aged 63, was appointed as an independent non-executive Director in September 2007. Mr. Wang currently acts as the Vice President of the Commerce Economy Association of China. In the past, he had served as a director of the China National Commercial Information Center, the Vice President of the China General Chamber of Commerce, a member of the Services Advisory Committee (服務業諮詢委員會) under the National Development and Reform Commission of the People's Republic of China and the Vice President of the National Statistical Society of China. He received a Ph.D. in Engineering from Harbin Institute of Technology in 1989. He also obtained the qualification as a professor-grade senior engineer.

**Dr. Ngai Wai Fung**, aged 60, was appointed as an independent non-executive Director in September 2007. He is currently the director and group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a company specializing in company secretarial, corporate governance and compliance services for pre- and post-listing companies. Prior to that, he was a director and the head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 30 years of professional practice and senior management experience, including acting as an executive director, the chief financial officer and a company secretary, most of which are in the areas of finance, accounting, internal control, regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is currently a member of the General Committee of the Chamber of Hong Kong Listed Companies and the Chairman of its Membership Services Sub-Committee. He was the President of The Hong Kong Institute of Chartered Secretaries (currently known as The Hong Kong Chartered Governance Institute) (2014-2015), a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants (2013-2018), a non-official member of the Working Group on Professional Services under the Economic Development Commission

## DIRECTORS AND SENIOR MANAGEMENT

of the Hong Kong Special Administrative Region (2013-2018) and the first batch of Finance Expert Consultants of the Ministry of Finance of the People's Republic of China (2016-2021). He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute, a fellow of The Hong Kong Chartered Governance Institute, a fellow of The Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators. Dr. Ngai obtained a Doctoral degree in Finance at the Shanghai University of Finance and Economics in 2011, a Master's degree in Corporate Finance from The Hong Kong Polytechnic University in 2002, a Master's degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's degree in Law at the University of Wolverhampton in 1994.

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

### SENIOR MANAGEMENT

**Mr. Zhu Gaofeng**, aged 47, is the Chief Financial Officer and Vice President of the Group and is responsible for the financial management, funds management and investor relations of the Group. Mr. Zhu is qualified as an internationally certified internal auditor and a China certified public accountant. He graduated from Yancheng Commerce School (鹽城商業學校) in Jiangsu Province in 1993, obtained a professional degree in finance and accounting from Anhui College of Finance and Trading (安徽財貿學院) in 1998 and obtained a Bachelor's degree in accounting from Yancheng Teachers University (鹽城師範學院) in 2008. Mr. Zhu joined Bosideng Corporation in 2005. Prior to joining the Group, he had worked in management positions relating to finance in Jiangsu Yueda Investment Co., Ltd. (SSE, Stock Code: 600805) for 12 years. Mr. Zhu has previously served as the auditing manager, vice-financial officer, financial controller and assistant to the president of the Group, and has extensive experience in financial management, funds management and investor relations, etc.

**Mr. Wang Lijun**, aged 43, is the General Manager of the Foreign Trade Division of the Group. Mr. Wang graduated from Changshu College (常熟高等專科學校) (currently known as Changshu Institute of Technology) majoring in Foreign Trade English in June 2000 and graduated from Nanjing University of Science and Technology with a Master's degree in business administration in June 2014. Mr. Wang joined Bosideng Corporation in July 2000 and successively served as the business supervisor, business manager, business director and Deputy General Manager of the Foreign Trade Division. In April 2017, he was appointed as the General Manager of the Foreign Trade Division, and is responsible for the overall foreign trade business of the Group. Mr. Wang has extensive experience in apparel development, technological management, production management and international expansion.

**Mr. Zhou Daming**, aged 38, is the Vice President of the *Bosideng* brand retail division. Mr. Zhou graduated from Shanghai Urban Engineering College (上海城市工程學院) majoring in municipal administration in 2005. He joined Bosideng Corporation in April 2006 and successively served as the retail supervisor of Chongqing Branch, General Manager of retail companies in Liaoning and General Manager of the North China region. In April 2017, he was appointed as the Deputy General Manager of the *Bosideng* Brand Division. Mr. Zhou is currently responsible for the offline sales of the *Bosideng* brand of the Group and has many years of practical experience in channel transformation, retail promotion and team building.

**Mr. Zhao Xiang**, aged 37, is the Vice President of the *Bosideng* brand e-commerce division. Mr. Zhao graduated from Tianjin Foreign Studies University in 2007. He joined Bosideng Corporation in 2010 and successively served as the marketing minister of the region, General Manager of retail companies as well as the director of the retail operation center, and was appointed as the General Manager of the E-Commerce Center under the *Bosideng* Brand Division in April 2020. He is currently responsible for the online platform operation and sales management of the *Bosideng* brand. Mr. Zhao has many years of practical experience in comprehensive resource allocation, team talents cultivation and retail business operation.

**Mr. He Maosheng**, aged 44, is an assistant to the Executive President of the Company and the General Manager of the Supply Chain Management Center of the Group. He graduated from Jiangxi Institute of Fashion Technology majoring in design and engineering in 1998. He joined Bosideng Corporation in December 2010 and successively served as the assistant to the director and director of the supply chain of the Group. He was appointed as the assistant to the Executive President of the Company and the general manager of the Supply Chain Management Center of the Group in 2017. He is currently responsible for the strategy and operation related to the supply chain business of the Group, covering core management areas such as scientific research and technology, quality of operations, supplier resources, production and procurement, group costs, lean research and self-owned factory operations. Mr. He has been dedicated to apparel management for 23 years, has solid theoretical and practical experience in strategic resource planning, flexible and quick-response, premier quality operation, scientific research and technological innovation, and leading comprehensive cost control, and has formed a unique knowledge system and model for down product types, making the supply chain one of the core competitive edges of the Group.

**Mr. Dai Jianguo**, aged 52, is an assistant to the Executive President of the Company, the director of the Logistics Management Center and the director of the Digital Operation Center of the Group. He also possesses the qualification of Professional (Recognized) Senior Economist Specialized in Economic Field of Jiangsu Province (江蘇省經濟專業(認定)高級經濟師) and the title of Engineer (Apparel Profession) approved by Suzhou Textile and Silk Intermediate Professional Technical Qualification Evaluation Committee (蘇州市紡織絲綢中級專業技術資格評審委員會). He was awarded the title of "Suzhou City Model Worker" in 2021. Mr. Dai graduated from Wuhan Polytechnic University with a Bachelor's degree in engineering in 1991. He joined Bosideng Corporation in February 2002 as an assistant to the factory director and was appointed as an assistant to the Executive President, the director of the Logistics Management Center and the director of the Digital Operation Center in April 2021. Mr. Dai has long been committed to apparel technique, production and manufacturing, procurement and supply, foreign trade management, logistics management and information technology management. Currently, in addition to being responsible for the intelligent construction and daily operational management of the Group's distribution centers, he is mainly responsible for the structural planning, blueprint design, research and development iteration, promotion and application, and daily digital operational management of the Group's information technology system as well as the persistent improvement in the intelligent manufacturing capacity of garment factories of the Group through the promotion and application of Internet platforms in the apparel industry.

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wu Xiaoming**, aged 37, is the Director of the Human Resources Center of the Group. Mr. Wu graduated from Hefei University of Technology in 2008 with a major in information management and information systems and obtained an EMBA degree from Nanjing University in 2021. He joined the Group in December 2018 and is currently responsible for the full module management of the Group's human resources affairs. He has driven multiple substantial human resources reforms in recent years, such as organizational cultural change, improvement in talent structure, and the encouragement of reforms, which brought about the improvements in the brand and business strategy. Prior to joining the Group, Mr. Wu mainly worked in Midea Group's human resources management department for 10 years. He has solid theoretical knowledge and practical experience in strategic human resource management, organizational design, talent development, performance-based incentives and other fields.

### COMPANY SECRETARY

**Ms. Liang Shuang**, aged 33, joined the Group in December 2018 and was appointed as the Company Secretary in May 2019. She graduated from Hong Kong Baptist University with a Bachelor of Business Administration (Honours) in Accounting in 2011 and from The University of Warwick in the United Kingdom with a Master of Science in Accounting and Finance in 2012. Ms. Liang is a member of each of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the 2nd Accounting Professional Committee under the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation. Prior to joining the Company, she worked at KPMG Hong Kong, responsible for the audit of several Hong Kong listed companies, and worked at China Everbright Limited (SEHK, Stock Code: 00165), managing private equity funds regulated under the Securities and Futures Commission of Hong Kong.

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

Below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2021/22 interim report:

- Dr. Ngai Wai Fung, an independent non-executive Director, had resigned as an independent non-executive director of China Communications Construction Company Limited (SEHK, Stock Code: 01800; SSE, Stock Code: 601800) with effect from February 2022, and had resigned as an independent non-executive director of BaWang International (Group) Holding Limited (SEHK, Stock Code: 01338) with effect from May 2022.

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

# REPORT OF DIRECTORS

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

## PRINCIPAL ACTIVITIES

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

The Group's revenue and net profits attributable to the shareholders of the Company during the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 107 to 109 and Note 6 to the Financial Statements.

## BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group's performance during the Year, the material factors underlying its results and financial position, the future development of the Group's business, and principal business risks and uncertainties are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" and "Subsequent Events" on pages 12 to 15 and on pages 16 to 67 and page 100 of this annual report, respectively. Additionally, the financial risk management objectives and policies of the Company can be found in Note 39 to the Financial Statements. These discussions form part of this Report of Directors.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

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

## COMPLIANCE WITH LAWS AND REGULATIONS

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

## DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

## FIVE-YEAR FINANCIAL SUMMARY

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



# REPORT OF DIRECTORS

## RESULTS AND DISTRIBUTION

The results of the Group for the Year are set out in the Financial Statements. The Board has resolved to recommend the payment of a final dividend of HKD13.5 cents (equivalent to approximately RMB11.5 cents) per Share in respect of the Year.

## NON-CURRENT ASSETS

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

## SHARE CAPITAL

Details of the movement in the Group's share capital during the Year are set out in Note 37 to the Financial Statements.

## RESERVES

Details of the movements in the reserves of the Group during the Year are set out in Note 37 to the Financial Statements of which, the reserves available for distribution to shareholders of the Company amounted to approximately RMB2,141 million (2021: approximately RMB1,838 million).

## BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2022 are set out in Note 30 to the Financial Statements.

## DONATIONS

The Group's charitable and other donations during the Year amounted to approximately RMB27,966,000 (2021: approximately RMB23,870,000).

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to July 15, 2022 (being the Latest Practicable Date) were as follows:

### Executive Directors:

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

### Independent non-executive Directors:

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

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

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

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

## **INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

## **DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES**

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

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

As at March 31, 2022, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

## REPORT OF DIRECTORS

### (i) Long position in shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company (Note 1)
Mr. Gao Dekang	Interest of controlled corporation (Note 2)	262,479,999	2.41%
	Deemed interest (Note 3)	2,763,697	0.03%
	Founder of discretionary trust (Note 4)	3,844,862,385	35.32%
	Founder of discretionary trust (Note 5)	611,656,857	5.62%
	Founder of discretionary trust (Note 6)	2,936,311,202	26.97%
Ms. Mei Dong	Deemed interest (Note 2)	262,479,999	2.41%
	Beneficial owner (Note 3)	2,763,697	0.03%
	Beneficiary of discretionary trust (Note 4)	3,844,862,385	35.32%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.62%
	Beneficiary of discretionary trust (Note 6)	2,936,311,202	26.97%
Ms. Huang Qiaolian	Beneficial owner (Note 7)	27,763,697	0.26%
Mr. Rui Jinsong	Beneficial owner (Note 7)	78,034,242	0.72%
Mr. Gao Xiaodong	Beneficiary of discretionary trust (Note 4)	3,844,862,385	35.32%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.62%
	Beneficiary of discretionary trust (Note 6)	2,936,311,202	26.97%

#### Notes:

- The percentage represents the number of Shares interested divided by the total number of the issued Shares as at March 31, 2022 of 10,885,801,385.
- These Shares were directly held by Kong Bo Development Limited. Kong Bo Development Limited is owned as to 80% by Lucky Pure Limited, which is in turn wholly owned by Mr. Gao Dekang. As Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Mei Dong is deemed to be interested in the 262,479,999 Shares interested by Mr. Gao Dekang under the SFO.
- Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
- These Shares were directly held by New Surplus, the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by ITC SPC. Topping Wealth Limited is wholly owned by Kova Group Limited, which is wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO. Further, Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited, which is wholly owned by Bosideng Corporation Limited, which in turn is owned as to 75.04% by Kangbo Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd. (a company wholly owned by Mr. Gao Dekang). Kangbo Holdings Group Co., Ltd. is owned as to 81.56% by Jiangsu Kangbo Investment Co., Ltd. and 18.44% by Mr. Gao Dekang. Accordingly, each of Kova Group Limited, Topping Wealth Limited, Cititrust Private Trust (Cayman) Limited, Bo Flying Limited, Bosideng Corporation Limited, Kangbo Holdings Group Co., Ltd. and Jiangsu Kangbo Investment Co., Ltd. is deemed to be interested in the 3,844,862,385 Shares held by New Surplus under the SFO. Mr. Gao Dekang is a director of each of New Surplus, Topping Wealth Limited, Lucky Pure Limited (as mentioned in note 2 above), Bo Flying Limited, Blooming Sky Ventures Limited (as mentioned in note 6 below), Kong Bo Investment Limited (as mentioned in note 6 below), Jiangsu Kangbo Investment Co., Ltd., Honway Enterprises Limited (as mentioned in note 5 below), Bosideng Corporation Limited and Kangbo Holdings Group Co., Ltd. Mr. Gao Xiaodong is a director of Bosideng Corporation Limited and Kangbo Holdings Group Co., Ltd., and a general manager of Jiangsu Kangbo Investment Co., Ltd.

5. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.
6. These Shares were directly held by Kong Bo Investment Limited. Kong Bo Investment Limited is owned as to 90% by Blooming Sky Ventures Limited, which is wholly owned by Blooming Sky Investment Limited, which is in turn wholly owned by a trust, the trustee of which is BOS Trustee Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.
7. Details of the Options and awarded Shares are set out in the section headed "Share Option Scheme" and "Share Award Scheme" of this annual report, respectively.

Save as disclosed above, as at March 31, 2022, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or were deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at March 31, 2022, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or the chief executive of the Company, had an interest or short position in the Shares which would be required to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the number of the issued Shares carrying rights to vote in all circumstances at a general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company (Note 8)
Jiangsu Kangbo Investment Co., Ltd.	Interest of controlled corporation (Note 1)	3,844,862,385	35.32%
Kangbo Holdings Group Co., Ltd.	Interest of controlled corporation (Note 1)	3,844,862,385	35.32%
Bosideng Corporation Limited	Interest of controlled corporation (Note 1)	3,844,862,385	35.32%
Bo Flying Limited	Interest of controlled corporation (Note 1)	3,844,862,385	35.32%
BOS Trustee Limited	Trustee (Note 3)	2,936,311,202	26.97%
Blooming Sky Investment Limited	Interest of controlled corporation (Note 3)	2,936,311,202	26.97%
Blooming Sky Ventures Limited	Interest of controlled corporation (Note 3)	2,936,311,202	26.97%
Kong Bo Investment Limited	Beneficial interest (Note 3)	2,936,311,202	26.97%

## REPORT OF DIRECTORS

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company (Note 8)
Cititrust Private Trust (Cayman) Limited	Trustee (Note 2)	611,656,857	5.62%
	Trustee (Note 1)	3,844,862,385	35.32%
Kova Group Limited	Interest of controlled corporation (Note 1)	3,844,862,385	35.32%
Topping Wealth Limited	Interest of controlled corporation (Note 1)	3,844,862,385	35.32%
New Surplus	Party to section 317 agreement (Note 4)	3,813,211,755	35.03%
	Beneficial interest (Note 1)	3,844,862,385	35.32%
	Party to section 317 agreement (Note 4)	3,813,211,755	35.03%
First-Win Enterprises Limited	Interest of controlled corporation (Note 2)	611,656,857	5.62%
Honway Enterprises Limited	Beneficial interest (Note 2)	611,656,857	5.62%
ITC SPC	Party to section 317 agreement (Note 5)	7,658,074,140	70.35%
ITOCHU Corporation	Interest of controlled corporation (Note 5)	7,658,074,140	70.35%
	Party to section 317 agreement (Note 5)	7,658,074,140	70.35%
ITOCHU Hong Kong Limited	Interest of controlled corporation (Note 5)	7,658,074,140	70.35%
	Party to section 317 agreement (Note 5)	7,658,074,140	70.35%
CITIC Group Corporation	Interest of controlled corporation (Notes 6 & 7)	7,658,074,140	70.35%
CITIC Limited	Interest of controlled corporation (Notes 6 & 7)	7,658,074,140	70.35%
CITIC International Financial Holdings Limited	Interest of controlled corporation (Notes 6 & 7)	7,658,074,140	70.35%
China CITIC Bank Corporation Limited	Interest of controlled corporation (Notes 6 & 7)	7,658,074,140	70.35%
CIAM	Party to section 317 agreement (Notes 6 & 7)	7,658,074,140	70.35%

### Notes:

- Same as the interests as disclosed in note 4 in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.
- Same as the interests as disclosed in note 5 in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.
- Same as the interests as disclosed in note 6 in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.
- New Surplus and Topping Wealth Limited were parties acting in concert with Mr. Gao Dekang and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, New Surplus and Topping Wealth Limited were deemed to be interested in 3,813,211,755 Shares, in addition to the 3,844,862,385 Shares interested by them.
- ITOCHU Corporation was deemed to be interested in a total of the 7,658,074,140 Shares by virtue of its control over ITOCHU Hong Kong Limited, which controlled ITC SPC, a party acting in concert with Mr. Gao Dekang, Topping Wealth Limited and New Surplus under section 317(a) of the SFO. By virtue of the SFO, each of ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC was deemed to be interested in the 7,658,074,140 Shares.
- CIAM and Feather Shade Limited were parties acting in concert with ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, CIAM and Feather Shade Limited were deemed to be interested in the 7,658,074,140 Shares.



7. Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited and CIAM was deemed to be interested in a total of 7,658,074,140 Shares by virtue of its control over several corporations, according to the disclosure forms filed by them on December 28, 2020, as the case may be, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC Polaris Limited	CITIC Group Corporation	100.00	No	7,658,074,140
CITIC Limited	CITIC Polaris Limited	32.53	No	7,658,074,140
CITIC Glory Limited	CITIC Group Corporation	100.00	No	7,658,074,140
CITIC Limited	CITIC Glory Limited	25.60	No	7,658,074,140
CITIC Corporation Limited	CITIC Limited	100.00	No	7,658,074,140
China CITIC Bank Corporation Limited	CITIC Corporation Limited	65.37	No	7,658,074,140
CITIC Investment (HK) Limited	CITIC Corporation Limited	100.00	No	7,658,074,140
Fortune Class Investments Limited	CITIC Investment (HK) Limited	100.00	No	7,658,074,140
China CITIC Bank Corporation Limited	Fortune Class Investments Limited	0.02	No	7,658,074,140
Metal Link Limited	CITIC Limited	100.00	No	7,658,074,140
China CITIC Bank Corporation Limited	Metal Link Limited	0.58	No	7,658,074,140
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	No	7,658,074,140
CIAM	CITIC International Financial Holdings Limited	46.00	No	7,658,074,140
Feather Shade Limited	CIAM	100.00	No	7,658,074,140

8. The percentage represents the number of Shares interested divided by the total number of the issued Shares as at March 31, 2022 of 10,885,801,385.

Save as disclosed above, as at March 31, 2022, no person had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of the issued Shares carrying rights to vote in all circumstances at a general meeting of the Company.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

## REPORT OF DIRECTORS

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those transactions as disclosed under the section headed "Connected Transactions" and Note 41 to the Financial Statements under the section "Related Party Transactions", no Director or an entity connected with a Director had a material interest in any transaction, arrangement or contract of significance to the Group's business which was subsisting during the Year or as at March 31, 2022 in which the Group was a party.

### REMUNERATION POLICY

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

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

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

### PROVIDENT AND RETIREMENT BENEFIT SCHEMES

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

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

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

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

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the Year were approximately RMB152,594,000 (2021: approximately RMB79,071,000). The Group's contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the schemes.

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

## MANAGEMENT CONTRACTS

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

## CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions and connected transactions with the Parent Group, which are subject to the reporting, announcement and/or independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Certain related party transactions as disclosed in Note 41 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the above-mentioned connected transactions.

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

Save as those transactions as disclosed under this section and Note 41 to the Financial Statements under the section headed “Related Party Transaction”, at no time during the Year had the Company or any of its subsidiaries entered into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

## FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

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

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

## REPORT OF DIRECTORS

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

The actual amount of fees paid or payable by the Group to the Parent Group for the Year was approximately RMB1,370,271,000 (2021: RMB1,028,219,000).

### LEASE AGREEMENTS

As at March 31, 2022, the Parent Group leased 13 properties with a total area of approximately 56,566 square metres to the Group, which were mainly used as the Group's regional offices, warehouses and showrooms, pursuant to the property lease agreement dated September 15, 2007 and agreements supplemental to the property lease agreement entered into between the Company and Mr. Gao Dekang.

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

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

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

The actual amount of rental payable by the Group to the Parent Group for the Year was approximately RMB14,757,000 (2021: RMB23,114,000).

### FRAMEWORK INTEGRATED SERVICE AGREEMENT

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

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

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

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

The actual amount of service fees payable by the Group to the Parent Group for the Year was approximately RMB14,753,000 (2021: RMB11,789,000).

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above and in Note 41 to the Financial Statements were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on better terms to the Group than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

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

## **EQUITY-LINKED AGREEMENT**

Save as disclosed in the sections headed "Share Option Scheme", "Share Award Schemes" and "Convertible Bonds" below, no equity-linked agreement was entered into or renewed by the Company during the Year or subsisted as at March 31, 2022.



# REPORT OF DIRECTORS

## SHARE OPTION SCHEME

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

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

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

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

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

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

According to the scheme mandate limit of the Share Option Scheme, the Company may further grant 389,457,038 Options, representing approximately 3.58% of the issued share capital of the Company as at July 15, 2022, being the Latest Practicable Date.

Further information of the Options is set out in Note 38 to the Financial Statements and details of the movement of the Options during the Year are included in the table as follows:

Category of participants	Number of Options						As at March 31, 2022 (Note 2)	Date of grant of Options (Note 4)	Exercise price of share options per Share (Note 3)
	As at March 31, 2021	Granted during the Year	Exercised during the Year (Note 1)	Cancelled during the Year	Lapsed during the Year				
<b>Directors</b>									
Rui Jinsong	74,640,000	-	2,680,000	-	56,000,000	15,960,000	26/10/2018	HKD1.07	
	30,000,000	-	9,000,000	-	-	21,000,000	23/04/2020	HKD1.94	
	<b>104,640,000</b>	<b>-</b>	<b>11,680,000</b>	<b>-</b>	<b>56,000,000</b>	<b>36,960,000</b>			
Huang Qiaolian	8,000,000	-	-	-	-	8,000,000	23/04/2020	HKD1.94	
	<b>8,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,000,000</b>			
<b>Others</b>									
Employees	13,668,000	-	13,667,000	-	1,000	-	05/03/2018	HKD0.69	
	155,298,000	-	5,414,000	-	114,800,000	35,084,000	26/10/2018	HKD1.07	
	292,000,000	-	56,848,000	1,368,000	5,200,000	228,584,000	23/04/2020	HKD1.94	
	-	103,200,000	-	-	-	103,200,000	20/12/2021	HKD4.98	
Consultant (Note 5)	100,000,000	-	-	-	-	100,000,000	23/10/2020	HKD3.41	
	<b>560,966,000</b>	<b>103,200,000</b>	<b>75,929,000</b>	<b>1,368,000</b>	<b>120,001,000</b>	<b>466,868,000</b>			
<b>Total</b>	<b>673,606,000</b>	<b>103,200,000</b>	<b>87,609,000</b>	<b>1,368,000</b>	<b>176,001,000</b>	<b>511,828,000</b>			

Notes:

1. The weighted average closing prices of the Shares immediately before the dates on which the Options were exercised was approximately HKD5.34 (for Options exercised by Rui Jinsong (an executive Director)) and approximately HKD5.68 (for Options exercised by employees), respectively.
2. As at March 31, 2022, the Company had a total of 511,828,000 outstanding Options, of which:
  - 2.1 51,044,000 Options were granted on October 26, 2018 under the Share Option Scheme, of which:
    - 2.1.1 4,523,999 Options had been vested;
    - 2.1.2 each of 7,743,333 Options shall be vested during each of the years ending on October 25, 2023, 2024, 2025, 2026 and 2027, respectively; and
    - 2.1.3 7,803,336 Options shall be vested during the period commencing from October 26, 2027 and ending on October 25, 2028;
  - 2.2 257,584,000 Options were granted on April 23, 2020 under the Share Option Scheme, of which:
    - 2.2.1 30,224,000 Options had been vested;
    - 2.2.2 97,440,000 Options shall be vested during the period commencing from July 23, 2022 and ending on July 22, 2024; and
    - 2.2.3 129,920,000 Options shall be vested during the period commencing from July 23, 2023 and ending on July 22, 2024;
  - 2.3 100,000,000 Options were granted on October 23, 2020 under the Share Option Scheme, of which:
    - 2.3.1 30,000,000 Options shall be vested during the period commencing from October 23, 2021 and ending on October 22, 2024;
    - 2.3.2 30,000,000 Options shall be vested during the period commencing from October 23, 2022 and ending on October 22, 2024;
    - 2.3.3 40,000,000 Options shall be vested during the period commencing from October 23, 2023 and ending on October 22, 2024; and

## REPORT OF DIRECTORS

- 2.4 103,200,000 Options were granted on December 20, 2021 under the Share Option Scheme, of which:
- 2.4.1 30,960,000 Options shall be vested during the period commencing from December 20, 2022 and ending on December 19, 2025;
- 2.4.2 30,960,000 Options shall be vested during the period commencing from December 20, 2023 and ending on December 19, 2025; and
- 2.4.3 41,280,000 Options shall be vested during the period commencing from December 20, 2024 and ending on December 19, 2025.
3. The closing price of the Shares immediately before the respective dates of grant (being March 5, 2018, October 26, 2018, April 23, 2020, October 23, 2020, and December 20, 2021) was HKD0.68, HKD1.08, HKD1.97, HKD3.44 and HKD4.89 per Share, respectively.
4. The validity period for each batch of Options granted on March 5, 2018, October 26, 2018, April 23, 2020, October 23, 2020 and December 20, 2021 is 4 years, 10 years, 51 months, 48 months and 48 months from the respective date of grant.
5. As disclosed in the announcement of the Company dated October 23, 2020, such 100,000,000 Options were granted to Wise Triumph Group Limited (the "Consultant"), who is an independent consultant company of the Group which provides multi-latitude strategic consulting services to the Group. The Board believes that the grant of the Options will help motivate the Consultant to continue to contribute to the future multi-latitude development and expansion of the Group, including but not limited to aspects such as brand, strategy and overall business development both in China and overseas. The vesting criteria and conditions include the overall consolidated financial results of the Group and the Consultant's own key performance indicators, including but not limited to the result indicators of the *Bosideng* brand for the relevant financial years as well as the objectives of the competitive strategies of the *Bosideng* brand, for the three financial years ending March 31, 2023.

### SHARE AWARD SCHEMES

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

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

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

Further information of the awarded Shares granted pursuant to the 2011 Share Award Scheme is set out in Note 38 to the Financial Statements and the details of the movement of the awarded Shares during the Year are included in the table as follows:

Category of participants	Number of awarded Shares				Outstanding as at March 31, 2022
	Outstanding as at March 31, 2021	Granted during the Year	Vested during the Year	Lapsed during the Year	
<b>Directors</b>					
Rui Jinsong	30,000,000	–	9,000,000	–	21,000,000
Huang Qiaolian	8,000,000	–	–	–	8,000,000
<b>Others</b>					
Employees	49,000,000	16,000,000	14,700,000	–	50,300,000
<b>Total</b>	87,000,000	16,000,000	23,700,000	–	79,300,000

## CONVERTIBLE BONDS

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

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

- subject to redemption options pursuant to the terms and conditions of the Convertible Bonds, conversion rights are exercisable at any time from January 27, 2020 to December 7, 2024 (both days inclusive) at the bondholders' option;
- at the initial conversion price being HKD4.91 per Share (subject to adjustments in the manner provided in the terms and conditions of the Subscription Agreement), the Convertible Bonds would be convertible into 438,470,977 Conversion Shares; and
- since the issue of the Convertible Bonds on December 17, 2019 up to July 15, 2022 (being the Latest Practicable Date), the conversion price has been adjusted four times as follows:

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

As at March 31, 2022, no Convertible Bonds had been converted into new Conversion Shares.

For further details of the Convertible Bonds, please refer to Note 34 to the Financial Statements and the Company's announcements dated December 5, 2019, December 17, 2019, August 21, 2020, December 3, 2020, August 20, 2021 and December 1, 2021, respectively.

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

During the Year, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, the trustee of the Share Award Scheme purchased on the Stock Exchange a total of 4,988,000 Shares at an aggregate consideration of approximately HKD17.2 million.

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

# REPORT OF DIRECTORS

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF AND EXEMPTION

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

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total number of issued Shares were held by the public as at July 15, 2022 (being the Latest Practicable Date).

## MAJOR SUPPLIERS AND CUSTOMERS

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

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

## COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 40 to the Financial Statements.

## INDEMNITY OF DIRECTORS

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

## SUBSEQUENT EVENTS

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

## AUDITOR

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

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

Hong Kong, June 23, 2022



# INDEPENDENT AUDITOR'S REPORT



## **Independent auditor's report to the shareholders of Bosideng International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Bosideng International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 107 to 214, which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

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

### **KEY AUDIT MATTERS**

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

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Assessment of impairment of goodwill

Refer to note 17 to the consolidated financial statements and the accounting policies on page 120.

#### The Key Audit Matter

For the purpose of impairment testing, goodwill in the consolidated statement of financial position is allocated to three cash-generating units ("CGUs") which are derived from the Group's acquisitions of three ladieswear businesses (including JESSIE brand, BUOU BUOU brand and Tianjin ladieswear).

An assessment of impairment of goodwill is performed by management annually.

Management assessed impairment of goodwill as at March 31, 2022 with reference to a valuation report prepared by an external valuer appointed by management and the recoverable amount of each CGU is determined by management by preparing discounted cash flow forecasts for each CGU to which goodwill has been allocated and comparing the net present value of the forecast cash flows with the carrying values of the related assets.

The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in estimating future sales growth rates and the discount rates applied.

We identified assessing impairment of goodwill as a key audit matter because assessing impairment involves forecasting future cash flows which is complex and inherently uncertain and could be subject to management bias.

#### How the matter was addressed in our audit

Our audit procedures to assess the valuation of goodwill included the following:

- assessing management's identification of CGUs and the allocation of assets and liabilities to each CGU with reference to the requirements of the prevailing accounting standards;
- assessing the qualification, experience and expertise of the external valuer appointed by management in assessing the impairment of goodwill and considering their objectivity and independence;
- involving our internal valuation specialists to assist us in evaluating the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards;
- comparing the most significant inputs in the discounted cash flow forecasts, including growth rates of future revenue, future margins and cost, with the latest financial budgets approved by the board of directors, historical performance, management's forecasts, industry reports and business developments subsequent to the reporting date and assessing the discount rates applied in the discounted cash flow forecasts by benchmarking against the discount rates of similar retailers;
- obtaining sensitivity analyses of both the discount rates and future cash flows and considering the resulting impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there is any indication of management bias; and
- assessing the reasonableness of the disclosures in the consolidated financial statements in respect of assessing impairment of goodwill with reference to the requirements of the prevailing accounting standards.

## KEY AUDIT MATTERS (CONTINUED)

### Valuation of inventories

Refer to note 23 to the consolidated financial statements and the accounting policies on page 132.

#### The Key Audit Matter

Sales of inventories in the apparel industry can be volatile with consumer demand changing according to current fashion trends.

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

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

We identified the valuation of inventories as a key audit matter because of the significant management judgement exercised by the management in determining the appropriate level of inventory provisions which involves predicting the amounts of inventories which will be unsold at the end of each season and the markdowns necessary to sell such off-season inventories on a discounted basis in future years. Both of these factors can be inherently uncertain and could be subject to management bias.

#### How the matter was addressed in our audit

Our audit procedures to assess the valuation of inventories included the following:

- assessing whether the inventory provisions at the reporting date were consistent with the Group's inventory provision policy by recalculating the inventory provisions based on the mechanisms and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards;
- attending the Group's inventory counts at the year end to assess, on a sample basis, the quantity and condition of inventories at that date;
- assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the ageing of the sampled items with information relating to production dates on the labels of garments or receipt dates on the receipt notes of raw materials we inspected during our attendance at the Group's inventory counts;
- assessing the Group's inventory provision policy by comparing management's forecasts of the quantities of inventories which are unlikely to be sold in the foreseeable future at current selling price and the corresponding forecast markdowns with the historical sales amounts and markdown data for the current and the prior years;
- comparing inventory balances by season with respective balances in prior years and the movement by season with historical movements to identify inventories which were relatively slow moving;
- comparing the carrying amounts of a sample of inventory items at the reporting date with the selling prices actually achieved subsequent to the reporting date; and
- enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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



## INDEPENDENT AUDITOR'S REPORT

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

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

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

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

June 23, 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2022 (Expressed in Renminbi)

	Note	For the year ended March 31,	
		2022 RMB'000	2021 RMB'000
Revenue	6	16,213,608	13,516,513
Cost of sales		(6,476,429)	(5,592,247)
<b>Gross profit</b>		<b>9,737,179</b>	7,924,266
Other income	7	273,975	203,817
Selling and distribution expenses		(6,171,208)	(4,807,361)
Administrative expenses		(1,203,133)	(1,026,246)
Impairment losses on goodwill	17	(40,000)	(46,000)
Other expenses		(27,966)	(23,870)
<b>Profit from operations</b>		<b>2,568,847</b>	2,224,606
Finance income		315,998	213,455
Finance costs		(198,608)	(195,753)
<b>Net finance income</b>	10	<b>117,390</b>	17,702
Share of losses of associates and a joint venture	18,19	(14,089)	–
<b>Profit before taxation</b>		<b>2,672,148</b>	2,242,308
Income tax	11	(613,376)	(537,342)
<b>Profit for the year</b>		<b>2,058,772</b>	1,704,966

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2022 (Expressed in Renminbi)

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
<b>Other comprehensive income for the year:</b>		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") (after tax)		
– net movement in fair value reserve (non-recycling)	<b>81,794</b>	(13,561)
	<b>81,794</b>	(13,561)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences		
– foreign operations	<b>37,326</b>	62,491
	<b>37,326</b>	62,491
<b>Other comprehensive income for the year</b>	<b>119,120</b>	48,930
<b>Total comprehensive income for the year</b>	<b>2,177,892</b>	1,753,896

For the year ended March 31, 2022 (Expressed in Renminbi)

	Note	For the year ended March 31,	
		2022 RMB'000	2021 RMB'000
<b>Profit attributable to:</b>			
Equity shareholders of the Company		2,062,323	1,709,566
Non-controlling interests		(3,551)	(4,600)
<b>Profit for the year</b>		<b>2,058,772</b>	1,704,966
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		2,181,443	1,758,496
Non-controlling interests		(3,551)	(4,600)
<b>Total comprehensive income for the year</b>		<b>2,177,892</b>	1,753,896
<b>Earnings per share</b>			
– basic (RMB cents)	14	19.14	15.98
– diluted (RMB cents)		18.78	15.77

The notes on pages 116 to 214 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 37(b).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2022 (Expressed in Renminbi)

	Note	At March 31,	
		2022	2021
		RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	1,758,082	1,761,804
Right-of-use assets	16	1,121,890	850,558
Intangible assets and goodwill	17	1,496,159	1,572,040
Interests in associates	18	41,864	–
Interest in a joint venture	19	94,107	–
Investment properties	20	266,280	265,479
Prepayments	21	13,332	22,343
Other financial assets	26	173,827	150,901
Deferred tax assets	22	611,458	566,540
Pledged bank deposits	27	770,000	450,000
Time deposits	28	200,000	440,000
		<b>6,546,999</b>	6,079,665
<b>Current assets</b>			
Inventories	23	2,688,186	2,645,940
Trade and bills receivables	24	1,236,748	875,915
Deposits, prepayments and other receivables	25	1,281,234	1,168,152
Receivables due from related parties	41	200,268	156,511
Other financial assets	26	6,521,270	5,952,169
Pledged bank deposits	27	182,148	207,253
Time deposits	28	124,300	99,301
Cash and cash equivalents	29	2,502,563	1,771,330
		<b>14,736,717</b>	12,876,571



At March 31, 2022 (Expressed in Renminbi)

	Note	At March 31,	
		2022	2021
		RMB'000	RMB'000
<b>Current liabilities</b>			
Current income tax liabilities	11(d)	620,299	519,664
Interest-bearing borrowings	30	933,950	670,923
Lease liabilities	31	269,526	223,388
Trade and other payables	32	4,777,954	4,012,075
Payables due to related parties	41	8,373	6,679
Derivative financial liabilities	33	–	9,344
		<b>6,610,102</b>	5,442,073
<b>Net current assets</b>		<b>8,126,615</b>	7,434,498
<b>Total assets less current liabilities</b>		<b>14,673,614</b>	13,514,163
<b>Non-current liabilities</b>			
Deferred tax liabilities	22	166,166	174,147
Lease liabilities	31	627,590	415,311
Convertible bonds	34	1,599,598	1,604,288
Other non-current liabilities	35	53,820	69,687
		<b>2,447,174</b>	2,263,433
<b>Net assets</b>		<b>12,226,440</b>	11,250,730
<b>Capital and reserves</b>			
Share capital	37(c)	817	811
Reserves		12,192,286	11,068,303
<b>Equity attributable to equity shareholders of the Company</b>		<b>12,193,103</b>	11,069,114
<b>Non-controlling interests</b>		<b>33,337</b>	181,616
<b>Total equity</b>		<b>12,226,440</b>	11,250,730

Approved and authorized for issue by the board of directors on June 23, 2022.

**Gao Dekang**  
Chairman of the Board of Directors

**Gao Xiaodong**  
Director

The notes on pages 116 to 214 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2022 (Expressed in Renminbi)

	Attributable to the equity shareholders of the Company											
	Share capital RMB '000 (note 37(c))	Share premium RMB '000	Award Scheme RMB '000 (note 36(b))	Capital reserves RMB '000 (note 37(d))	Statutory reserves RMB '000 (note 37(d))	Translation reserves RMB '000 (note 37(d))	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000	
												Treasury shares held for the Share
<b>Balance at April 1, 2021</b>	811	1,725,945	(171,495)	138,817	856,313	(526,194)	106,271	8,938,646	11,069,114	181,616	11,250,730	
<b>Total comprehensive income for the year:</b>												
Profit for the year	-	-	-	-	-	-	-	2,062,323	2,062,323	(3,551)	2,058,772	
Foreign currency translation differences – foreign operations	-	-	-	-	-	37,326	-	-	37,326	-	37,326	
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	-	-	-	-	-	-	81,794	-	81,794	-	81,794	
Total comprehensive income for the year	-	-	-	-	-	37,326	81,794	2,062,323	2,181,443	(3,551)	2,177,892	
<b>Transactions with owners, recorded directly in equity</b>												
Equity-settled share-based transactions (note 38)	6	168,176	-	35,710	-	-	-	-	203,892	-	203,892	
Treasury shares held for Share Award Scheme	-	-	31,161	(14,914)	-	-	-	(9,147)	7,100	-	7,100	
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	(96)	(96)	
Written put option to non-controlling interests (note 33)	-	-	-	-	-	-	20,655	-	20,655	(109,920)	(89,265)	
Disposal of equity investment at FVOCI, net of tax (non-recycling) (note 26(b))	-	-	-	-	-	-	(23,796)	23,796	-	-	-	
Appropriation to reserves	-	-	-	-	142,457	-	-	(142,457)	-	-	-	
Dividends	-	-	-	-	-	-	-	(1,289,101)	(1,289,101)	(34,712)	(1,323,813)	
	6	168,176	31,161	20,796	142,457	-	(3,141)	(1,416,909)	(1,057,454)	(144,728)	(1,202,182)	
<b>Balance at March 31, 2022</b>	817	1,894,121	(140,334)	159,613	998,770	(488,868)	184,924	9,584,060	12,193,103	33,337	12,226,440	

The notes on pages 116 to 214 form part of these financial statements.

For the year ended March 31, 2022 (Expressed in Renminbi)

	Attributable to the equity shareholders of the Company										
	Share capital RMB '000 (note 37(c))	Share premium RMB '000	Treasury shares held for the Share Award Scheme RMB '000 (note 36(b))	Capital reserves RMB '000 (note 37(d))	Statutory reserves RMB '000 (note 37(d))	Translation reserves RMB '000 (note 37(d))	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
<b>Balance at April 1, 2020</b>	806	1,665,495	(62,200)	61,483	857,610	(588,685)	127,564	8,151,440	10,213,513	189,112	10,402,625
<b>Total comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	1,709,566	1,709,566	(4,600)	1,704,966
Foreign currency translation differences – foreign operations	-	-	-	-	-	62,491	-	-	62,491	-	62,491
Net change in fair value of equity investment at fair value through other comprehensive income, net of tax (non-recycling)	-	-	-	-	-	-	(13,561)	-	(13,561)	-	(13,561)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	62,491	(13,561)	1,709,566	1,758,496	(4,600)	1,753,896
<b>Transactions with owners, recorded directly in equity</b>											
Equity-settled share-based transactions (note 38)	5	60,450	-	80,631	-	-	-	-	141,086	-	141,086
Disposal of subsidiaries	-	-	-	-	(1,297)	-	-	1,297	-	-	-
Treasury shares held for Share Award Scheme	-	-	(109,295)	(3,297)	-	-	-	(19,014)	(131,606)	-	(131,606)
Capital contribution to a subsidiary from a non-controlling interest	-	-	-	-	-	-	-	-	-	10,000	10,000
Changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	-	-	(623)	(623)	623	-
Written put option to non-controlling interests (note 33)	-	-	-	-	-	-	(7,732)	-	(7,732)	-	(7,732)
Dividends	-	-	-	-	-	-	-	(904,020)	(904,020)	(13,519)	(917,539)
	5	60,450	(109,295)	77,334	(1,297)	-	(7,732)	(922,360)	(902,895)	(2,896)	(905,791)
<b>Balance at March 31, 2021</b>	811	1,725,945	(171,495)	138,817	856,313	(526,194)	106,271	8,938,646	11,069,114	181,616	11,250,730

The notes on pages 116 to 214 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2022 (Expressed in Renminbi)

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
<b>Operating activities</b>		
Profit for the year	2,058,772	1,704,966
Adjustments for:		
Income tax	613,376	537,342
Depreciation	856,904	772,865
Amortization	35,881	36,250
Impairment losses	40,000	46,000
Equity-settled share-based transactions	71,746	98,663
Change in fair value of derivative financial liabilities	(9,344)	8,811
Dividend income from other financial assets	(2,443)	–
Net (gain)/loss on disposal of property, plant and equipment and right-of-use assets	(12,444)	7,852
Net interest expenses/(income)	46,638	(1,095)
Realized/unrealized fair value change of other financial assets	(181,662)	(66,304)
Share of losses of associates and a joint venture	14,089	–
<b>Operating profit before changes in working capital</b>	<b>3,531,513</b>	<b>3,145,350</b>
(Increase)/decrease in inventories	(42,246)	76,095
(Increase)/decrease in trade and bills receivables and deposits, prepayments and other receivables	(486,497)	90,391
Increase in receivables due from related parties	(43,757)	(59,687)
Increase in pledged bank deposits for bills payable	(342,536)	(497,862)
Increase in trade and other payables	751,447	814,095
Increase in payables due to related parties	1,694	1,848
<b>Cash generated from operations</b>	<b>3,369,618</b>	<b>3,570,230</b>
Interest paid	(106,648)	(89,493)
Income tax paid	(592,905)	(347,649)
<b>Net cash generated from operating activities</b>	<b>2,670,065</b>	<b>3,133,088</b>

For the year ended March 31, 2022 (Expressed in Renminbi)

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Investing activities</b>		
Payments in relation to acquisition of property, plant and equipment through acquisition of a subsidiary, net of cash acquired	–	(559,609)
Payments in relation to investments in associates and a joint venture	(149,628)	–
Acquisition of property, plant and equipment and lease prepayments	(576,657)	(436,619)
Acquisition of other financial assets	(8,789,446)	(13,073,142)
Proceeds from disposal of other financial assets	8,488,140	10,439,922
Decrease/(increase) in time deposits	215,001	(385,801)
Dividend income from other financial assets	2,443	–
Interest received	116,507	145,697
Proceeds from disposal of investment properties	7,800	7,000
<b>Net cash used in investing activities</b>	<b>(685,840)</b>	<b>(3,862,552)</b>
<b>Financing activities</b>		
Proceeds from interest-bearing borrowings	507,037	400,032
Repayment of interest-bearing borrowings	(194,846)	(506,648)
Decrease in bank deposits pledged for bank loans	47,641	92,997
Decrease in bank deposits pledged for issuing standby letters of credit used for bank loans guarantees	–	162,003
Payments for purchase of shares in connection with the Share Award Scheme	(13,993)	(135,450)
Proceeds from exercise of share options	118,274	42,423
Proceeds of upfront payment received from employees in connection with Share Award Scheme	32,640	77,430
Capital element of lease liabilities paid	(419,773)	(355,174)
Dividends paid	(1,309,457)	(879,890)
Proceeds from capital contribution to a subsidiary from a non-controlling interest	–	10,000
<b>Net cash used in financing activities</b>	<b>(1,232,477)</b>	<b>(1,092,277)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>751,748</b>	<b>(1,821,741)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,771,330</b>	<b>3,638,680</b>
<b>Effect of foreign currency exchange rate changes</b>	<b>(20,515)</b>	<b>(45,609)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,502,563</b>	<b>1,771,330</b>

The notes on pages 116 to 214 form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION OF THE REPORTING ENTITY

Bosideng International Holdings Limited (the “Company”) was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, original equipment manufacturing (“OEM”) products and non-down apparel products in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on October 11, 2007.

## 2 BASIS OF PREPARATION

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out in note 4.

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

### (b) Basis of measurement

The consolidated financial statements for the year ended March 31, 2022 comprise the Group and the Group’s interest in associates and a joint venture.

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

- investments in equity securities (see note 4(d)); and
- derivative financial instruments (see note 4(e)).



## 2 BASIS OF PREPARATION (CONTINUED)

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgments

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

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

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

## 3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to IFRS 16, *Covid-19-related rent concessions beyond June 30, 2021*

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

### (i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform"). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### (ii) Amendment to IFRS 16, *Covid-19-Related Rent Concessions beyond June 30, 2021 (2021 amendment)*

The Group previously applied the practical expedient in IFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met (see note 4(i)). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from June 30, 2021 to June 30, 2022.

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Subsidiaries and non-controlling interests

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

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

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Subsidiaries and non-controlling interests (continued)

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

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

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

### (b) Associates and joint ventures

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Associates and joint ventures (continued)

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

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

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

### (c) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Other investments in equity securities

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

Investments in equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 39(f). These investments are subsequently accounted for as follows, depending on their classification:

#### (i) Investments other than equity investments

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

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 4(y)).
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

#### (ii) Equity investments

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Derivative financial instruments

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

### (f) Investment properties

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

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

### (g) Property, plant and equipment

#### (i) Recognition and measurement

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

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

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

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



## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Property, plant and equipment (continued)

#### (ii) *Reclassification to investment property*

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

#### (iii) *Subsequent costs*

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

#### (iv) *Depreciation*

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Intangible assets (other than goodwill)

##### (i) *Customer relationships*

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

##### (ii) *Trademarks*

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

##### (iii) *Subsequent expenditure*

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

##### (iv) *Amortization*

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Leased assets

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

#### (i) *As a lessee*

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Leased assets (continued)

#### (i) *As a lessee (continued)*

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

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

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

#### (ii) *As a lessor*

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets

#### (i) *Credit losses from financial instruments*

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

- financial assets measured at amortized cost (including cash and cash equivalents, pledged bank deposits, time deposits with maturity over 3 months, trade and bills receivables, deposits, prepayments and other receivables and receivables due from related parties).

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

#### *Measurement of ECLs*

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments (continued)

##### *Measurement of ECLs (continued)*

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

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

##### *Significant increases in credit risk*

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.



## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments (continued)

##### *Significant increases in credit risk (continued)*

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

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

##### *Basis of calculation of interest income*

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments (continued)

##### *Write-off policy*

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

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

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

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

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

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

##### *Calculation of recoverable amount*

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Credit losses and impairment of assets (continued)

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

##### – *Recognition of impairment losses*

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

##### – *Reversals of impairment losses*

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

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

#### (iii) *Interim financial reporting and impairment*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Inventories

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

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

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

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

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

### (l) Contract liabilities

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

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

### (m) Trade, bills and other receivables

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Cash and cash equivalents

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

### (o) Interest-bearing borrowings

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

### (p) Trade and other payables

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

### (q) Convertible bonds that contain an equity component

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Employee benefits

##### (i) *Short-term employee benefits*

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

##### (ii) *Defined contribution plans*

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

##### (iii) *Termination benefits*

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

#### (s) Share-based payment transactions

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

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

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



## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Share-based payment transactions (continued)

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

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

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

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

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

### (t) Income tax

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Income tax (continued)

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

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Provisions and contingent liabilities

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

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

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

### (v) Revenue and other income

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Revenue and other income (continued)

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

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

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

#### (ii) *Government grants*

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

#### (iii) *Royalty income*

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

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (w) Translation of foreign currencies

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

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

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

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

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

### (x) Borrowing costs

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net realized/unrealized gain or loss on financial assets at FVPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- dividend income:
  - dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.
  - dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

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

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

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

### (z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.



## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (z) Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

### (aa) Segment reporting

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 ACCOUNTING JUDGMENT AND ESTIMATES

### Sources of estimation uncertainty

Notes 11, 17, 24, 25, 26, 33 and 38 contain information about the assumptions and their risk factors relating to income tax, goodwill impairment, impairment for bad and doubtful debts, fair value of financial instruments and fair value of share options and restricted shares granted. Other key sources of estimation uncertainty are as follows:

#### (i) *Net realizable value of inventories*

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

#### (ii) *Impairment for non-current assets*

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

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

## 5 ACCOUNTING JUDGMENT AND ESTIMATES (CONTINUED)

### Sources of estimation uncertainty (continued)

#### *(iii) Determining the lease term*

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

## 6 REVENUE AND SEGMENT REPORTING

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (a) Disaggregation of revenue

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of apparels	16,049,321	13,509,569
– Royalty income	158,130	–
<b>Revenue from other sources</b>		
Gross rentals from investment properties	6,157	6,944
Consolidated revenue	16,213,608	13,516,513

All revenue was recognized at point in time.

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

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as above that had an original expected duration of one year or less.

### (b) Segment results

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

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

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

## 6 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment results (continued)

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

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

Disaggregation of revenue from contracts with customers by the information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended March 31, 2022 and 2021 is set out below.

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

	For the year ended March 31, 2021				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	10,889,106	1,536,083	946,627	144,697	13,516,513
Inter-segment revenue	27,966	19,639	–	16,995	64,600
<b>Reportable segment revenue</b>	<b>10,917,072</b>	<b>1,555,722</b>	<b>946,627</b>	<b>161,692</b>	<b>13,581,113</b>
<b>Reportable segment profit</b>	<b>2,131,414</b>	<b>187,092</b>	<b>113,168</b>	<b>(49,997)</b>	<b>2,381,677</b>
Amortization of intangible assets	–	–	(36,250)	–	(36,250)
Impairment losses on goodwill	–	–	(46,000)	–	(46,000)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Revenue</b>		
Reportable segment revenue	16,305,712	13,581,113
Elimination of inter-segment revenue	(92,104)	(64,600)
Consolidated revenue	16,213,608	13,516,513

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Profit before taxation</b>		
Reportable segment profit	2,639,582	2,381,677
Amortization expenses	(35,881)	(36,250)
Government grants	273,975	131,520
Impairment losses on goodwill	(40,000)	(46,000)
Share of losses of associates and a joint venture	(14,089)	–
Finance income	315,998	213,455
Finance costs	(198,608)	(195,753)
Unallocated expenses	(268,829)	(206,341)
Consolidated profit before taxation	2,672,148	2,242,308

#### (d) Geographic information

Except for land and buildings and investment properties with the aggregate carrying amount of RMB234,726,000 (March 31, 2021: RMB255,748,000) located in the United Kingdom, all of the Group's property, plant and equipment and investment properties are located in mainland China at March 31, 2022.

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

For the year ended March 31, 2022, except for revenue of RMB2,405,000 derived from the Group's European operations (year ended March 31, 2021: RMB6,085,000), all revenue is derived from the People's Republic of China ("PRC").



## 7 OTHER INCOME

	Note	For the year ended March 31,	
		2022 RMB'000	2021 RMB'000
Royalty income		–	72,297
Government grants	(i)	<b>273,975</b>	131,520
Other income		<b>273,975</b>	203,817

- (i) The Group received unconditional discretionary grants amounting to RMB273,975,000 for the year ended March 31, 2022 (2021: RMB131,520,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

## 8 PERSONNEL EXPENSES

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	<b>1,473,479</b>	1,453,893
Equity-settled share-based payments (note 38)	<b>89,647</b>	80,762
Contributions to defined contribution plans	<b>152,594</b>	79,071
	<b>1,715,720</b>	1,613,726

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 PERSONNEL EXPENSES (CONTINUED)

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

Due to the impact of an outbreak of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain defined contribution plans during the year ended March 31, 2021.

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

### 9 EXPENSE BY NATURE

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Cost of inventories recognized as expenses included in cost of sales	<b>6,476,429</b>	5,592,247
Depreciation		
– assets leased out	<b>8,599</b>	5,718
– owned property, plant and equipment	<b>437,457</b>	451,179
– right-of-use assets	<b>410,848</b>	315,968
Amortization charge		
– intangible assets	<b>35,881</b>	36,250
Impairment losses on goodwill	<b>40,000</b>	46,000
Lease charge of short-term leases exempt from capitalization under IFRS 16	<b>97,028</b>	81,334
Variable lease payments	<b>1,799,498</b>	1,407,050
Auditor's remuneration	<b>5,600</b>	5,300

## 10 NET FINANCE INCOME

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Recognized in profit or loss:</b>		
Interest income on bank deposits	83,289	49,353
Interest income on other financial assets measured at amortized cost	39,260	97,798
Total interest income on financial assets	122,549	147,151
Realized/unrealized net gain in financial assets classified as FVPL	181,662	66,304
Dividend income (note 26(c)(i))	2,443	–
Changes in fair value of derivative financial liabilities (note 33)	9,344	–
Finance income	315,998	213,455
Interest on interest-bearing borrowings and discounted bills	(53,316)	(40,136)
Interest on convertible bonds (note 34)	(68,416)	(70,086)
Bank charges	(18,329)	(16,389)
Interest expenses on lease liabilities	(47,455)	(35,834)
Changes in fair value of derivative financial liabilities (note 33)	–	(8,811)
Net foreign exchange loss	(11,092)	(24,497)
Finance costs	(198,608)	(195,753)
Net finance income recognized in profit or loss	117,390	17,702

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 INCOME TAX

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Current tax</b>		
Provision for income tax for the year	685,608	502,510
<b>Deferred tax</b>		
Origination and reversal of temporary differences (note 22(a))	(72,232)	34,832
	613,376	537,342

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United Kingdom during the years ended March 31, 2022 and 2021.
- (iii) The provision includes provision for PRC income tax and provision for Hong Kong income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate 16.5% on the estimated assessable Hong Kong profits for the years ended March 31, 2022 and 2021.

For the year ended March 31, 2022, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provide services for procurement, production planning, order management, storage and logistics management and services to the companies of the Group, and You Nuo (Tianjin) Clothing Limited ("You Nuo"), a clothing enterprise in the PRC. Shanghai Bosideng Information Technology Co., Ltd. and Jiangsu Bosideng Supply Chain Co., Ltd. were granted a preferential rate of 15% for high-tech enterprises for three years starting from 2019, and You Nuo was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2021.

## 11 INCOME TAX (CONTINUED)

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

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

During the year ended March 31, 2022, the PRC dividend withholding tax of RMB67,703,000 (2021: RMB40,500,000) was provided against the dividend distributed during the year and to be distributed in the foreseeable future out of earnings of PRC subsidiaries of RMB1,354,060,000 (2021: RMB810,000,000).

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

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Profit before taxation	2,672,148	2,242,308
Income tax at the applicable PRC income tax rate of 25%	668,037	560,577
Tax effect of unused tax losses and temporary differences not recognized, net of utilization	(18,235)	(4,937)
Tax effect of non-deductible expenses	13,659	32,284
Effect of tax concessions of PRC operations	(16,024)	(18,421)
Effect of tax rate difference under different tax jurisdictions	2,785	7,958
Effect of tax benefit from intrinsic value of share options exercised and restricted shares vested (note 11(a)(v))	(94,730)	(86,769)
Effect of share of losses of associates and a joint venture	2,360	–
Effect of PRC dividend withholding tax (note 11(a)(iv))	67,703	40,500
Others	(12,179)	6,150
Income tax	613,376	537,342

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 INCOME TAX (CONTINUED)

#### (c) Income tax recognized in other comprehensive income:

	For the year ended March 31,					
	2022			2021		
	Before tax amount RMB'000	Tax effect RMB'000	Net of tax amount RMB'000	Before tax amount RMB'000	Tax effect RMB'000	Net of tax amount RMB'000
Net change in fair value of other financial assets measured at FVOCI	109,059	(27,265)	81,794	(18,081)	4,520	(13,561)
Disposal of other financial assets measured at FVOCI	(31,728)	7,932	(23,796)	–	–	–
Total	77,331	(19,333)	57,998	(18,081)	4,520	(13,561)

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

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
Balance at the beginning of the year	519,664	364,803
Provision for current income tax recognized in profit or loss for the year	685,608	502,510
Provision for current income tax recorded directly in other comprehensive income for the year	7,932	–
Payments during the year	(592,905)	(347,649)
Income tax payable at the end of the year	620,299	519,664



## 12 DIRECTORS' EMOLUMENTS

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

	For the year ended March 31, 2022					Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined Contribution Schemes RMB'000	
<b>Executive directors</b>						
Gao Dekang	330	4,708	-	-	-	5,038
Mei Dong	330	3,610	-	-	124	4,064
Huang Qiaolian	330	1,418	-	5,631	-	7,379
Rui Jinsong	330	3,455	-	60,945	124	64,854
Gao Xiaodong	330	1,310	-	-	124	1,764
<b>Independent non-executive directors</b>						
Dong Binggen	330	-	-	-	-	330
Wang Yao (i)	-	-	-	-	-	-
Ngai Wai Fung	385	-	-	-	-	385
	<b>2,365</b>	<b>14,501</b>	<b>-</b>	<b>66,576</b>	<b>372</b>	<b>83,814</b>

	For the year ended March 31, 2021					Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined Contribution Schemes RMB'000	
<b>Executive directors</b>						
Gao Dekang	330	3,625	-	-	-	3,955
Mei Dong	330	3,011	-	-	66	3,407
Huang Qiaolian	330	1,211	-	-	-	1,541
Rui Jinsong	330	2,031	-	5,421	66	7,848
Gao Xiaodong	330	1,308	-	-	66	1,704
<b>Independent non-executive directors</b>						
Dong Binggen	330	-	-	-	-	330
Wang Yao (i)	-	-	-	-	-	-
Ngai Wai Fung	385	-	-	-	-	385
	<b>2,365</b>	<b>11,186</b>	<b>-</b>	<b>5,421</b>	<b>198</b>	<b>19,170</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 DIRECTORS' EMOLUMENTS (CONTINUED)

- (i) During the years ended March 31, 2022 and 2021, Mr. Wang Yao, an independent non-executive director, waived director's fee of RMB330,000.

During the years ended March 31, 2022 and 2021, no amount was paid or payable by the Group to the directors or any of the other five highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as compensation for loss of office.

### 13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (for the year ended March 31, 2021: three) is a director whose emoluments is disclosed in note 12. For the year ended March 31, 2022, the aggregate of the emoluments in respect of the other four (for the year ended March 31, 2021: two) individuals are listed as follows:

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Salaries and other emoluments	4,579	1,112
Equity-settled share-based payments	70,759	8,837
Contributions to defined contribution schemes	425	125
	75,763	10,074

For the year ended March 31, 2022, the other four (for the year ended March 31, 2021: two) individuals with the highest emoluments are within the following band:

	For the year ended March 31,	
	2022	2021
	Number of individuals	Number of individuals
RMB2,000,001 to RMB2,500,000	–	1
RMB7,500,001 to RMB8,000,000	–	1
RMB14,500,001 to RMB15,000,000	1	–
RMB15,500,001 to RMB16,000,000	1	–
RMB19,000,001 to RMB19,500,000	1	–
RMB25,500,001 to RMB26,000,000	1	–

## 14 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2022 is based on the profit attributable to equity shareholders of the Company of RMB2,062,323,000 for the year ended March 31, 2022 (2021: RMB1,709,566,000) and the weighted average number of ordinary shares in issue during the years ended March 31, 2022 and 2021, calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2022 '000	2021 '000
Issued ordinary shares at the beginning of the year	10,708,180	10,679,680
Effect of treasury shares purchased for the Share Award Scheme	(191)	(19,380)
Effect of restricted shares vested	16,363	978
Effect of share options exercised	52,359	35,290
Weighted average number of ordinary shares	10,776,711	10,696,568
Basic earnings per share (RMB cents)	19.14	15.98

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB2,130,739,000 (2021: RMB1,779,652,000), after adjusting for the effective interest on the liability component of convertible bonds of RMB68,416,000 (2021: RMB70,086,000), and the weighted average number of ordinary shares of 11,343,805,000 (2021: 11,288,116,000 shares), after adjusting for the effect of the Company's share-based payment arrangements (note 38) and the effect of conversion of convertible bonds, as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2022 '000	2021 '000
Weighted average number of ordinary shares (basic)	10,776,711	10,696,568
Effect of share-based payment arrangements	90,790	130,543
Effect of conversion of convertible bonds	476,304	461,005
Weighted average number of ordinary shares (diluted)	11,343,805	11,288,116
Diluted earnings per share (RMB cents)	18.78	15.77

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>						
At April 1, 2020	641,917	59,497	367,298	1,084,760	188,236	2,341,708
Additions	308	9,209	54,058	218,229	151,626	433,430
Transfer from construction in progress	-	227,413	3,426	2,041	(232,880)	-
Transfer to investment properties	(1,632)	-	-	-	-	(1,632)
Disposal	-	(2,670)	(24,974)	(16,739)	-	(44,383)
Addition through acquisition of subsidiary	397,911	-	-	-	-	397,911
Movement of exchange rate	2,156	-	(232)	-	-	1,924
At March 31, 2021	1,040,660	293,449	399,576	1,288,291	106,982	3,128,958
Additions	7,452	7,923	54,378	349,115	41,098	459,966
Transfer from construction in progress	7,109	-	-	-	(7,109)	-
Transfer to investment properties	(74,033)	-	-	-	-	(74,033)
Disposal	(2,398)	(159)	(9,445)	(8,594)	-	(20,596)
Movement of exchange rate	(5,586)	-	(397)	-	-	(5,983)
At March 31, 2022	<b>973,204</b>	<b>301,213</b>	<b>444,112</b>	<b>1,628,812</b>	<b>140,971</b>	<b>3,488,312</b>
<b>Accumulated depreciation:</b>						
At April 1, 2020	(214,561)	(30,740)	(232,911)	(473,092)	-	(951,304)
Depreciation charged for the year	(45,569)	(15,144)	(52,938)	(337,528)	-	(451,179)
Transfer to investment properties	679	-	-	-	-	679
Disposal	-	2,337	16,165	16,739	-	35,241
Movement of exchange rate	(816)	-	225	-	-	(591)
At March 31, 2021	(260,267)	(43,547)	(269,459)	(793,881)	-	(1,367,154)
Depreciation charged for the year	(54,489)	(25,215)	(45,750)	(312,003)	-	(437,457)
Transfer to investment properties	47,751	-	-	-	-	47,751
Disposal	2,119	165	14,556	6,942	-	23,782
Movement of exchange rate	2,458	-	390	-	-	2,848
At March 31, 2022	<b>(262,428)</b>	<b>(68,597)</b>	<b>(300,263)</b>	<b>(1,098,942)</b>	<b>-</b>	<b>(1,730,230)</b>
<b>Net book value:</b>						
At March 31, 2022	<b>710,776</b>	<b>232,616</b>	<b>143,849</b>	<b>529,870</b>	<b>140,971</b>	<b>1,758,082</b>
At March 31, 2021	780,393	249,902	130,117	494,410	106,982	1,761,804

Except for freehold land and buildings with the carrying amount of RMB36,850,000 (March 31, 2021: RMB41,886,000) which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2022. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at March 31, 2022, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

## 16 RIGHT-OF-USE ASSETS

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

	Properties leased for own use RMB'000	Land use rights RMB'000	Total RMB'000
<b>Cost:</b>			
At April 1, 2020	988,164	62,251	1,050,415
Additions	290,140	–	290,140
Additions through acquisition of subsidiary	–	124,374	124,374
Disposals	(84,073)	–	(84,073)
At March 31, 2021 and April 1, 2021	1,194,231	186,625	1,380,856
Additions	727,571	–	727,571
Transfer to investment properties	–	(4,120)	(4,120)
Disposals	(73,860)	–	(73,860)
At March 31, 2022	<b>1,847,942</b>	<b>182,505</b>	<b>2,030,447</b>
<b>Accumulated depreciation:</b>			
At April 1, 2020	(253,950)	(13,779)	(267,729)
Charge for the year	(311,420)	(4,548)	(315,968)
Disposals	53,399	–	53,399
At March 31, 2021 and April 1, 2021	(511,971)	(18,327)	(530,298)
Charge for the year	(405,250)	(5,598)	(410,848)
Transfer to investment properties	–	3,360	3,360
Disposals	29,229	–	29,229
At March 31, 2022	<b>(887,992)</b>	<b>(20,565)</b>	<b>(908,557)</b>
<b>Net book Value</b>			
At March 31, 2022	<b>959,950</b>	<b>161,940</b>	<b>1,121,890</b>
At March 31, 2021	682,260	168,298	850,558

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 RIGHT-OF-USE ASSETS (CONTINUED)

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights (i)	5,598	4,548
Properties leased for own use (ii)	405,250	311,420
	410,848	315,968
Interest on lease liabilities (note 10)	47,455	35,834
Lease charge of short-term leases exempt from capitalization under IFRS 16	97,028	81,334
Variable lease payments (iii)	1,802,538	1,462,314
COVID-19-related rent concessions in the form of a discount on fixed lease payments	(3,040)	(55,264)

During the year ended March 31, 2022, additions to right-of-use assets were RMB727,571,000. This amount primarily related to the capitalized lease payments payable under new tenancy agreements.

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

As disclosed in note 3, the Group has adopted the Amendment to IFRS 16, *Leases, Covid-19-Related Rent Concessions beyond June 30, 2021*, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the year.

#### (i) Land use rights

Land in respect of land use rights are all located in the PRC with a lease period of 50 years when granted.

#### (ii) Properties leased for own use

The Group has obtained the right to use other properties as its warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 2 to 13 years.

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



## 16 RIGHT-OF-USE ASSETS (CONTINUED)

### (iii) Variable lease payments

During the year ended March 31, 2022, the Group received rent concessions in the form of waiver of variable lease payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of rent concessions on variable lease payments was RMB18,663,000 (2021: RMB135,929,000), which have been accounted for as a deduction from variable lease payments recognized in profit or loss.

## 17 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
<b>Cost:</b>				
At March 31, 2020, 2021 and 2022	1,708,151	648,822	633,795	2,990,768
<b>Amortization and impairment losses:</b>				
At March 31, 2020	(554,741)	(626,101)	(155,636)	(1,336,478)
Amortization charge for the year	–	(4,560)	(31,690)	(36,250)
Impairment losses	(46,000)	–	–	(46,000)
At March 31, 2021	(600,741)	(630,661)	(187,326)	(1,418,728)
Amortization charge for the year	–	(4,191)	(31,690)	(35,881)
Impairment losses	(40,000)	–	–	(40,000)
At March 31, 2022	<b>(640,741)</b>	<b>(634,852)</b>	<b>(219,016)</b>	<b>(1,494,609)</b>
<b>Net book value:</b>				
At March 31, 2022	<b>1,067,410</b>	<b>13,970</b>	<b>414,779</b>	<b>1,496,159</b>
At March 31, 2021	1,107,410	18,161	446,469	1,572,040

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

#### Impairment testing for cash-generating unit containing goodwill

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Gross value</b>		
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
	<b>1,708,151</b>	1,708,151
<b>Accumulated impairment losses</b>		
Menswear	(292,741)	(292,741)
Ladieswear – JESSIE brand	(151,000)	(141,000)
Ladieswear – BUOU BUOU brand	(162,000)	(152,000)
Ladieswear – Tianjin Ladieswear	(35,000)	(15,000)
	<b>(640,741)</b>	(600,741)
<b>Net value</b>		
Menswear	–	–
Ladieswear – JESSIE brand	333,312	343,312
Ladieswear – BUOU BUOU brand	363,137	373,137
Ladieswear – Tianjin Ladieswear	370,961	390,961
	<b>1,067,410</b>	1,107,410

The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by the management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU, respectively, were determined using a pre-tax discount rate with a range from 18.0% to 18.9%.

Based on assessments using the discounted cashflow forecast method, the businesses of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin brand ladieswear CGU were under-performed. The recoverable amount of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin brand ladieswear CGU were RMB574,811,000, RMB609,615,000 and RMB635,588,000, which were lower than the carrying amount by RMB10,000,000, RMB10,000,000 and RMB20,000,000, respectively. Therefore, a total impairment losses of RMB40,000,000 has been recognized in the profit or loss account for the year ended March 31, 2022. The impairment losses were fully allocated to goodwill.

## 18 INTERESTS IN ASSOCIATES

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

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Liuqiao International Supply Chain Co., Ltd.	Incorporated	Mainland China	Registered capital RMB100,000,000	35%	–	35%	Trading of down raw materials (Note 1)
Lang Giang Textile Joint Stock Company	Incorporated	Vietnam	Registered capital VND105,000,000,000	25%	–	25%	Garment manufacturing (Note 2)

Note 1: Anhui Liuqiao International Supply Chain Co., Ltd. is a down supplier in the Chinese market.

Note 2: Lang Giang Textile Joint Stock Company operates in Vietnam and is principally engaged in garment manufacturing.

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

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

	For the year ended March 31, 2022 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	41,864
Aggregate amounts of the Group's share of those associates'	
– Losses for the year	(420)
– Other comprehensive income	–
<b>Total comprehensive income</b>	<b>(420)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 INTEREST IN A JOINT VENTURE

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

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Bogner GCA Holding PTE. Ltd. ("Bogner GCA")	Incorporated	Singapore	Registered capital USD16,940,000	55%	-	55%	Wholesale and retail of clothes and accessories

Note: Bogner GCA was newly established by the Group together with WILLY BOGNER GMBH & CO. KGAA. Bogner GCA is mainly engaged in the sourcing and distribution of high-end outdoor sport fashion apparels of Bogner brand.

Bogner GCA is an unlisted corporate entity whose quoted market price is not available.

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

	At March 31, 2022 RMB'000
<b>Gross amounts of Bogner GCA's</b>	
Current assets	177,398
Non-current assets	12,582
Current liabilities	(18,876)
Equity	171,104

	For the year ended March 31, 2022 RMB'000
Revenue	13,324
Loss for the year	(24,852)
Other comprehensive income	-
Total comprehensive income	(24,852)
Reconciled to the Group's interest in Bogner GCA	
Gross amounts of Bogner GCA's net assets	171,104
Group's effective interest	55%
Group's share of Bogner GCA's net assets	94,107
Carrying amount of the Group's interest	94,107

## 20 INVESTMENT PROPERTIES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Cost:</b>		
At the beginning of the year	313,367	313,644
Addition	2,008	–
Transfer from property, plant and equipment and right-of-use assets	78,153	1,632
Disposal during the year	(10,541)	(8,712)
Effect of movement in exchange rates	(17,372)	6,803
At March 31	365,615	313,367
<b>Accumulated depreciation:</b>		
At the beginning of the year	(47,888)	(42,441)
Charge for the year	(8,599)	(5,718)
Transfer from property, plant and equipment	(47,751)	(679)
Transfer from right-of-use assets	(3,360)	–
Disposal during the year	7,249	1,296
Effect of movement in exchange rates	1,014	(346)
At March 31	(99,335)	(47,888)
<b>Net book value:</b>		
At March 31	266,280	265,479

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2022, freehold investment properties of RMB197,876,000 (March 31, 2021: RMB213,861,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB68,405,000 (March 31, 2021: RMB51,618,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically five to eight years.

As at March 31, 2022, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP26,447,000 (equivalent to approximately RMB220,513,000) (March 31, 2021: GBP27,425,000 (equivalent to approximately RMB247,686,000)), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis. The aggregate fair value of the investment properties located in mainland China was approximately RMB188,250,000 (2021: RMB96,270,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

During the year ended March 31, 2022, rental income of RMB6,157,000 (March 31, 2021: RMB6,944,000) was recognized in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 INVESTMENT PROPERTIES (CONTINUED)

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 year	12,640	12,040
After 1 year but within 5 years	40,023	46,872
After 5 years	37,928	43,102
	90,591	102,014

### 21 PREPAYMENTS

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Prepayments for expenses	13,332	22,343

As at 31 March 2022,

- the prepayments of USD700,000 (equivalent to RMB4,444,000) were made by the Group to BAC Giang BGG Garment Corporation ("BGG"), a garment manufacturer in Vietnam, for production orders, of which USD400,000 (equivalent to RMB2,539,000) are expected to be settled gradually over one year.
- the prepayments of USD2,872,000 (equivalent to RMB18,232,000) were made by the Group to BAC Giang LGG Garment Corporation ("LGG"), a garment manufacturer in Vietnam, for production orders, of which USD1,700,000 (equivalent to RMB10,793,000) are expected to be settled gradually over one year.



## 22 DEFERRED TAX ASSETS AND LIABILITIES

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and Trademark RMB'000	Property, plant and equipment RMB'000	Withholding tax on dividends RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Unused tax losses RMB'000	Depreciation charge of right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At March 31, 2020	134,674	41,018	(125,216)	(5,959)	-	83,869	250,869	5,883	37,567	422,705
(Charged)/credited to profit or loss	(19,885)	(9,570)	9,062	841	(40,500)	(76,154)	101,440	2,292	(4,858)	(37,332)
Credited to OCI	-	-	-	-	-	-	-	-	4,520	4,520
Released upon distribution of dividends	-	-	-	-	2,500	-	-	-	-	2,500
At March 31, 2021 and April 1, 2021	114,789	31,448	(116,154)	(5,118)	(38,000)	7,715	352,309	8,175	37,229	392,393
(Charged)/credited to profit or loss	(22,887)	(368)	8,971	841	(67,703)	2,631	68,546	2,334	(1,836)	(9,471)
Credited to OCI	-	-	-	-	-	-	-	-	(19,333)	(19,333)
Released upon distribution of dividends	-	-	-	-	81,703	-	-	-	-	81,703
At March 31, 2022	91,902	31,080	(107,183)	(4,277)	(24,000)	10,346	420,855	10,509	16,060	445,292

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

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

	At March 31, 2022 RMB'000	2021 RMB'000
Net deferred tax assets	611,458	566,540
Net deferred tax liabilities	(166,166)	(174,147)
	445,292	392,393

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

#### (c) Deferred tax assets and liabilities not recognized

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Accumulated tax losses of subsidiaries	165,102	170,644
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	(7,157,541)	(5,717,109)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2022, as management considered that it is not probable that future taxable profit against which the losses can be utilized will be available in the relevant tax jurisdictions and entities. The tax losses do not expire under current tax legislation.

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

### 23 INVENTORIES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Raw materials	891,118	795,137
Work in progress	23,763	11,851
Finished goods	1,773,305	1,838,952
	2,688,186	2,645,940

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Carrying amount of inventories sold	6,386,973	5,488,701
Write-down of inventories	89,456	103,546
	6,476,429	5,592,247

## 24 TRADE AND BILLS RECEIVABLES

	At March 31, 2022 RMB'000	2021 RMB'000
Trade receivables	1,235,139	803,329
Bills receivable	132,311	204,630
Less: loss allowance for doubtful debts	(130,702)	(132,044)
	<b>1,236,748</b>	875,915

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB1,367,450,000 as at March 31, 2022 (2021: RMB1,007,959,000).

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

As at March 31, 2022, the Group endorsed certain bank acceptance bills totaling RMB49,194,000 (March 31, 2021: RMB156,795,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB29,640,000 (March 31, 2021: RMB64,840,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

### Ageing analysis

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

	At March 31, 2022 RMB'000	2021 RMB'000
Within credit terms	981,110	680,160
1 to 3 months past due	230,693	152,243
Over 3 months but less than 6 months past due	13,918	13,407
Over 6 months but less than 12 months past due	2,361	18,989
Over 1 year past due	8,666	11,116
	<b>1,236,748</b>	875,915

Trade receivables and bills receivable are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and exposure to credit and currency risk related to trade and bills receivables are disclosed in note 39(a).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Deposits	551,870	580,538
Prepayments for materials and processing fee	372,386	312,059
Prepayments for other services	68,967	28,654
	441,353	340,713
Third party other receivables:		
– Value-added tax (“VAT”) recoverable	235,365	185,842
– Advances to employees	28,604	40,774
– Others	24,042	20,285
	288,011	246,901
Total	1,281,234	1,168,152

### 26 OTHER FINANCIAL ASSETS

	Note	At March 31,	
		2022	2021
		RMB'000	RMB'000
<b>Non-current</b>			
Equity securities designated at FVOCI (non-recycling)	(b)	140,709	100,130
Financial assets measured at amortized cost	(a)	14,860	50,771
Financial assets classified as FVPL	(c)	18,258	–
		173,827	150,901
<b>Current</b>			
Financial assets measured at amortized cost	(a)	1,154,923	2,093,664
Financial assets classified as FVPL	(c)	5,366,347	3,858,505
		6,521,270	5,952,169
Total		6,695,097	6,103,070

- (a) Financial assets measured at amortized cost are principal guaranteed short-term or long-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 1.05% to 5.05% (March 31, 2021: 1.00% to 5.44%) per annum.

During the year, the interest income derived from investments with banks of RMB39,260,000 (for the year ended March 31, 2021: RMB97,798,000) was recognized as finance income.

## 26 OTHER FINANCIAL ASSETS (CONTINUED)

- (b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. (“Shuo Ming De”), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange stock code: 603518) (“Jinhong Group”) for RMB224,921,000. On May 31, 2019, the shares held by Shuo Ming De increased to 17,057,922 due to the bonus issue of shares made by Jinhong Group. The Group designated its investment in Jinhong Group as FVOCI (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains.

During the year, the changes in fair value of this investment, after tax effect of RMB81,794,000 was recognized as a gain in other comprehensive income (for the year ended March 31, 2021: loss of RMB13,561,000).

In early July 2021, Shuo Ming De disposed of 2,787,223 shares of Jinhong Group in total, after which the number of shares of Jinhong Group held by Shuo Ming De decreased to 14,270,699 shares. The accumulated gain recognized in the other comprehensive income for the aforementioned disposal of RMB23,796,000 (net of tax) as of the date of disposal was transferred to retained earnings directly.

No dividends were received on this investment during the year ended March 31, 2022 (for the year ended March 31, 2021: Nil).

- (c) As at March 31, 2022, financial assets classified as FVPL represent listed equity investments of RMB317,000 (March 31, 2021: RMB7,607,000) and short-term investments with banks of RMB5,384,288,000 (March 31, 2021: RMB3,850,898,000).

### (i) *Listed equity investments*

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

During the year, the net realized/unrealized gains of other equity investments held by the Group of RMB5,477,000 were recognized as a gain in finance income (for the year ended March 31, 2021: RMB634,000).

Dividend income of RMB2,443,000 for the year ended March 31, 2022 (for the year ended March 31, 2021: Nil) was attributable to the Group’s equity investments in certain A-share listed companies.

### (ii) *Short-term investments with banks and other financial institutions*

Short-term investments with banks and other financial institutions with no guarantee of principal and interest were classified as FVPL. During the year, the net realized/unrealized gain in these investments of RMB176,185,000 was recognized as a gain in finance income (for the year ended March 31, 2021: RMB65,670,000). Neither the single short-term investment nor short-term investment made with the same bank or other financial institution on an aggregate basis accounted for over 5% of the Group’s total assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 PLEDGED BANK DEPOSITS

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
<b>Non-current</b>		
Bills payable	770,000	450,000
<b>Current</b>		
Bank borrowings (note 30)	–	47,641
Bills payable	182,148	159,612
	952,148	657,253

The pledged bank deposits as at March 31, 2022 will be released upon the settlement of the relevant bills payable.

### 28 TIME DEPOSITS

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Time deposits with maturity over three months but less than one year	124,300	99,301
Time deposits with maturity over one year	200,000	440,000
Time deposits	324,300	539,301

## 29 CASH AND CASH EQUIVALENTS

### (a) Cash and cash equivalents comprise:

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Cash at bank and on hand	2,809,011	2,077,884
Less: Pledged bank deposits	(182,148)	(207,253)
Time deposits with maturity over three months	(124,300)	(99,301)
Cash and cash equivalents	2,502,563	1,771,330

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
– RMB	2,251,526	1,531,971
– USD	450,297	317,908
– HKD	101,119	216,791
– GBP	4,054	7,549
– EUR	1,935	3,573
– JPY	80	92
	2,809,011	2,077,884

The Group's cash at bank balances denominated in RMB are deposited with banks in the PRC. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29 CASH AND CASH EQUIVALENTS (CONTINUED)

#### (b) Reconciliation of liabilities arising from financing activities:

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

	Bank loans and other borrowings RMB'000 (note 30)	Convertible Bonds RMB'000 (note 34)	Lease liabilities RMB'000 (note 31)	Total RMB'000
<b>At April 1, 2020</b>	817,841	1,676,485	736,112	3,230,438
<b>Changes from financing cash flows:</b>				
Proceeds from new bank loans	400,032	–	–	400,032
Repayment of bank loans	(506,648)	–	–	(506,648)
Capital element of lease rentals paid	–	–	(355,174)	(355,174)
Total changes from financing cash flows	(106,616)	–	(355,174)	(461,790)
<b>Exchange adjustments</b>	(40,302)	(118,367)	–	(158,669)
<b>Other changes:</b>				
Increase in lease liabilities from entering into new leases during the year	–	–	257,761	257,761
Interest expenses (note 10)	–	70,086	–	70,086
Interest paid	–	(18,732)	–	(18,732)
Total other changes	–	51,354	257,761	309,115
<b>At March 31 and April 1, 2021</b>	670,923	1,609,472	638,699	2,919,094
<b>Changes from financing cash flows:</b>				
Proceeds from new bank loans	507,037	–	–	507,037
Repayment of bank loans	(194,846)	–	–	(194,846)
Capital element of lease rentals paid	–	–	(419,773)	(419,773)
Total changes from financing cash flows	312,191	–	(419,773)	(107,582)
<b>Exchange adjustments</b>	(49,164)	(55,689)	–	(104,853)
<b>Other changes:</b>				
Increase in lease liabilities from entering into new leases during the year	–	–	678,190	678,190
Interest expenses (note 10)	–	68,416	–	68,416
Interest paid	–	(17,593)	–	(17,593)
Total other changes	–	50,823	678,190	729,013
<b>At March 31, 2022</b>	<b>933,950</b>	<b>1,604,606</b>	<b>897,116</b>	<b>3,435,672</b>

## 29 CASH AND CASH EQUIVALENTS (CONTINUED)

### (c) Total cash outflow for leases

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Within operating cash flows	1,947,021	1,579,482
Within financing cash flows	419,773	355,174
	2,366,794	1,934,656

## 30 INTEREST-BEARING BORROWINGS

At March 31, 2022, the interest-bearing borrowings were repayable as follows:

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 year or on demand	933,950	670,923

At March 31, 2022, the interest-bearing borrowings were secured as follows:

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Bank loans		
– Secured	696,487	669,923
– Unsecured	237,463	1,000
	933,950	670,923

No bank borrowings as at March 31, 2022 (March 31, 2021: RMB500,887,000) were secured by pledged bank deposits (March 31, 2021: RMB47,641,000) (note 27).

Bank borrowing of RMB696,487,000 as at March 31, 2022 was secured by intra-group guarantee arrangement (March 31, 2021: RMB169,036,000).

Further details of the Group's management of liquidity risk are set out in note 39(b).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31 LEASE LIABILITIES

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 year	269,526	223,388
After 1 year but within 2 years	243,758	189,721
After 2 years but within 5 years	256,307	206,434
After 5 years	127,525	19,156
	627,590	415,311
	897,116	638,699

### 32 TRADE AND OTHER PAYABLES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Trade payables	571,604	722,128
Bills payables	2,711,629	1,746,505
	3,283,233	2,468,633
Other payables and accrued expenses		
– Deposits from customers	171,203	257,400
– Contract liabilities (i)	270,808	286,944
– Construction payables	168,285	223,172
– Accrued advertising expenses	112,765	95,186
– Accrued payroll, welfare and bonus	297,540	358,224
– Cash-settled written put option (note 33)	–	50,530
– VAT and other tax payable	151,842	122,121
– Dividends payable	5,800	5,000
– Payables in relation to acquisition of non-controlling interests in Jessie group (note 33)	139,795	–
– Payables in relation to shares disposed of by employees under share-based payment schemes (note 29(a))	27,821	–
– Receipts in advance in relation to unvested restricted shares (note 38(a))	33,021	7,743
– Interest payable in relation to convertible bonds (note 34)	5,008	5,184
– Others	110,833	131,938
	4,777,954	4,012,075

## 32 TRADE AND OTHER PAYABLES (CONTINUED)

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

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 month	3,011,170	2,264,702
1 to 3 months	272,063	203,931
	3,283,233	2,468,633

- (i) The amount of revenue recognized for the year ended March 31, 2022 that was included in the contract liabilities balance at the beginning of the year was RMB279,937,000.

## 33 DERIVATIVE FINANCIAL LIABILITIES

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Jessie") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement ("Original SPA"), 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.

On January 5, 2022, Talent Shine International Limited, the non-controlling shareholder of Jessie, delivered a notice of exercising the put option to the Group and requested to sell its 30% interest of Jessie in entirety to the Group. On March 22, 2022, a written sales and purchases agreement of 30% interest in Jessie has been reached between both parties, according to which the settlement of considerations was modified to cash payment only, instead of consisting of both share-settled and cash-settled consideration as agreed in the Original SPA (the "Modification"). The consideration was RMB139,795,000, which is expected to be settled within 12 months commencing from March 22, 2022. Up to March 31, 2022, the transfer of 30% interest in Jessie held by Talent Shine International Limited to the Group has been completed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33 DERIVATIVE FINANCIAL LIABILITIES (CONTINUED)

Upon the Modification:

- the fair value of the prior share settled portion of the written put option was remeasured to zero according to the valuation report issued by an external valuer (March 31, 2021: RMB9,344,000), and a gain on fair value change of RMB9,344,000 was recognized in profit or loss (2021: loss on fair value change of RMB8,811,000 (note 10));
- the liabilities of present value of the redemption price of the prior cash settled portion of the written put option of RMB50,530,000 recorded in other payables were derecognized;
- the carrying amount of non-controlling interests of RMB109,920,000 was derecognized;
- a consideration payable of RMB139,795,000 was recognized in other payables (note 32); and
- the difference of RMB20,655,000 between the consideration payables and liabilities arising from the prior cash-settled written put option and non-controlling interests of Jessie was recorded as an adjustment to other reserve.

### 34 CONVERTIBLE BONDS

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
At March 31, 2021	1,609,472	260,576	1,870,048
Effective interest expenses for the year	68,416	–	68,416
Interest paid	(17,593)	–	(17,593)
Exchange adjustment	(55,689)	–	(55,689)
At March 31, 2022	<b>1,604,606</b>	<b>260,576</b>	<b>1,865,182</b>

#### Liability component

	At March 31,	
	2022 RMB'000	2021 RMB'000
Carrying amount of liability component	<b>1,604,606</b>	1,609,472
Less: interest payable due within 1 year (note 32)	<b>(5,008)</b>	(5,184)
Convertible bonds – non-current portion	<b>1,599,598</b>	1,604,288

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

## 34 CONVERTIBLE BONDS (CONTINUED)

### Liability component (continued)

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

- subject to redemption options pursuant to the terms and conditions of the Subscription Agreement, conversion rights are exercisable at any time from January 27, 2020 to December 7, 2024 (both days inclusive) at the bondholders' option;
- at the initial conversion price being HKD4.91 per share (subject to adjustments in the manner provided in the terms and conditions of the Subscription Agreement), with a fixed exchange rate of HKD7.8287 to USD1;
- since the issue of the Convertible Bonds on December 17, 2019, the conversion price has been adjusted four times, according to the announcements issued by the Company dated August 21, 2020, December 3, 2020, August 20, 2021 and December 1, 2021 respectively, as follows:

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

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

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

## 35 OTHER NON-CURRENT LIABILITIES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Payables in relation to equity-settled share-based transactions (note 38(a))	53,820	69,687

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 INVESTMENT IN SUBSIDIARIES

#### (a) Subsidiaries

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

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



## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Subsidiaries (continued)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Group's effective interest	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
<b>3) Diversified apparels</b>						
Ying Fai Int'l Investment Limited 盈輝國際投資有限公司	BVI, June 2, 2008 Limited company	USD10,000	100%	–	100%	Investment holding
Long Pacific (H.K.) Ltd. 長隆(香港)有限公司	Hong Kong, May 22, 2008 Limited company	HKD1	100%	–	100%	Investment holding
<b>2. Enterprises established in the PRC</b>						
<b>1) Down segment and OEM management</b>						
Bosideng International Fashion (China) Limited 波司登國際服飾(中國)有限公司	PRC, June 23, 2005 Limited liability company	USD138,000,000	100%	–	100%	Sourcing and distribution of down apparels
Bosideng Down Wear Limited 波司登羽絨服裝有限公司	PRC, March 30, 2006 Limited liability company	USD80,000,000	100%	–	100%	Sourcing and distribution of down apparels
Gaoyou Bosideng Fashion Co., Ltd. 高郵波司登服飾有限公司	PRC, September 13, 2013 Limited liability company	RMB10,000,000	100%	–	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Supply Chain Co. Ltd. 江蘇波司登供應鏈管理有限公司	PRC, June 16, 2014 Limited liability company	RMB50,000,000	100%	–	100%	Providing of logistic and storage service
Suzhou Bosideng Logistics Co., Ltd. 蘇州波司登物流有限公司	PRC, April 01, 2019 Limited liability company	RMB560,000,000	100%	–	100%	Providing of logistic and storage service

## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Subsidiaries (continued)

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (a) Subsidiaries (continued)

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

## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Group's effective interest	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
Jiangsu Bosideng E-commerce Technology Co., Ltd. 江蘇波司登電子商務技術有限公司	PRC, December 04, 2020 Limited liability company	RMB100,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Boyu Trading Co., Ltd. 江蘇波羽商貿有限公司	PRC, December 13, 2019 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Changchun Bosideng Xuezhongfei Trading Co., Ltd. 長春波雪貿易有限公司	PRC, May 18, 2010 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Tianjin Bosideng Trading Co., Ltd. 天津市波司登貿易有限公司	PRC, February 10, 1999 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Liaoning Bosideng Trading Co., Ltd. 遼寧波司登貿易有限公司	PRC, September 3, 2002 Limited liability company	RMB20,000,000	100%	–	100%	Distribution of down apparels
Beijing Bosideng Trading Co., Ltd. 北京市波司登貿易有限公司	PRC, October 26, 1998 Limited liability company	RMB30,000,000	100%	–	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	PRC, April 30, 2006 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	PRC, November 8, 2000 Limited liability company	RMB500,000	100%	–	100%	Distribution of down apparels

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (a) Subsidiaries (continued)

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

## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Group's effective interest	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
Harbin Bosideng Xuezhongfei Trading Co., Ltd. 哈爾濱波雪貿易有限公司	PRC, June 23, 2010 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Kunming Bosideng Trading Co., Ltd. 昆明波司登貿易有限公司	PRC, June 3, 2010 Limited liability company	RMB1,000,000	100%	–	100%	Distribution of down apparels
Jiangxi Bosideng Marketing Co., Ltd. 江西波司登營銷有限公司	PRC, June 29, 2017 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Zhejiang Bosideng Trading Co., Ltd. 浙江波司登貿易有限公司	PRC, December 13, 2019 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Jiangsu Snow-Flying Electronic Commerce Co., Ltd. 江蘇雪中飛電子商務有限公司	PRC, May 18, 2021 Limited liability company	RMB10,000,000	70%	–	100%	E-commerce of down and non-down apparels
Suqian Bosideng Marketing Co., Ltd. 宿遷波司登營銷有限公司	PRC, August 25, 2021 Limited liability company	RMB10,000,000	100%	–	100%	Distribution of down apparels
Changshu Bingjie Trading Co., Ltd. 常熟冰潔貿易有限公司	PRC, January 11, 2022 Limited liability company	RMB100,000	70%	–	100%	Distribution of down apparels



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangsu Bingjie Electronic Commerce Technology Co. Ltd. 江蘇冰潔電子商務科技有限公司	PRC, December 6, 2021 Limited liability company	RMB10,000,000	70%	–	100%	E-commerce of down and non-down apparels
<b>2) Ladieswear apparels</b>						
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	PRC, March 26, 2001 Limited liability company	RMB76,500,000	100%	–	100%	Sourcing and distribution of non-down apparels
Talent Shine Import & Export (Shenzhen) Co., Ltd. 迪輝達進出口(深圳)有限公司	PRC, July 16, 2007 Limited liability company	HKD8,300,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shenzhen Buoubuou Fashion Co., Ltd. 深圳邦寶時尚服飾有限公司	PRC, July 5, 2013 Limited liability company	HKD26,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shenzhen Weiyi Garment Processing Co., Ltd. 深圳市唯伊服裝加工有限公司	PRC, May 8, 2015 Limited liability company	RMB3,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Buoubuou Electronic Commerce Co., Ltd. 上海邦寶電子商務有限公司	PRC, November 3, 2014 Limited liability company	RMB10,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Chongqing Buoubuou Garment Sales Co., Ltd. 重慶邦寶服裝銷售有限公司	PRC, June 25, 2015 Limited liability company	RMB1,000,000	100%	–	100%	Sourcing and distribution of non-down apparels

## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Group's effective interest	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
You Nuo (Tianjin) Clothing Limited 優諾(天津)服裝有限公司	PRC, August 4, 2014 Limited liability company	RMB30,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Klova (Tianjin) Clothing Limited 柯蘿芭(天津)服裝有限公司	PRC, November 24, 2015 Limited liability company	RMB1,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Koreano (Tianjin) Clothing Limited 天津柯利亞諾時裝有限公司	PRC, April 20, 1992 Limited liability company	RMB1,650,000	100%	–	100%	Sourcing and distribution of non-down apparels
Luhua (Tianjin) Clothing Limited 盧華(天津)服裝有限公司	PRC, July 1, 2003 Limited liability company	USD4,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
<b>3) Diversified apparels</b>						
Jiangsu Vetallo Garment Co., Ltd. 江蘇威德羅服飾有限公司	PRC, October 13, 2006 Limited liability company	USD35,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Sameite Garments Co., Ltd. 江蘇蠟美特服飾有限公司	PRC, April 18, 2016 Limited liability company	RMB20,000,000	70%	–	100%	Sourcing and distribution of non-down apparels
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔時裝服飾有限公司	PRC, July 6, 2016 Limited liability company	RMB10,000,000	70%	–	100%	Sourcing and distribution of non-down apparels

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (a) Subsidiaries (continued)

Name of company	Place of incorporation and business, date of incorporation and type of legal entity	Particulars of issued and paid up capital	Group's effective interest	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
Shanghai Bosideng Kidswear Co., Ltd. 上海波司登兒童服飾有限公司	PRC, April 28, 2017 Limited liability company	RMB14,000,000	100%	–	100%	Sourcing and distribution of non-down apparels
Fanchun Shanghai Network Technology Co., Ltd. 梵椿(上海)網絡科技有限公司	PRC, May 4, 2018 Limited liability company	RMB30,500,000	51%	–	51%	Sourcing and distribution of non-down apparels
Shanghai Pinmeng Kidswear Co., Ltd. 上海品萌兒童服飾有限公司	PRC, May 17, 2018 Limited liability company	RMB30,000,000	41.35%	–	100%	Sourcing and distribution of non-down apparels
Ningbo Hameng Network Technology Co., Ltd. 寧波哈萌網絡科技有限公司	PRC, October 24, 2018 Limited liability company	RMB4,750,000	51%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Snow-Flying Outdoor Co., Ltd. 江蘇雪中飛戶外用品有限公司	PRC, May 20, 2016 Limited liability company	RMB16,900,000	70%	–	100%	Sourcing and distribution of non-down apparels
Jiangsu Bosideng Advertising Media Co. Ltd. 江蘇波司登廣告傳媒有限公司	PRC, August 9, 2021 Limited liability company	RMB10,000,000	100%	–	100%	Advertisement agency
Jiangsu Kangying Fashion Co., Ltd. 江蘇康盈時裝有限公司	PRC, May 24, 2021 Limited liability company	RMB10,000,000	100%	–	100%	Sourcing and distribution of non-down apparels

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

As at March 31, 2022 and 2021, none of the Group's subsidiaries have non-controlling interests which are material to the Group's consolidated financial statements.

## 36 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

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

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

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

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

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

As at March 31, 2022, the Company had contributed RMB274,459,000 (March 31, 2021: RMB274,459,000) to the Trust and the amount was recorded as "Investment in subsidiaries" in the Company's statement of financial position.

During the year ended March 31, 2022, 23,700,000 shares were vested to employees on March 5, 2021 (note 38(a)). As at March 31, 2022, total number of shares held by the Trustee was 71,300,000 (March 31, 2021: 90,012,000) at a total cost (including related transaction costs) of RMB140,334,553 (March 31, 2021: RMB171,495,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

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

The Company	Share capital RMB'000 (note 37(c))	Share premium RMB'000 (note 37(e))	Capital reserves RMB'000 (note 37(d))	Other reserves RMB'000 (note 34)	Translation reserves RMB'000 (note 37(d))	Retained earnings RMB'000	Total RMB'000
<b>Balance at March 31, 2020</b>	806	1,665,495	155,760	260,576	(643,960)	819,689	2,258,366
<b>Changes in equity for the year:</b>							
Profit for the year	-	-	-	-	-	493,243	493,243
Equity-settled share-based transactions (note 38)	5	60,450	80,631	-	-	-	141,086
Foreign currency translation differences - foreign operations	-	-	-	-	(144,049)	-	(144,049)
Dividends	-	-	-	-	-	(909,484)	(909,484)
<b>Balance at March 31, 2021</b>	811	1,725,945	236,391	260,576	(788,009)	403,448	1,839,162
<b>Changes in equity for the year:</b>							
Profit for the year	-	-	-	-	-	1,480,680	1,480,680
Equity-settled share-based transactions (note 38)	6	168,176	35,710	-	-	-	203,892
Foreign currency translation differences - foreign operations	-	-	-	-	(84,974)	-	(84,974)
Dividends	-	-	-	-	-	(1,297,023)	(1,297,023)
<b>Balance at March 31, 2022</b>	<b>817</b>	<b>1,894,121</b>	<b>272,101</b>	<b>260,576</b>	<b>(872,983)</b>	<b>587,105</b>	<b>2,141,737</b>

#### (b) Dividends

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

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
Interim dividend declared and paid of HKD4.5 cents per ordinary share (2021: interim dividend declared and paid of HKD3.5 cents per ordinary share)	397,665	315,441
Final dividend proposed after the end of the reporting period of HKD13.5 cents per ordinary share (2021: HKD10.0 cents per ordinary share)	1,256,567	895,365
	<b>1,654,232</b>	1,210,806

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

## 37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Dividends (continued)

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD10.0 cents per ordinary share (2021: final dividend of HKD6.0 cents per ordinary share)	893,614	569,914

### (c) Share capital

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

	2022		2021	
	No. of shares ('000)	USD'000	No. of shares ('000)	USD'000
<b>Authorized:</b>				
Ordinary shares	20,000,000	200	20,000,000	200
RMB equivalent ('000)		1,556		1,556
<b>Ordinary shares, issued and fully paid:</b>				
At April 1	10,798,192	108	10,730,520	107
Issue of ordinary shares for equity-settled share-based transactions (note 38)	87,609	1	67,672	1
At March 31	10,885,801	109	10,798,192	108
RMB equivalent ('000)		817		811

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

The Company issued a total number of 87,609,000 new ordinary shares for the exercised share options during the year ended March 31, 2022 (March 31, 2021: 67,672,000) (see note 38(b)).

#### *Authorized share capital*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (d) Nature and purpose of reserves

##### (i) *Capital reserves*

The capital reserves at March 31, 2022 and 2021 represent the value of employee services in respect of shares granted to employees.

##### (ii) *Statutory reserves*

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

##### (iii) *Translation reserves*

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

##### (iv) *Other reserves*

The other reserves comprise the cumulative net change in the fair value of financial assets classified as fair value through other comprehensive income until the investments are derecognized or impaired and change in the present value of the redemption price of the cash settled portion of the written put option and the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognized in accordance with the accounting policy adopted for convertible bonds in note 4(q).



## 37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (e) Capital management

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

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

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

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

	Note	At March 31	
		2022	2021
		RMB'000	RMB'000
Liabilities:			
Interest-bearing borrowings	30	933,950	670,923
Lease liabilities	31	897,116	638,699
Convertible bonds	34	1,604,606	1,609,472
<b>Total debts</b>		<b>3,435,672</b>	2,919,094
Add: Proposed dividends	37(b)	1,256,567	895,365
Less: Cash and cash equivalents	29	(2,502,563)	(1,702,330)
<b>Adjusted net debts</b>		<b>2,189,676</b>	2,112,129
Total equity		12,226,440	11,250,730
Less: Proposed dividends	37(b)	(1,256,567)	(895,365)
<b>Adjusted capital</b>		<b>10,969,873</b>	10,355,365
<b>Adjusted net debt to-capital ratio</b>		<b>20%</b>	20%

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

At March 31, 2022, the Company had the following share-based payment arrangements.

## 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (a) Restricted shares

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

These restricted shares vest for a period up to three years, with 30% of the restricted shares to be vested in 3 years commencing from 15 months after April 23, 2020, 30% to be vested in 2 years commencing from 27 months after April 23, 2020, and the remaining 40% to be vested in 1 year commencing from 39 months after April 23, 2020, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2021 and 2022, and ending March 31, 2023 as well as the cumulative performance for the two years ended March 31, 2022 and three years ending March 31, 2023, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.97 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2022, upfront payment for all restricted shares were received by the Group and such payments were recorded as other current payable of RMB23,229,000 and non-current other payables of RMB30,972,000, respectively.

Up to March 31, 2022, 23,700,000 restricted shares had been vested, all of which were vested during the year ended March 31, 2022. As at March 31, 2022, the number of restricted shares outstanding for vesting was 63,300,000 (March 31, 2021: 87,000,000).

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

These restricted shares vest for a period up to three years, with 30% of the restricted shares to be vested in 3 years commencing from 12 months after December 20, 2021, 30% to be vested in 2 years commencing from 24 months after December 20, 2021, and the remaining 40% to be vested in 1 year commencing from 36 months after December 20, 2021, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2022, and ending March 31, 2023 and 2024 as well as the cumulative performance for the two years and three years ending March 31, 2023 and 2024, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD2.49 per share, which shall be refunded if the restricted shares are not vested. As of March 31, 2022, upfront payment for all restricted shares were received by the Group and such payments were recorded as other current payable of RMB9,792,000 and non-current other payables of RMB22,848,000, respectively.

Up to March 31, 2022, no restricted shares had been vested or forfeited. As at March 31, 2022, the number of restricted shares outstanding for vesting was 16,000,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

#### (b) Share Options

- (i) On March 5, 2018, the Company granted 80,600,000 share options to 55 selected persons who are directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.69 per share.

These share options are valid for four years, and of which 57,800,000 vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year, the remaining 22,800,000 vest for a period up to two years, with 50% and 50% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2018, 2019 and 2020 as well as the cumulative performance for the two years ended March 31, 2019 and three years ended March 31, 2020.

Up to March 31, 2022, 75,587,000 share options had been exercised, of which 13,667,000 were exercised during the year ended March 31, 2022, and as at March 31, 2022, 5,013,000 share options had been forfeited due to unqualified performance or resignation, 1,000 of which were forfeited during the year ended March 31, 2022. As at March 31, 2022, there were no remaining number of exercisable share options (March 31, 2021: 13,668,000) and no share options were outstanding for vesting (March 31, 2021: Nil).

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

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

Up to March 31, 2022, 19,706,000 share options had been exercised, 8,094,000 of which were exercised during the year ended March 31, 2022, and 189,250,000 share options had been forfeited due to unqualified performance or resignation, of which 170,800,000 were forfeited during the year ended March 31, 2022. As at March 31, 2022, the remaining number of exercisable share options was 4,523,999 (March 31, 2021: 63,988,000), and the number of share options outstanding was 46,520,001 (March 31, 2021: 165,950,000).

## 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Share Options (continued)

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

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

Up to March 31, 2022, 65,848,000 share options had been exercised, all of which were exercised during the year ended March 31, 2022, and 6,568,000 share options had been forfeited due to resignation, all of which were forfeited during the year ended March 31, 2022. As at March 31, 2022, the remaining number of exercisable share options was 30,224,000 (March 31, 2021: Nil), and the number of share options outstanding was 227,360,000 (March 31, 2021: 330,000,000).

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

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

Up to March 31, 2022, no share option had been vested. As at March 31, 2022, the number of share options outstanding was 103,200,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

#### (b) Share Options (continued)

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

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

- i) the Group's performance for each of the three years ended March 31, 2021 and 2022, and ending March 31, 2023 as well as the cumulative performance for the two years ended March 31, 2022 and three years ending March 31, 2023, respectively; and
- ii) the Bosideng brand's performance for each of the three years ended March 31, 2022 and ending March 31, 2023 and 2024 as well as the cumulative performance for the two years ending March 31, 2023 and three years ending March 31, 2024, respectively.

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

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

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

##### Fair value of restricted shares granted on April 23, 2020 and assumptions

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

##### Fair value of restricted shares granted on December 20, 2021 and assumptions

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

## 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

#### Fair value of share options granted on March 5, 2018 and assumptions

Fair value at grant date	HKD0.167 ~ 0.170
Share price at grant date	HKD0.68
Exercise price	HKD0.69
Expected volatility (weighted average)	38.36%
Expected life (weighted average)	4 years
Expected dividend	2.94%
Risk-free interest rate (based on government bonds)	1.61%

#### Fair value of share options granted on October 26, 2018 and assumptions

Fair value at grant date	HKD0.300 ~ 0.365
Share price at grant date	HKD1.07
Exercise price	HKD1.07
Expected volatility (weighted average)	45.31%
Expected life (weighted average)	10 years
Expected dividend	5.012%
Risk-free interest rate (based on government bonds)	2.395%

#### Fair value of share options granted on April 23, 2020 and assumptions

Fair value at grant date	HKD0.153 ~ 0.202
Share price at grant date	HKD1.90
Exercise price	HKD1.94
Expected volatility (weighted average)	44.52%
Expected life (weighted average)	51 months
Expected dividend	4.04%
Risk-free interest rate (based on government bonds)	0.81%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

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

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

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

#### (d) Expense recognized in profit or loss

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

## 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

### (a) Credit risk

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

#### (i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 1.19% (2021: 0.01%) and 1.81% (2021: 0.09%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Credit risk (continued)

##### (i) Trade receivables (continued)

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

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

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at March 31, 2021:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit term	1.85%	692,960	12,800
1 to 3 months past due	6.83%	163,405	11,162
Over 3 months but less than 6 months past due	25.62%	18,026	4,619
Over 6 months but less than 12 months past due	59.02%	46,332	27,343
Over 1 year past due	87.26%	87,236	76,120
		1,007,959	132,044

The credit risk exposure of the Group as at March 31, 2022 was mainly arising from the receivables from department stores and distributors.

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

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

## 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (continued)

#### (i) Trade receivables (continued)

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

	For the year ended March 31	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	132,044	172,744
Provision/(reversal) for impairment of bad and doubtful debts	26,872	(6,398)
Uncollectible amounts written off	(28,214)	(34,302)
At March 31	130,702	132,044

The changes of aging structure of the trade receivables contributed to the decrease in the loss allowance as at March 31, 2022.

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

#### (ii) Other receivables

Credit risk in respect of other receivables is limited since the counterparties are of good reputation and their receivables are settled on a regular basis.

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed there is no significant loss allowance recognized in accordance with IFRS 9 for other receivables as at March 31, 2022.

#### (iii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

#### (iv) Other financial assets

Other financial assets are arranged with financial institutions with established credit ratings. Pursuant to the agreements with the financial institutions, there is limited credit risk on the principal amounts, as the majority of these are guaranteed by the financial institutions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Liquidity risk

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

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

	March 31, 2022						March 31, 2021					
	Contractual undiscounted cash flow					Carrying amount at March 31, 2022	Contractual undiscounted cash flow					Carrying amount at March 31, 2021
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>The Group</b>												
Interest-bearing borrowings	938,959	-	-	-	938,959	933,950	673,388	-	-	-	673,388	670,923
Lease liabilities	276,959	263,124	296,546	190,110	1,026,739	897,116	229,517	202,906	238,086	25,208	695,717	638,699
Trade and other payables	4,772,946	-	-	-	4,772,946	4,772,946	4,006,891	-	-	-	4,006,891	4,006,891
Payables due to related parties	8,373	-	-	-	8,373	8,373	6,679	-	-	-	6,679	6,679
Convertible bonds	17,458	17,458	1,763,213	-	1,798,129	1,604,606	18,071	18,071	1,843,250	-	1,879,392	1,609,472
Non-current other payables	-	40,764	13,056	-	53,820	53,820	-	19,358	50,329	-	69,687	69,687
	6,014,695	321,346	2,072,815	190,110	8,598,966	8,270,811	4,934,546	240,335	2,131,665	25,208	7,331,754	7,002,351

As shown in the above analysis, bank loans of the Group amounting to RMB933,950,000 were due to be repaid during the year ending March 31, 2023. The short-term liquidity risk inherent in this contractual maturity date is expected to be addressed after the end of the reporting period by obtaining new loan financing from new and existing lenders.

## 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Interest rate risk

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

#### (i) Interest rate profile

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

	At March 31, 2022		At March 31, 2021	
	Effective Interest rate	RMB'000	Effective Interest rate	RMB'000
<b>Fixed rate borrowings</b>				
Lease liabilities (note 31)	4.75% ~ 4.90%	(897,116)	4.75%	(638,699)
Convertible bonds (note 34)	4.30%	(1,604,606)	4.30%	(1,609,472)
Interest-bearing borrowings	4.25%	(1,095)	4.25%	(1,000)
		(2,502,817)		(2,249,171)
<b>Variable rate borrowings</b>				
The Group				
Interest-bearing borrowings	1.50% – 3.16%	(932,855)	0.83% – 1.70%	(669,923)

#### (ii) Sensitivity analysis

At March 31, 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB9,337,000 (for the year ended March 31, 2021: decreased/increased by approximately RMB6,707,000). Other components of equity would not have been affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as at March 31, 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Currency risk

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

#### (i) Exposure to currency risk

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

	Exposure to foreign currencies (expressed in Renminbi)					
	At March 31, 2022			At March 31, 2021		
	United States Dollars	Hong Kong Dollars	Japanese Yen	United States Dollars	Hong Kong Dollars	Japanese Yen
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits	218,838	101,119	80	57,534	215,880	92
Trade receivables	2,355	–	–	934	–	–
Prepayments for materials and service suppliers	55,825	–	–	30,997	–	–
Trade payables	3,402	–	–	11	–	–
Interest-bearing borrowings	–	(283,854)	(236,368)	–	(169,036)	(270,891)
	280,420	(182,735)	(236,288)	89,476	46,844	(270,799)



## 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Currency risk (continued)

#### (ii) Sensitivity analysis

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

	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000	Effect on other components of equity RMB'000
United States Dollars	10%	± 21,039	–	10%	± 6,719	–
Hong Kong Dollars	10%	¥ 18,273	–	10%	± 4,684	–
Japanese Yen	10%	¥ 23,629	–	10%	¥ 27,080	–

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended March 31, 2021.

### (e) Business risk

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (f) Fair value measurement

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

###### Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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

The Group	Fair value measurements as at March 31, 2021 categorized into Significant			
	Fair value at March 31, 2021	Significant observable inputs (Level 1)	other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Recurring fair value measurements</b>				
Financial assets:				
Equity securities designated at FVOCI	100,130	100,130	–	–
Financial assets classified as FVPL	3,858,505	7,607	3,850,898	–
Financial liabilities:				
Derivative financial liabilities (note 33)	9,344	–	–	9,344

## 39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (f) Fair value measurement (continued)

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

##### *Valuation techniques and inputs used in level 2 fair value measurements*

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

##### *Information about level 3 fair value measurement*

The fair value of derivative financial liabilities is determined by using appropriate valuation techniques with significant unobservable inputs.

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

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2022 and 2021.

## 40 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment and equity investment outstanding at March 31, 2022 not provided for in the consolidated financial statements were as follows:

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Contracted for	138,680	12,924

### (b) Contingent liabilities

As at March 31, 2022, the Group did not have any significant contingent liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41 RELATED PARTY TRANSACTIONS

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

Name of parties	Relationship
Bosideng Corporation Limited ("Bosideng Corporation") 波司登股份有限公司 (「波司登股份」)	Solely ultimately beneficially owned by Mr. Gao Dekang, the controlling equity shareholders of the Group
Kangbo Holdings Group Co., Ltd. ("Kangbo Holdings") 康博控股集團有限公司 (「康博控股」)	Effectively controlled by Mr. Gao Dekang and his family (the "Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") 山東康博置業有限公司 (「山東康博置業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. ("Shandong Kangbo Industrial") 山東康博實業有限公司 (「山東康博實業」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司 (「江蘇蘇甬」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣制衣有限公司 (「江蘇康欣」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Changshu Kangbo Landscaping Co., Ltd. ("Changshu Kangbo") 常熟市康博園林綠化有限公司 (「常熟康博」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since April 1, 2014
Kangbo Gaoyou Enterprise development Co., Ltd. ("Kangbo Gaoyou") 康博 (高郵) 企業發展有限公司 (「康博高郵」)	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since November 29, 2018

## 41 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions with fellow subsidiaries

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
<b>Purchase of raw materials</b>		
Bosideng Corporation	212	703
Jiangsu Kangxin	13	88
Total	225	791
<b>Purchase of a subsidiary</b>		
Bosideng Corporation	–	559,609
<b>Lease and service charges under lease agreements</b>		
Bosideng Corporation	14,757	22,193
Jiangsu Suyong	–	921
Total	14,757	23,114
<b>Processing fee costs</b>		
Bosideng Corporation	1,241,121	957,453
Shandong Kangbo Industrial	10,942	16,761
Kangbo Gaoyou	28,882	3,170
Jiangsu Kangxin	89,326	50,835
Total	1,370,271	1,028,219
<b>Processing income</b>		
Bosideng Corporation	–	1,041
<b>Integrated service fees</b>		
Bosideng Corporation	14,563	10,706
Jiangsu Suyong	93	821
Jiangsu Kangxin	–	123
Changshu Kangbo	97	139
Total	14,753	11,789

#### *Rental expenses for lease of properties*

Based on IFRS16, for the lease of properties from Bosideng Corporation, the Group had recognized a lease liability with the balance of RMB29,272,000 (March 31, 2021: RMB20,872,000), and a right-of-use asset with the balance of RMB27,754,000 as at March 31, 2022 (March 31, 2021: RMB19,945,000). In addition, the Group recorded depreciation of right-of-use asset of RMB8,174,000 (2021: RMB10,504,000), interest expense of RMB1,483,000 (2021: RMB1,109,000) and other service charges of RMB4,135,000 for the year ended March 31, 2022 (2021: RMB4,851,000).

The total amounts of lease payments and service charges paid and payable under the lease arrangement by the Group to Bosideng Corporation and Jiangsu Suyong for the year ended March 31, 2022 were RMB14,757,000 (2021: RMB22,193,000) and nil (2021: RMB921,000), respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Balances with related parties

	At March 31,	
	2022 RMB'000	2021 RMB'000
<b>Other receivables due from:</b>		
Bosideng Corporation	197,150	155,367
Shandong Kangbo Industrial	1,729	655
Kangbo Gaoyou	901	–
Jiangsu Kangxin	488	489
Total receivables due from related parties	200,268	156,511
<b>Other payables due to:</b>		
Kangbo Gaoyou	–	3,170
Bosideng Corporation	1,513	1,547
Jiangsu Kangxin	6,835	1,871
Changshu Kangbo	25	91
Total payables due to related parties	8,373	6,679

#### (c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 12 and certain of the highest paid employees as disclosed in note 13, is as follows:

	For the year ended March 31,	
	2022 RMB'000	2021 RMB'000
Short-term employee benefits	25,871	18,152
Equity compensation benefits	164,056	15,330
Total	189,927	33,482

## 42 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At March 31, 2022 RMB'000	2021 RMB'000
<b>Non-current asset</b>			
Investment in and amount due from subsidiaries		1,451,028	2,666,334
		1,451,028	2,666,334
<b>Current assets</b>			
Trade, bills and other receivables		42,153	41,608
Dividends due from a subsidiary		3,043,247	1,597,483
Cash and cash equivalents		495,199	226,447
		3,580,599	1,865,538
<b>Current liabilities</b>			
Interest-bearing borrowings		932,855	669,923
Trade and other payables		358,019	418,499
		1,290,874	1,088,422
<b>Net current assets</b>		2,289,725	777,116
<b>Total assets less current liabilities</b>		3,740,753	3,443,450
<b>Non-current liability</b>			
Convertible bonds		1,599,016	1,604,288
<b>Net assets</b>		2,141,737	1,839,162
<b>Capital and reserves</b>			
Share capital	37(c)	817	811
Reserves	37(d)	2,140,920	1,838,351
Total equity		2,141,737	1,839,162

## 43 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2022 to be Kangbo Holdings Group Co., Ltd. (previously known as Bosideng Holdings Group Co., Ltd.), which is incorporated in the PRC.

## 44 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2022, the board of directors of the Company proposed a final dividend of HKD1,469,583,000 (approximately RMB1,256,567,000), representing HKD13.5 cents per ordinary share to the equity shareholders of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2022

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended March 31, 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after (unless specified)
Amendments to IFRS 3, <i>Reference to the Conceptual Framework</i>	January 1, 2022
Amendments to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	January 1, 2022
Amendments to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022
Amendments to IAS 1, <i>Classification of liabilities as current or non-current</i>	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	January 1, 2023
Amendments to IAS 8, <i>Definition of accounting estimates</i>	January 1, 2023
Amendments to IAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	January 1, 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Gao Dekang (*Chairman of the Board and CEO*) (Notes 1 & 2)  
Ms. Mei Dong  
Ms. Huang Qiaolian  
Mr. Rui Jinsong  
Mr. Gao Xiaodong

### Independent Non-executive Directors

Mr. Dong Binggen (Notes 1, 2 & 3)  
Mr. Wang Yao (Notes 1, 2 & 3)  
Dr. Ngai Wai Fung (Note 3)

## COMPANY SECRETARY

Ms. Liang Shuang

## AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang  
Ms. Liang Shuang

## SHARE LISTING

Place of Listing  
The Stock Exchange of Hong Kong Limited

## STOCK CODE

3998

## INVESTOR RELATIONS

Email: [bosideng\\_ir@bosideng.com](mailto:bosideng_ir@bosideng.com)  
Tel: (852) 2866 6918  
Fax: (852) 2866 6930

## WEBSITES

<http://company.bosideng.com>  
<http://www.bosideng.com>

## INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5709, 57/F., The Center  
99 Queen's Road Central  
Central, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17 Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers

## AUDITOR

KPMG  
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

## CORPORATE INFORMATION

### PRINCIPAL BANKERS

Agricultural Bank of China Limited, Changshu Sub-branch  
China Construction Bank Corporation, Changshu Sub-branch  
Bank of China Limited, Changshu Sub-branch  
China CITIC Bank Corporation Limited, Suzhou Branch  
DBS Bank Ltd., Hong Kong Branch  
Sumitomo Mitsui Banking Corporation Hong Kong Branch  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited

#### *Notes:*

- (1) Members of the Remuneration Committee, Mr. Wang Yao is the Chairman of the Remuneration Committee*
- (2) Members of the Nomination Committee, Mr. Gao Dekang is the Chairman of the Nomination Committee*
- (3) Members of the Audit Committee, Dr. Ngai Wai Fung is the Chairman of the Audit Committee*

## SHAREHOLDER INFORMATION

### IMPORTANT DATES

#### Closure of Register of Members

August 17, 2022 to August 22, 2022  
(for attending the AGM) (both days inclusive)

August 26, 2022 to August 30, 2022  
(for entitlement to the final dividend) (both days inclusive)

### ANNUAL GENERAL MEETING

On or around August 22, 2022

### DIVIDEND

Final dividend : HKD13.5 cents per Share  
Payable : On or around September 15, 2022

### FINANCIAL YEAR END

March 31

### BOARD LOT

2,000 Shares

## DEFINITIONS

<b>Terms</b>	<b>Definitions</b>
"2011 Share Award Scheme"	the share award scheme adopted by the Company on September 23, 2011, which expired on March 31, 2018
"AGM"	the forthcoming annual general meeting of the Company
"Articles"	the existing amended and restated articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Board Diversity Policy"	the board diversity policy of the Company adopted by the Board
"CEO"	the chief executive officer of the Company
"CIAM"	CITIC International Assets Management Limited
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (applicable to the Year)
"Company"	Bosideng International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 10, 2006
"Company Secretary"	the company secretary of the Company
"Conversion Share(s)"	the Share(s) to be issued by the Company upon conversion of the Convertible Bonds
"Convertible Bond(s)"	the convertible bonds with an initial aggregate principal amount of USD275,000,000 with a coupon of 1.00 per cent. due 2024 issued by the Company on December 17, 2019
"COVID-19"	the Coronavirus disease 2019
"Directors"	director(s) of the Company
"Dividend Policy"	the dividend policy of the Company adopted by the Board
"European dollar"	the lawful currency of the European Union
"Financial Statements"	the audited consolidated financial statements of the Group for the Year

## Terms

“Framework Integrated Service Agreement”

“Group”

“HKD” or “HK dollars” and “HK cents”

“Hong Kong”

“ITC SPC”

“Japanese yen”

“Latest Practicable Date”

“Listing Rules”

“Model Code”

“Moody’s”

“MPF Scheme”

“New Surplus”

“Nomination Committee”

“OEM”

“Options”

“Parent Group”

“Pound sterling”

“PRC” or “China”

“Prospectus”

## Definitions

the framework integrated service agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, pursuant to which the Parent Group agreed to provide various ancillary services to the Group

the Company and its subsidiaries

the lawful currency of Hong Kong

the Hong Kong Special Administrative Region of the PRC

IC International Company Limited

the lawful currency of Japan

the latest practicable date prior to the printing of this annual report (being July 15, 2022)

the Rules Governing the Listing of Securities on the Stock Exchange

the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

Moody’s Investors Service, Inc.

the Mandatory Provident Fund Scheme, a defined contribution scheme managed by an independent trustee

New Surplus International Investment Limited, a shareholder of the Company

the nomination committee of the Company

original equipment manufacturing

the share options granted under the Share Option Scheme

Mr. Gao Dekang and his associates (other than the members of the Group)

the lawful currency of the United Kingdom

the People’s Republic of China

the prospectus of the Company dated September 27, 2007

## DEFINITIONS

<b>Terms</b>	<b>Definitions</b>
"Remuneration Committee"	the remuneration committee of the Company
"Renewed Framework Manufacturing Outsourcing and Agency Agreement"	the renewed framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated March 3, 2022, pursuant to which the Group agreed to outsource its manufacturing process of down apparel, OEM products and/or its down related materials to the Parent Group on a non-exclusive basis
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of USD0.00001 each
"Share Award Scheme"	the share award scheme adopted by the Company on April 23, 2020
"Share Option Scheme"	the share option scheme adopted by the Company on August 25, 2017
"Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription and issue of the Convertible Bonds pursuant to the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated December 4, 2019 entered into between the Company and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers, in relation to, among other things, the Subscription
"SZSE"	the Shenzhen Stock Exchange
"S&P"	S&P Global Ratings
"USD" or "US dollars"	the lawful currency of the United States of America
"Year" or "FY2021/22"	the year ended March 31, 2022
"%"	per cent.



波司登  
BOSIDENG

Bosideng  
International  
Holdings Limited

Incorporated in the  
Cayman Islands with  
limited liability

Stock Code: 3998

[company.bosideng.com](http://company.bosideng.com)  
[www.bosideng.com](http://www.bosideng.com)

