

波司登
BOSIDENG



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

INTERIM REPORT
2023/24



The Group is a renowned operator in the PRC with down apparel brands. Founded in 1976, the Group commenced its operations in extremely difficult conditions under the leadership of Mr. Gao Dekang. On October 11, 2007, the Company was listed on the Main Board of the Stock Exchange (Stock Code: 3998).

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

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

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

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FINANCIAL HIGHLIGHTS

Revenue increased by

20.9%

to approximately

RMB7,471.7 million

Operating profit margin increased by

1.2

percentage points to

16.5%

Profit attributable to equity shareholders of the Company increased by

25.1%

to approximately

RMB918.6 million

The Board declared payment of an interim dividend of

HKD5.0 cents

per Share

Interim Results Highlights

(RMB'000)	2023 Unaudited	2022 Unaudited	Changes
Revenue	7,471,665	6,180,465	20.9%
Gross profit	3,733,477	3,089,113	20.9%
Gross profit margin	50.0%	50.0%	–
Profit from operations	1,230,967	945,157	30.2%
Operating profit margin	16.5%	15.3%	1.2ppt
Profit attributable to equity shareholders of the Company	918,637	734,286	25.1%
Profit margin	12.3%	11.9%	0.4ppt
Earnings per share (RMB cents)			
– Basic	8.47	6.79	24.7%
– Diluted	8.35	6.74	23.9%



MANAGEMENT DISCUSSION AND ANALYSIS



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

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

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

REVENUE ANALYSIS

In the first half of FY2023/24, the Group adhered to the strategic direction of “focusing on its principal business and key brands”, and in line with global advanced

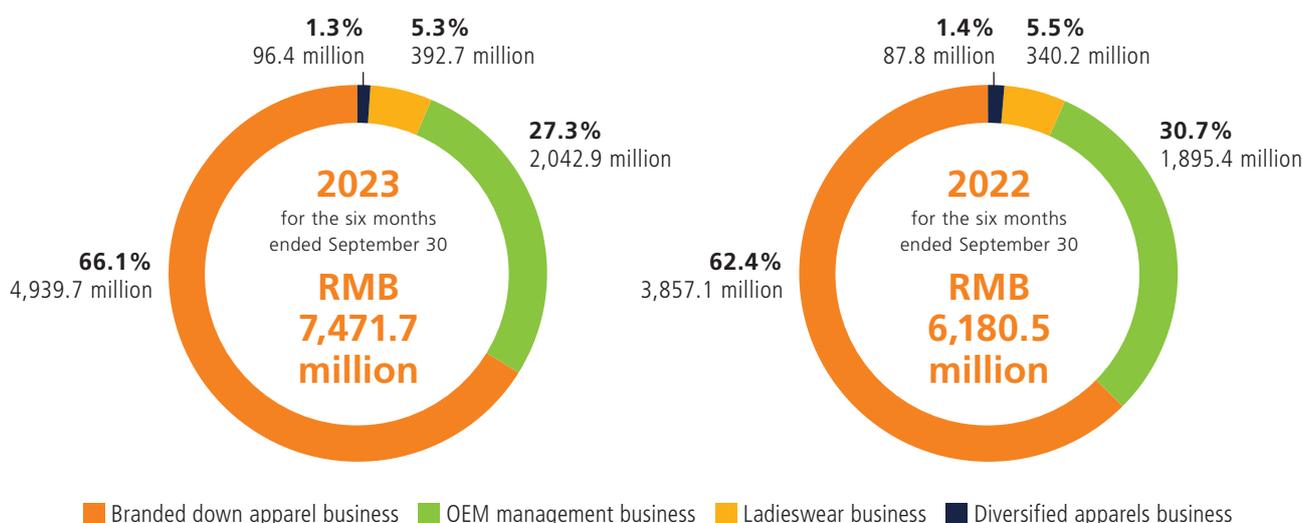
standards, continued to consolidate the four core competencies of “leading brand, innovating products, upgrading channel and adhering to high product quality and quick response” and the two security systems in relation to “organization, mechanism, culture, talent development and digital operation”, and achieved sustainable and steady growth, showing its resilience in business development.

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

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

Revenue by Business

RMB



MANAGEMENT DISCUSSION AND ANALYSIS

Branded Down Apparel Business:

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

allocated resources on the channel side through projects such as "Top Stores" and "Top Store Managers".

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

Brand Building

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

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



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

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



Innovative development and promotion of sun-protective clothing:

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

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

In September 2023, Bosideng held a stunning global show at the Leonardo da Vinci Manor in the world fashion capital, Milan. With the design concept of "more diverse, more fashionable, lighter and warmer", Bosideng once again redefined the light down jacket. Its exceptional innovation and professional prowess have garnered acclaim within the global fashion community. Bosideng has tackled the issues of single and unfashionable

styles of traditional down jackets, transforming light down jackets from purely functional garments into fashionable items with warming capabilities, becoming the new favorite of people's autumn and winter wardrobes, and setting off a "wave of innovation" in the field of down jackets in China.

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

Commodity Management

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

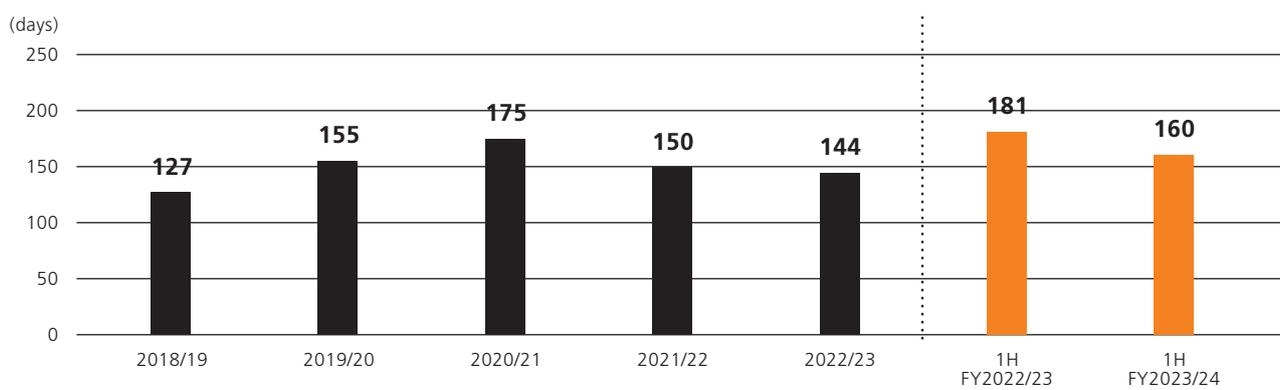
In the first half of FY2023/24, the Group continued to stick to the concept of commodity operation management of the last financial

year. With its smart delivery centre, which serves all offline direct stores, franchised stores and online traditional e-commerce platforms, online Douyin platform, O2O and other businesses throughout the country, the Group unified the inventory management of 9 direct large warehouses and 12 small warehouses of distributors across China through an integrated inventory management platform, including suppliers' delivery, storage/return of commodities from the market to the warehouse, sorting and shelves arrangement to continuously optimizing the availability of replenished commodities according to sales performance in the market in conjunction with different strategies that allocate the locations of warehouses and store commodities and enhance front-end best-selling products ("**Top Sellers**") during the process.

As of September 30, 2023, the inventory turnover days of the Group were 160 days, representing a decrease of 21 days as compared to that of the same period up until September 30, 2022, which was mainly, on the one hand, due to the

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

Inventory Turnover Analysis



Supply Chain Management

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

In the first half of FY2023/24, the supply chains of the Group underwent systematic planning and upgrading in terms of adopting flexible and quick response times, quality operations, science and technology, resource integration and cost management. Especially, in the first half of FY2023/24, the Group has gained favor in the consumer market for emerging functional categories such as sun-protective clothing, leading to rapid growth in orders. Confronted with challenges such as short production cycles, and high technical difficulty in new product processes, the supply chain in conjunction with design, commodity and sales departments

convened a collaborative meeting for the functional category. They quickly integrated resources to expand production preparation, achieve breakthroughs in preliminary technologies, control risks efficiently, provide targeted assistance to enhance efficiency, and construct a closed-loop management system for the functional category, facilitating coordinated efforts between the front and back ends to ensure the achievement of sales performance for the functional category.

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

In terms of quality management, the Group regarded excellent quality and users' perception as the core bases for improvement, and connected users' needs for a change of scene and experience to comprehensively upgrade experience quality, while establishing an integrated quality innovation model and capability from commercial businesses,

corporate establishment, research and development, verification, small-batch trial production and environmental simulation testing in response to product innovation. Standards, resources, materials, processes and production lines were gradually optimized by matching appropriate quality resources with scenery category properties. By implementing a digitalized operation system for quality control, it also broke through the entire quality closed loop and made the whole process controllable and traceable, so as to ensure online and transparent quality control on a real-time basis, and make quality gradually become one of the core reasons why our brands are selected by users.

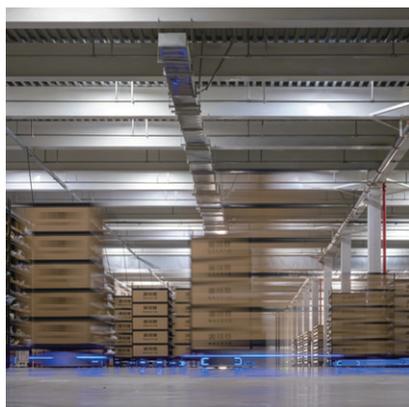
In terms of science and technology, the Group continued to put more long-term investments in science and technology and conducted groundbreaking research with a focus on new categories, new materials and leading patents. It engaged in creative cooperation with domestic and foreign top-level institutions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

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

MANAGEMENT DISCUSSION AND ANALYSIS

community, a community of shared interests and a community of shared destiny were gradually formed to build a sustainable resource ecosystem.

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



Logistics and Delivery

For logistics and delivery, the Group continuously adopted a system to automatically match transport and delivery resources for each order based on traffic, factoring in limitations such as the advantages of social transport and delivery resources, transport costs and timeliness. The Group also collected and monitored data in respect of each step of the entire process, including collection, distribution, in-transit and sign-for-acceptance. Under the premise of maintaining

reasonable costs, the Group maximized the service efficiency and improved users' experiences.



The logistics park of the Group took a series of actions to improve logistics efficiency. On the one hand, the advanced algorithms of the self-developed inventory calculation centre, order processing centre, etc. have been adopted to instantly collect, match, locate and calculate the distance between the geographical location of the products and the geographical location of the consumers, and generate instructions to prioritize early orders and ensure early pick-up by the courier company and the fastest distribution to consumers. On the other hand, with the coming of a new wave of smart technology through advanced logistics information technology systems and highly automatic logistics equipment, the Group has implemented an automatic and smart allocation system by way of enhancing the transportation modules of Extended Warehouse

Management system to minimize the time of inventory operation. Under the premise of maintaining reasonable costs, the Group maximized its service efficiency and improved users' experiences. Meanwhile, the significantly improved warehousing-out rate and optimized in-transit efficiency have contributed to the maintenance of the Group's leading position in logistics and delivery in the industry.

Digital Operation

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

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

In terms of digital operations, based on the development trend of modern IT and combined with the existing system or application usage of the Group, the Group has completed the preliminary design, development and testing of the core business operation platform (based on users, retailing and commodities) based on the principle of one entry, one platform and one data

warehouse, paving solid foundations for the ultimate realization of the goals of a mobile office, online business, digital operations and intelligent decision-making, thereby providing powerful technical solving tools or solutions for the Group's digital transformation.

New Retail Operations

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

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

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

First, the Group continuously upgrades the membership points



system, membership level system, and membership rights system to incentivize member loyalty, increase member satisfaction, and provide effective guarantees for business development;

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

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

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

Technological Innovation

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

The Group has placed significant emphasis on enhancing its scientific research technology innovation capabilities, with a focus on continuous investment in scientific research technology to create a globally leading and user-value-oriented scientific research technology platform that integrates new materials, new categories, new technologies, new patents and new systems. The Group's scientific research technology center covers an area of over 10,000 square meters and has successfully built a leading polar environment simulation testing laboratory, along with comprehensive software and hardware capabilities for upgrading

MANAGEMENT DISCUSSION AND ANALYSIS

materials, technology, and verification. By undertaking orders of leading products for Antarctic scientific research and Mount Everest expeditions, etc., the Group has achieved technological breakthroughs, continuously solidifying its leading position in the market.

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

The Group plays the role of the National Technical Committee on Garment Standardization Down Apparel Sub-committee Secretariat (SAC/TC 219/SC1), the International Organization for Standardization/ Garment Size Series and Coding Technology Committee Secretariat (ISO/TC133), as a recognized laboratory and a member of the technology committee of the International Down and Feather Bureau (IDFB), a recognized laboratory of China Feather and Down Industrial Association, the 2021 core drafting unit and the first drafter of the Down Clothing standard GB/T14272-2021, the fourth drafting unit of Professional Sports Apparel – Ski Clothing, and the first drafting unit and the drafter of the Standards for Design Assessment on Green Design Products – Down Clothing. The Group published a number of industry-leading standards, such as Social Organization Standard for Cold Protective Clothing, Social Organization

Standard for Antibacterial Down, Social Organization Standard for 6A High-Quality Sun-Protective Clothing, National Standard for Outdoor Jackets, National Standard for Textile – Methods of Testing the Down-proof Properties, International Standard for Digital Fitting, and the Corporate Standard for Down Jacket Temperature Ratings (Q320581GPC 004-2023). In addition, the Group has been awarded the top-ranked “Corporate Standard Leader” for down apparels by the State Administration for Market Regulation for four consecutive years, fully demonstrating the Group’s status and image as a standard leader.

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

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

Matching product design to consumer preferences is the key to product innovation. The Group engages in the precise development of a different series of products based on consumers’ preferences, behavior and traits to satisfy their needs in different scenarios. On the whole, the Group develops new products for different user scenarios: “sports” represents fashion, “business” represents quality, “outdoors” represents functionality and “leisure” focuses on current fashion trends in the creation of hot-selling products. Through end-to-end integration of development for a series of scientific, objective and methodical design processes covering customer

research, market research, trend analysis, commodity planning, design planning, promotion planning, product development, customer appreciation, ordering feedback, sales feedback and summary reviews, we endeavored to present new series of products to consumers.

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

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



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

New Generation of Ultralight Down Jackets:

In 2023, Bosideng once again broke traditional perceptions by advancing the second round of iterative upgrades for ultralight down jackets. It integrates down jackets with cross-border stitching of fashionable single items, such as hoodies, windbreakers, knits, shirts, Chanel-style items, and lambswool, ultimately presenting perfect works through the precision combination of different materials. In order to satisfy the need to wear clothes for multiple scenarios and during the transition between different seasons and the demand for a new generation of more diverse, lighter, warmer and more fashionable ultralight down jackets, the Bosideng brand sought for new inspiration from various disciplines. In the process of consulting art forms worldwide, the Bosideng brand identified that many outstanding production techniques in China may be applied in various life scenarios, especially the art of stitching and quilting, both of which have a long history, ultimately presenting perfect works through the precision combination of different materials. The Group applies the bold idea of crossover combination to the Group's specialty, its down jackets. After several attempts, the Group ultimately presented redefined ultralight down jackets that subverts tradition. In R&D and design, the Bosideng brand gathered the design power of several Chinese avant-garde designers to provide

bold innovation and more youthful design elements for the design of Bosideng's ultralight down jackets, and created ultralight down jackets that subverts traditional perception by combining the design power of a new generation of Chinese people with Bosideng's 47 years of professional ingenuity. Bosideng over-turned the status quo that conventional light warm down apparel is similar in style and cannot feature both aesthetic design and warmth at the same time, and innovated ultralight down jackets with century-old fashion items, unique down stitching and artistic quilting design, providing customers with a choice of varied, warmer and more fashionable and professionally designed products and opening up new opportunities for wearing a new type of cross-seasonal, multi-scenario and fashionable down apparel.



MANAGEMENT DISCUSSION AND ANALYSIS

The key innovative products included:

Three-in-one Goose Down Windbreakers:

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

It features “breathable” fabric technology to provide professional protection and comfort for wearers. The windbreaker’s body utilizes a national patented heat and moisture balance system with a high efficient moisture permeability for long-term wearing without stuffiness, while the outer layer is supported by professional rainproof technology. The filling material is the high

quality goose down by combining with heat storage fabric, providing wearers with comprehensive protection and adaptability for various outdoor scenarios.

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



Sun-protective Clothing:

With the temperature continuously rising, sunscreen products, represented by sun-protective clothing, have been favored by consumers. The newly upgraded sun-protective clothing of Bosideng Sun Series has gained popularity among consumers due to its outstanding sun protection performance and fashionable and changeable cutting and styling, making it a must-have item for summer sun protection. Utilizing advanced yarn sun protection technology, and the Tri-Tech⁺ sun protection fabric technology innovatively developed by Bosideng, this series ensures long-lasting sun protection performance and comfort in the summer. This technology has obtained professional institution certification. Compared with the general brand sunscreen clothing whose sun protection and breathability functions are degraded to different degrees, or



even damaged after being washed, due to its use of coating technology and dyeing auxiliary technology, Bosideng sun-protective clothing can maintain a UPF value of UPF100+, an excellent sun protection capability despite being washed after hundreds of times, keeping the skin dry and comfortable even in hot weather or after physical activities, as it uses advanced yarn sun protection technology. In addition, through the development of innovative composite yarns, an enhanced protection against ultraviolet rays is achieved. The sun-protective clothing from Bosideng utilizes fabric with cooling finishing technology, providing a silky smooth touch. With the metabolic activity of the human body, the fabric generates a heat absorbing response through the release of sweat, thereby instantly absorbing body heat and cooling the skin for a refreshing sensation.

Ski Collection:

In 2023, Bosideng launched a new generation of its ski collection. Paying tribute to the first gold medal in the Winter Olympics, the product line was fully upgraded to introduce ski suits that combine skiing functionality with lifestyle fashion styles. These suits offer better breathability while keeping the users warm, meeting the needs of the skiing scenario. The ski collection of down jackets uses windproof, waterproof and breathable functional composite fabrics, which effectively guard against the wind and cold, offers efficient breathability and prevents stuffiness. The flexible fabric provides more room for stretching during sports activities. Supported by the upgraded down air circulation system patent, the ski collection of down jackets can expel excess moisture from the body, prevent down from clumping and losing insulation, and prevent the jacket from becoming heavier, ensuring warmth before exercise, and balancing body comfort during

exercise, and avoiding heat loss after exercise. Due to the upgraded process without quilting, the ski collection of down jackets achieves warmth and lightness.

Major classic products include:

Extreme Cold Collection:

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



MANAGEMENT DISCUSSION AND ANALYSIS



High-end Outdoor Collection:

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

China Aerospace Collection:

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

Multi-brand Strategies

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



Snow Flying

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

resources, core platform resources, and high-quality channel resources, among other methods.

In terms of business expansion, the Snow Flying brand focused on users-oriented innovation, integrated top industry resources and made several breakthroughs. It focused on top benchmarks, optimized live-streaming store groups, and continuously innovated content. It focused on creating popular products and, through launching the Obsidian Series and popular products on the Obsidian 2.0 "value line", it quickly gained widespread favor in the consumer

market. It focused on building a directly-operated single store model to drive rapid improvement of the single stores' operational capabilities through fine-grained channel and store formats management.

Bengen

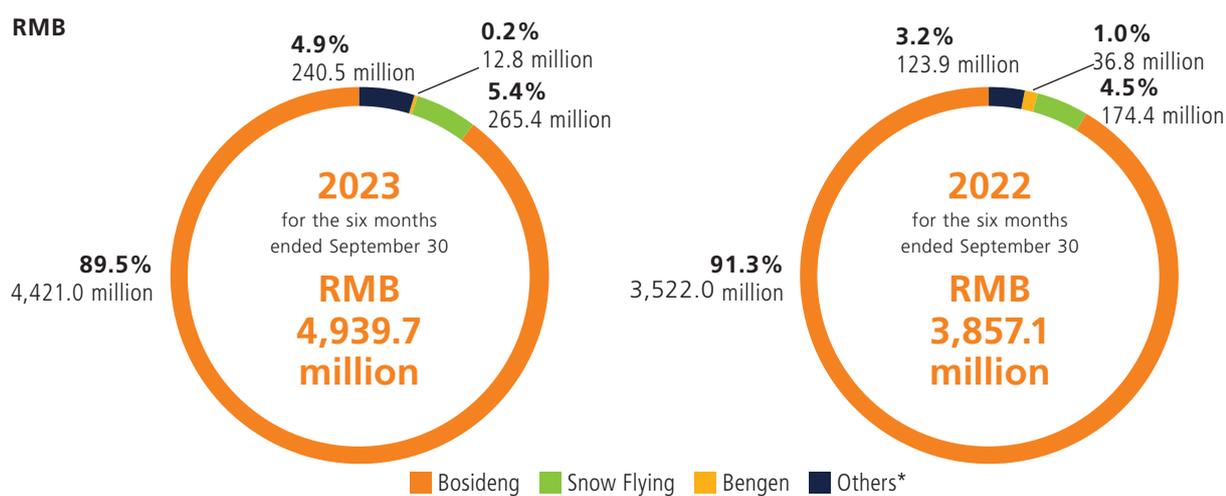
In the first half of FY2023/24, the Bengen brand recorded revenue of approximately RMB12.8 million, representing a year-on-year decrease of 65.3%. Since FY2020/21, the Bengen brand has greatly reduced its offline agency channels and shifted its focus more to online channels.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from branded down apparel business by brand

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

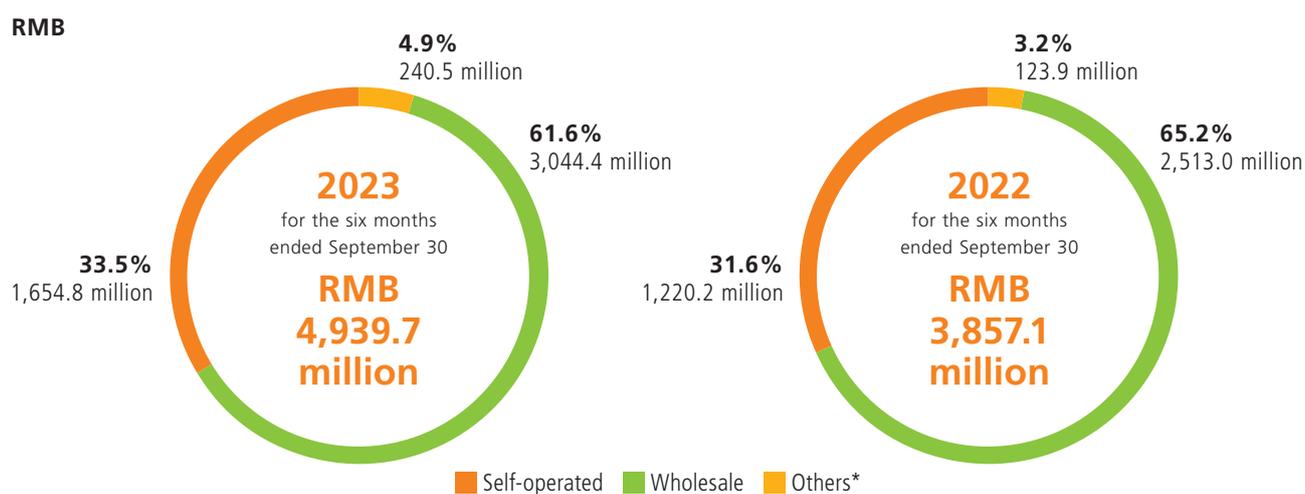
* Represents revenue from sales of raw materials, etc., which are related to down apparel products



Revenue from branded down apparel business by sales category

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

the quality and efficiency of its single stores”. By centering on store operations, the Group consolidated the operational and organizational mechanisms and formed a single-store operational link; also, guided by high targets and starting from customer needs, the Group managed to implement effectively the closed-loop single-store operation strategy.

As of September 30, 2023, in addition to the following regular types of stores (e.g., flagship stores, high-end stores, mainstream stores and mass stores, etc.), the Group also had nearly 400 peak-season stores (peak-season stores mainly refer to stores that are opened in peak sales seasons for one week to three months, mainly in provincial capitals, with popular seasonal Top Sellers as the mainstay products for sale, and mainly located in core business districts and sporting venues).

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

Retail network breakdown by down apparel brand

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

Change: Compared with that as at March 31, 2023

Retail network of down apparel business by region

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

OEM Management Business:

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

In the first half of FY2023/24, despite multiple factors including the global economic weakness and downturn in the global consumer market, the OEM management business maintained stable and healthy development. It is mainly attributable to the followings: Firstly, the Group focused on core customers, built a core competitive edge in Original Equipment Manufacturer (OEM)/ Original Design Manufacturer (ODM) management business, expanded category development and technical innovation, achieving a steady increase in orders from existing core customers. Secondly,

the Group responded quickly to orders from OEM management customers, so as to match the adjustment of customer's ordering pace and align customers' needs with consumer demands. Thirdly, the continuous upgrades of OEM management capabilities, and iterative optimization of product design and development capabilities ensured provision of the high-quality products and services to customers. Fourthly, efficient and open management mechanisms controlled costs, lowered risks and effectively boosted customer confidence through continuous capacity planning overseas.

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

Ladieswear Business:

The Group operates four mid-range and high-end ladieswear brands. After over 20 to 30 years of brand development, the four brands present a rich, multi-tiered product portfolio with unique, differentiated

styles. JESSIE focuses on modern urban scenarios and features simple and capable products, highlighting the self-confidence of intellectual women; BUOU BUOU features elegant, romantic and detail-oriented products in styles, while each of KOREANO and KLOVA features understated-luxury products to demonstrate the sophistication and elegance of oriental women, bringing individuality and the ultimate wearing experience to customers. In the highly competitive ladieswear market in the PRC, the Group has won the favor of Chinese female consumers through the distinctive images of its rich, multi-tiered product portfolio and brand positioning.

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

In terms of product construction, special attention has been paid to the refined management of



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

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



MANAGEMENT DISCUSSION AND ANALYSIS

Though the development of the ladieswear industry in the post-pandemic era still faces many challenges and uncertainties, the ladieswear business segment of the Group can still achieve steady and healthy growth through brand

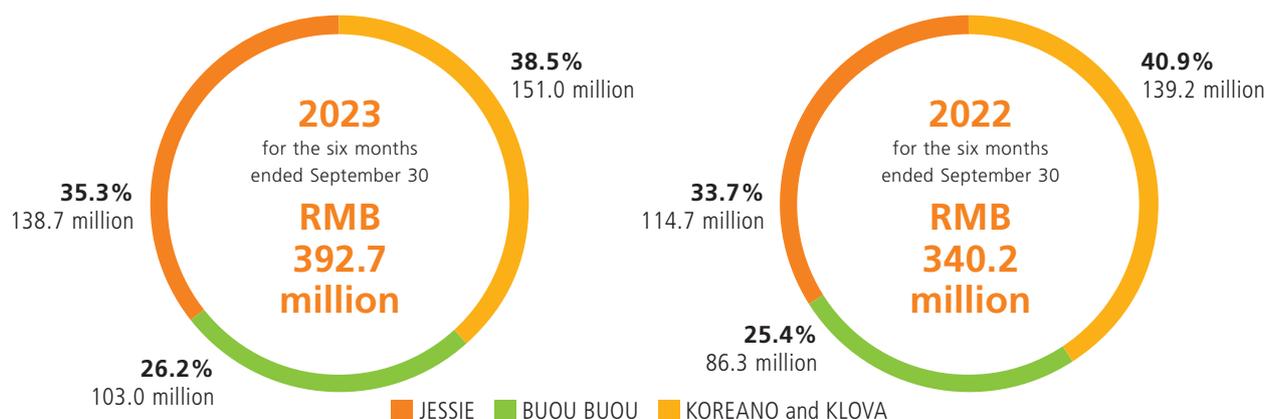
leadership, product innovation, and pipeline optimization. In the first half of FY2023/24, the revenue from the Group's ladieswear business was approximately RMB392.7 million, representing an increase of 15.4% as compared to that of the same

period of last year. The contribution from the ladieswear business to the Group's total revenue was 5.3%. The revenue from the ladieswear brands were as follows:

Revenue from ladieswear business by brand

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

RMB



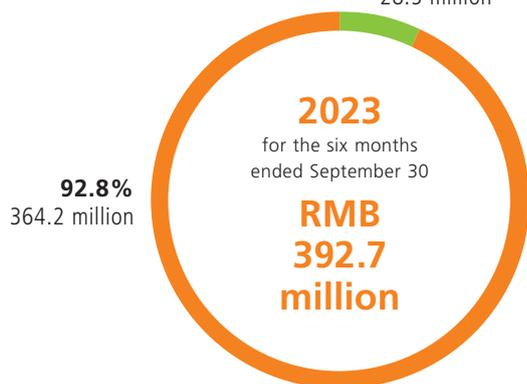
Revenue from ladieswear business by sales category

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

RMB

7.2%
28.5 million

6.5%
22.2 million



■ Self-operated ■ Wholesale



MANAGEMENT DISCUSSION AND ANALYSIS

Fashion Ladieswear – JESSIE

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



Fashion Ladieswear – BUOU BUOU

BUOU BUOU ladieswear has been committed to becoming the “representative brand of affordable luxury ladieswear”. Starting a new stage of development towards design for young customers and innovation orientation in this financial year, it has carried out continuous operational improvement by continuous product innovation, optimizing management ideas and business methods, adjusting the mix of channels, focusing on the depth of products, and strengthening refined marketing. In terms of products, BUOU BUOU ladieswear focused on the star product; the “X-Version Dress”. Upholding the design concept of elegance, sophistication, and romance, persisting in the luxury and high-quality branding route with superior top-grade fabrics, finely-designed patterns, and exclusive innovative designs, it offers new Chinese middle-class women who pay attention to the quality of life and sense of ritual with high-quality apparel wearing solutions. It designs product collections and promotes them by managing the product life cycle and combining them with the analysis of the user scenarios of the target customers. Also, in addition to the traditional offline sales channels, BUOU BUOU ladieswear keeps up with the times and leverages the omni-channel online new media platforms, focusing on target consumers and following the path of consumers’ experience to reach them directly through online and offline channels.



MANAGEMENT DISCUSSION AND ANALYSIS

Fashion ladieswear – KOREANO and KLOVA

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



As at September 30, 2023, the total number of retail stores of the Group's ladieswear business (net) decreased by 16 to 441, self-operated retail stores (net) decreased by 20 to 341 and retail stores operated by third party distributors (net) increased by 4

to 100, respectively, as compared with the figures as at the end of last financial year. Self-operated retail stores and those operated by third party distributors accounted for 77.3% and 22.7% of the entire retail network, respectively. Of the total retail stores of the Group's

ladieswear business, approximately 64.4% are located in first and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 35.6% are located in third-tier cities or below.

Retail network breakdown by ladieswear brand

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

Change: Compared with that as at March 31, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Retail network of ladieswear business by region

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

Region

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



Diversified apparels business:

In the first half of FY2023/24, the revenue from our diversified apparels business segment was approximately RMB96.4 million, representing an increase of 9.8% as compared to that of the same

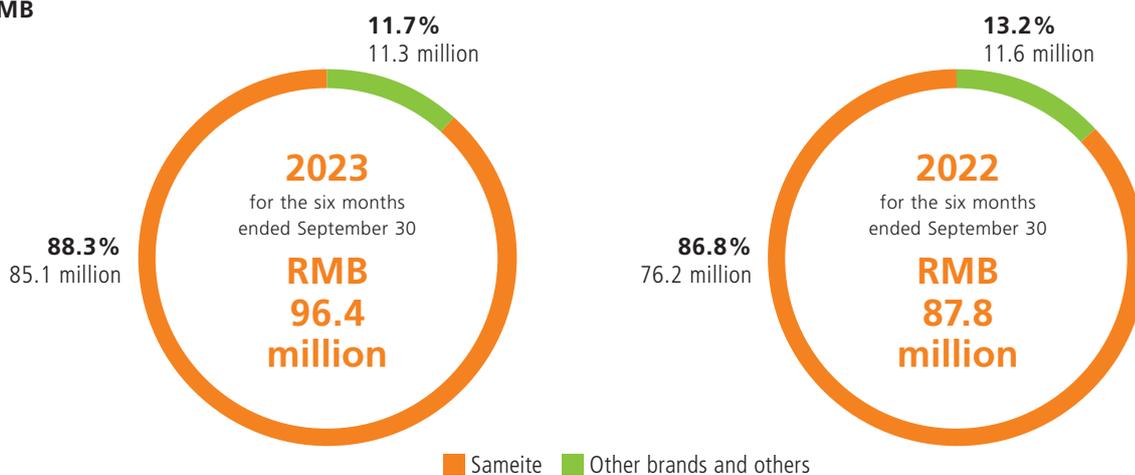
period of last year. As the Group adhered to the overall strategy of “focusing on our principal business and reducing diversification”, the contribution from business segments such as the MAN and HOME brands to the Group’s total revenue further

dropped. However, the school uniforms business developed by the Group in 2016 recorded a stable growth in the first half of FY2023/24. Revenue from such business segment in the first half of FY2023/24 was as follows:

Revenue from diversified apparels business by brand

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

RMB



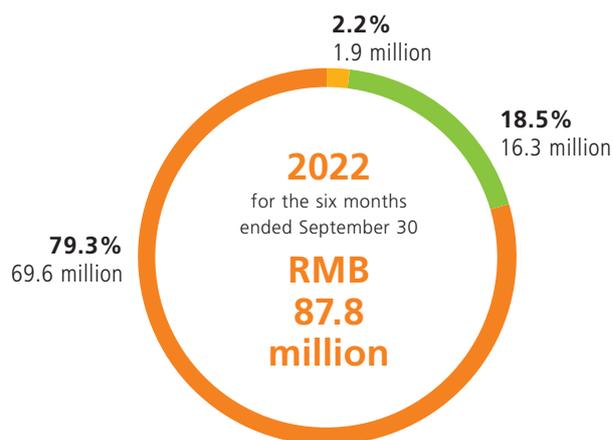
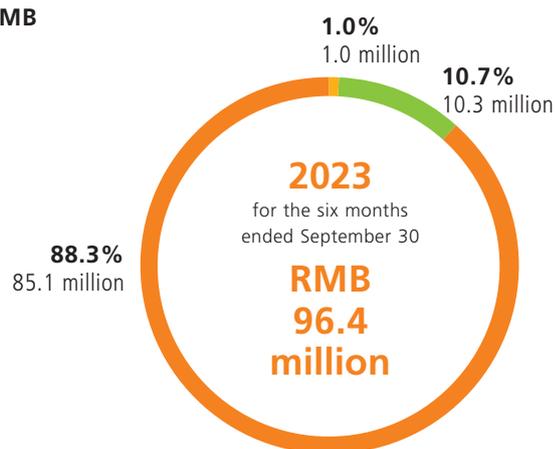
MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from diversified apparels business by sales category

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

* Represents rental income

RMB



■ Self-operated ■ Wholesale ■ Others*

School uniforms business – Sameite

In the first half of FY2023/24, the school uniforms business under the diversified apparels business segment remained in operation under Sameite brand. Adhering to the clothing design concept of “carrying education with clothes and inheriting culture with clothes”, the Sameite brand insists on providing students with safe, comfortable, fashionable and functional school uniforms, and makes it its mission to enable every child to be dressed in uniforms while they are pursuing their dreams. Currently, Sameite serves more than 500 schools, with an annual supply of over one million pieces.

In the first half of FY2023/24, in terms of brand building, the Sameite brand focused on user services, iteratively upgraded the online/offline integrated micro-mall user experience, and enhanced the

brand visual presentation. In terms of channel upgrading, firstly, the Sameite brand strove for the core benchmarking school share by establishing the core benchmarking direct sales areas, and consolidated the business mix; secondly, the Sameite brand increased its regional market coverage by creating the benchmarking regional agents. In terms of product development, the Sameite brand continued to consolidate its advantage as an established producer and provider of warm clothing in the category of winter school uniforms to build the brand label of Sameite, and ensured the continuous upgrading of product mix by undertaking projects of high-end private school uniforms.

In the first half of FY2023/24, the Sameite brand won the titles of Top 10 China School Uniform Enterprises (中國校服十強企業), Top 50 China Business Wear, the Special Award in the 2023 China School Uniform Design Competition in terms of

primary school uniform collections (2023中國校服設計大賽之小學生制式系列特等獎), the first award in terms of primary school sports collection, the first award in terms of middle school uniform collections, and the second award in terms of middle school sports collections. In addition, the Sameite brand won the titles of the National Quality Leading Brand of School Uniform Industry, the National Product and Service Quality Integrity Model Enterprise, and is a member unit of the China National Garment Association and vice president unit of the Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce.

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



MANAGEMENT DISCUSSION AND ANALYSIS

Children's Wear Business, MAN and HOME Business

Since FY2018/19, the Group had started to downsize the MAN and HOME brands under the diversified apparels business segment. In the first half of FY2023/24, there was no additional investment in the project company which cooperated with the Japanese brand of Petit main. This resulted in a certain reduction in size of other diversified apparels businesses other than the school uniforms business during the previous financial year.

ONLINE SALES

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

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

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

During the expansion of the emerging platforms, the Group always adheres to the development of online platforms to keep pace with the times, mainly including the development on the emerging platforms such as Douyin. In terms of brand building, in the first half of FY2023/24, the Group integrated resources from the popular events on Douyin, a platform that combines brand and sales promotion, to support the sales of sun-protective clothing; in addition, the Group incorporated



resources from Douyin on new product launch day to focus on the promotion of lightweight and thin down jackets brands, so both of the two categories experienced rapid and high-quality growth. In terms of content innovation, the Group centered its content creation around the brand positioning of being “world’s leading expert in down

apparel” in line with the professional, technological, and fashionable attributes of products and brands. In terms of store operations, the Group continued to consolidate its single stores by categorizing them into and operating sub-category stores and regional Top Stores. This approach resulted in the formation of a “rocket-type” channel matrix, with the official flagship store as the bellwether and the sub-category stores and regional Top Stores as cornerstones. As of September 30, 2023, more than 90% of the Bosideng brand’s revenue from Douyin was generated from live broadcasts.

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





OPERATION OF JOINT VENTURES AND ASSOCIATES

On December 1, 2021, Bosideng International Fashion Limited (a direct wholly-owned subsidiary of the Company) ("**BSD Fashion**") and Bogner (a German company) entered into a joint venture agreement in relation to the formation of a joint venture (the "**Joint Ventures**"). Up to now, the Joint Ventures are granted the exclusive right to sell and distribute apparel under BOGNER and FIRE+ICE (the "**Brands**") in Mainland China, Hong Kong, China, Macau, China and Taiwan, China (the "**Greater China Region**"), as well as the trademark ownership and intellectual property rights of the Brands in the Greater

China Region.

As of September 30, 2023, the Joint Ventures actively expanded their business in Greater China Region. In terms of brand building, the Group increased exposure by collaborating with celebrities and key opinion leaders (KOLs), and interacted with consumers with focus on core online platforms and key promotional products. In terms of product promotion, in the first half of FY2023/24, the Group successively launched urban, sports, and Wanderlust travel capsule collections, while also increasing the business module of out-of-season incremental products. In terms of channel development, the Group continued to gradually penetrate

its brands into the high-end target market in China by establishing a presence in high-end shopping centers in key cities such as Beijing and Shanghai, as well as through the establishment of flagship stores on Tmall.

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

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



GROSS PROFIT

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Although the gross profit margin of the branded down apparel business segment decreased due to the impact of the mix of the sold products in the first half of this financial year, the overall gross profit margin of the Group flattened at approximately 50.0% as compared with that in the same period of last year because its revenue growth

in the first half of FY2023/24 was higher than other business segments as it remained the Group's largest business segment, with an increase in contribution to revenue and gross profit, and moreover, the gross profit margin of the branded down apparel business segment was higher than that of

the OEM management business and diversified apparels business.

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

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

OPERATING PROFIT

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

DISTRIBUTION EXPENSES

In the first half of FY2023/24, the Group's distribution expenses, mainly comprising of advertising and promotion expenses, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB2,029.9 million, representing an increase of 25.1% as compared to approximately RMB1,623.1 million of the same period of last year. The distribution expenses as a percentage of the Group's total revenue increased by 0.9 percentage points to 27.2% from 26.3% of the same period of last year. The percentage of distribution expenses in the Group's total revenue increased mainly because the Group carried out

brand building activities and store refurbishment works in the first half of FY2023/24 in response to the post-pandemic market changes and development needs in the peak season of this financial year, and such expenses increased as compared with that of the same period of last year.

ADMINISTRATIVE EXPENSES

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

FINANCE INCOME

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

FINANCE COST

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

TAXATION

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

DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

In the first half of FY2023/24, the Group's net cash used in operating activities amounted to approximately RMB585.5

million, net cash generated from investing activities amounted to approximately RMB1,161.2 million and net cash used in financing activities amounted to approximately RMB1,458.1 million. Cash and cash equivalents as at September 30,

2023 amounted to approximately RMB2,807.8 million.

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

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

In order to obtain reasonable returns on the Group's available cash reserves, the Group appropriately increased the amounts placed in time deposits in order to obtain stable returns against the background of the sustainable downward deposit interest rates of financial institutions. In addition, under the general trend of net value management of financial institutions' treasury market, the market share of capital guaranteed treasury has been significantly reduced. Other financial assets invested in the first half of this financial year includes a small amount of capital guaranteed short-term investments with banks in the PRC. The vast majority of other financial assets are capital non-guaranteed investments at medium and low risks with banks

and other financial institutions in the PRC. The guaranteed returns of capital guaranteed short-term investments with banks was 1.65%. Other financial securities refer to trading stocks held by Shuo Ming De Investment Co., Ltd. ("**Shuo Ming De Investment**"). Shuo Ming De Investment invested approximately RMB224,921,000 in February 2018 to subscribe for 12,184,230 shares of Jinhong Fashion Group Co., Ltd. (a company listed in Shanghai Stock Exchange with stock code: 603518) ("**Jinhong Group**") through a private placement at a subscription price of RMB18.46 per share. Due to the bonus issue of shares by Jinhong Group in May 2019, the number of shares held by Shuo Ming De Investment increased to 17,057,922, and the investment cost was

adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share, and the current shareholding held by it in Jinhong Group is less than 5%.

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

As at September 30, 2023, the distribution of borrowings by currency unit and types of interest rate adopted were as follows:

Types of interest rate	HK dollars RMB million	Japanese yen RMB million	Renminbi RMB million	Total RMB million
Floating interest rate	688.2	220.2	–	908.4
Fixed interest rate	–	–	10.0	10.0
Total	688.2	220.2	10.0	918.4

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

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

SUSTAINABLE DEVELOPMENT

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

to promote sustainable and high-quality development.

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

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

In terms of the establishment and improvement of the ESG system, the Group has established a three-tier ESG interconnected management structure since 2021 at the decision-making, management and execution levels to ensure the effective implementation of the ESG objectives, supervise the performance in a timely manner and assess the new risks and opportunities in the field of sustainable development. In terms of ESG important issues management, the Group has made in-depth analysis and active search for new breakthroughs in sustainable development and value points to feed the industrial value chain based on the trend of the times and the needs of various

stakeholders, focusing on 22 topics, such as building new business forms and creating new experiences for consumers, enhancing product innovation, building a robust and green supply chain, strengthening national brands, and boosting cultural self-confidence, etc. With our long-term and persistent efforts, the Group is highly recognized by MSCI, an authoritative international rating agency, for its ESG performance.

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

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

CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

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

PLEDGE OF ASSETS

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

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

The business operations of the Group were conducted mainly in China with revenue and expenses of the Group's subsidiaries denominated in Renminbi, and

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

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

HUMAN RESOURCES

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

Based on the strategic deployment of the Group to become the "world's leading expert in down apparel", the Group focuses on the value creation that customers explicitly perceive, linking the Group's strategic core capabilities. Based on the present and looking to the future, the Group continues to strengthen the identification

and development of strategic key employees and actively builds up the new generation of young talents. As college students are cornerstones of internal talent generation channel of the Group, maintaining sufficient high-quality reserve college students is the key part and basic guarantee for building an internal talent generation channel of the Group. The 2024 campus recruitment was carried out under three programs, namely the Millions Annual Salary Plan, Young Eagle Plan and Zero Run Action, and ensured employment of high-quality graduates by initiatives such as the "High Energy Cup" campus innovation design competition and university-enterprise cooperation, aiming at attracting outstanding graduates from target universities with cultural and character traits that align with the Group, continuously building and consolidating the image of the Group as the first employer brand for textile and garment colleges, and expanding the influence of the Bosideng's employer brand.

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

Details of the movement in the Options during the Period are included in the table below:

Category of participants	Number of Options						As at September 30, 2023 (Note 2)	Date of grant (Note 3)	Exercise price (Note 4)
	As at March 31, 2023	Granted during the Period	Exercised during the Period (Note 1)	Cancelled during the Period	Lapsed during the Period	As at			
Directors									
Rui Jinsong	13,280,000	–	–	–	–	13,280,000	26/10/2018	HKD1.07	
	16,500,000	–	–	–	10,500,000	6,000,000	23/04/2020	HKD1.94	
	29,780,000	–	–	–	10,500,000	19,280,000			
Huang Qiaolian	6,974,000	–	–	–	5,600,000	1,374,000	23/04/2020	HKD1.94	
	6,974,000	–	–	–	5,600,000	1,374,000			
Others									
Employees	29,771,999	–	130,000	–	–	29,641,999	26/10/2018	HKD1.07	
	204,128,000	–	1,430,000	–	83,640,000	119,058,000	23/04/2020	HKD1.94	
	101,400,000	–	–	–	–	101,400,000	20/12/2021	HKD4.98	
Consultant (Note 5)	100,000,000	–	–	–	–	100,000,000	23/10/2020	HKD3.41	
	435,299,999	–	1,560,000	–	83,640,000	350,099,999			
Total	472,053,999	–	1,560,000	–	99,740,000	370,753,999			

Notes:

- The weighted average closing price of the Shares immediately before the dates on which the Options were exercised was approximately HKD3.36 (for Options exercised by employees).
- As at September 30, 2023, the Company had a total of 370,753,999 outstanding Options, of which:
 - 42,921,999 Options were granted on October 26, 2018 under the Share Option Scheme, of which:
 - 6,991,999 Options had been vested and are exercisable;
 - each of 7,180,000 Options shall be vested and are exercisable during each of the periods ending on October 25, 2024, 2025, 2026 and 2027, respectively; and
 - 7,210,000 Options shall be vested and are exercisable during the period commencing from October 26, 2027 and ending on October 25, 2028;
 - 126,432,000 Options were granted on April 23, 2020 under the Share Option Scheme and had been vested and are exercisable;
 - 100,000,000 Options were granted on October 23, 2020 under the Share Option Scheme, of which:
 - 30,000,000 Options shall be vested and are exercisable during the period commencing from October 23, 2021 and ending on October 22, 2024;
 - 30,000,000 Options shall be vested and are exercisable during the period commencing from October 23, 2022 and ending on October 22, 2024;
 - 40,000,000 Options shall be vested and are exercisable during the period commencing from October 23, 2023 and ending on October 22, 2024, and;
 - 101,400,000 Options were granted on December 20, 2021 under the Share Option Scheme, of which:
 - 18,588,000 Options had been vested and are exercisable;
 - 11,832,000 Options shall be vested and are exercisable during the period commencing from December 20, 2022 and ending on December 19, 2025;
 - 30,420,000 Options shall be vested and are exercisable during the period commencing from December 20, 2023 and ending on December 19, 2025; and
 - 40,560,000 Options shall be vested and are exercisable during the period commencing from December 20, 2024 and ending on December 19, 2025.
- The validity period for each batch of Options granted on October 26, 2018, April 23, 2020, October 23, 2020 and December 20, 2021 is 10 years, 51 months, 48 months and 48 months from the respective dates of grant.
- The closing price of the Shares immediately before the respective dates of grant (being October 26, 2018, April 23, 2020, October 23, 2020 and December 20, 2021) was HKD1.08, HKD1.97, HKD3.44 and HKD4.89 per Share, respectively.
- 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 ended March 31, 2023.
- Since no Option was granted during the Period, the percentage of the number of Shares that may be issued in respect of the Options granted under the Share Option Scheme during the Period divided by the weighted average number of Shares of the relevant classes in issue during the Period was 0%.

MANAGEMENT DISCUSSION AND ANALYSIS

As of September 30, 2023, the Company could further grant 511,487,039 Options under the Share Option Scheme (as of March 31, 2023: 411,747,039). According to the scheme mandate limit of the Share Option Scheme, the Company may further grant 7,039

Options, representing approximately 0.00006% of the issued share capital of the Company as at December 11, 2023, being the Latest Practicable Date. There is no service provider sublimit provided under the Share Option Scheme.

Further, details of the movement in the awarded Shares which remained outstanding under the Share Award Schemes (funded solely by existing Shares) during the Period are included in the table below:

Category of participants	Number of awarded Shares					Date of grant (Note 2)	Purchase price per awarded Share
	Outstanding as at March 31, 2023	Granted during the Period	Vested during the Period (Note 1)	Lapsed during the Period	Outstanding as at September 30, 2023		
Directors							
Rui Jinsong	16,500,000	–	6,000,000	10,500,000	–	April 23, 2020	HKD0.97
Huang Qiaolian	3,200,000	–	–	3,200,000	–	April 23, 2020	HKD0.97
	19,700,000	–	6,000,000	13,700,000	–		
Others							
Employees	28,150,000	–	11,400,000	16,750,000	–	April 23, 2020	HKD0.97
Employees	11,200,000	–	–	–	11,200,000	December 20, 2021	HKD2.49
	39,350,000	–	11,400,000	16,750,000	11,200,000		
Total	59,050,000	–	17,400,000	30,450,000	11,200,000		

Notes:

- The weighted average closing price of the Shares immediately before the vesting date of the awarded Shares held by Mr. Rui Jinsong and employees was approximately HKD2.94.
- The vesting period for each batch of awarded Shares granted on April 23, 2020 and December 20, 2021 is 51 months and 48 months from the respective date of grant.
- During the Period, no awarded Share was cancelled.

CORPORATE CULTURE

The Group attaches great importance to the construction and inheritance of corporate culture. We firmly believe that culture is the foundation for the Group to realize the development goal of “creating a 100-year brand, building a 100-year enterprise”, the Group’s core impetus for leading development and sustainability, the gene and essence of the corporation and brand in the entrepreneurial process, the soul and bloodline

that run through the development of the corporation, and the driving force, philosophical pillar and guiding direction of development. In the course of the development of the Group, the excellent corporate culture with Bosideng’s characteristics has been condensed, and a large number of key talents and outstanding backbones with Bosideng genes have emerged. It is precisely because of the strong cultural traction that the Group has successfully completed the previous strategic transformation and laid

the foundation for future strategic implementation.

The Group advocates the practice of corporate culture, and focuses on the strategic core tasks and organizes a series of activities such as explaining case studies for excellence, fostering model employees and learning from the organizational experience and cultural development, to form a closed loop from “cultural concept identification to cultural connotation comprehension to cultural behavior

penetration and ultimately to action implementation for value results”, to create the spirit of “user-first orientation, open and innovative cultural soil, evaluation and incentives of value results, benchmarking demonstration for cadres role models, and unyielding pursuit of excellence”, and to form cohesive team that has the same ideas and concepts and aligns actions with goals, and makes its teams to unite their efforts so as to ensure the efficient achievement of strategic goals.

TALENT DEVELOPMENT

In order to implement its strategy better, the Group attaches greater importance to the cultivation of talents who are the “first resources” of enterprises. After years of accumulation, the Group has established a scientific system for talent training. From strategic interpretation, business path analysis, organizational structure inventory, job classification, to clear organization and personnel capabilities, the competence standards, evaluation standards, evaluation process and other aspects involved in the talent training process have been subject to multiple rounds of iterations to adapt to strategic implementation. On the one hand, the Group insists on introducing leading talents from outside to match market changes, lead industry development, and establish leading advantages. On the other hand, the Group will also continue to develop an outstanding management team with operation abilities, professionals, experts, retail talents and strategic reserve talents internally so as to develop talent echelon, stimulate organizational vitality, and guarantee the realization of strategic objectives.

The Group believes that talents are the cornerstone of brand development, and designers are the creators of core competitive products. Focusing on the brand’s positioning as the “world’s leading expert in down apparel”, it is always the product design team’s long-term goal to establish a leading, diversified, professional and highly creative organization in its talent development strategy. In this regard, the Group continues to upgrade the talent mix of its design team by actively introducing outstanding talents while focusing on breakthroughs and upgrading of core design capabilities, and integrating internal and external quality resources to enhance the team’s design vision and capability. In addition, the Group constantly recruits outstanding fresh graduates to join the design team and enable the team to remain vigorous and to produce refreshing products continuously.

Stores are the key fields for customers to explicitly perceive value. Therefore, the Group clarifies a retail model with stores at the core in its past and future strategic deployment and development, and establishes a retail talent cultivation mechanism and continuously strengthens the store talent development by setting clear leading talent profiles as the high benchmarking standards in order to create a younger store team with strong learning ability, continuously improve business skills and provide customers with quality experiences and services. In addition, to better consolidate the operation of single stores, the Group particularly strengthens the cultivation of retail departments

and personnel. Currently, the Group has planned the capacity building for retail operations, commodity management, display operation, regional manager and other positions, invested resources in enhancing the operation ability of in-service management staff of the retail company, so as to integrate the supply chain for retail talents and constantly provide retail talent echelon with a better understanding of customers and operations.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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 have 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 December 11, 2023 (being the Latest Practicable Date), the conversion price has been adjusted as follows:

Effective Date	Adjustment to Conversion Price	Maximum number of Conversion Shares	Outstanding amount of Convertible Bonds as at the effective date
August 27, 2020	HKD4.91 per share adjusted to HKD4.73 per share	455,156,976	USD275,000,000
December 19, 2020	HKD4.73 per share adjusted to HKD4.67 per share	461,004,817	USD275,000,000
August 26, 2021	HKD4.67 per share adjusted to HKD4.56 per share	472,125,548	USD275,000,000
December 23, 2021	HKD4.56 per share adjusted to HKD4.52 per share	476,303,650	USD275,000,000
August 26, 2022	HKD4.52 per share adjusted to HKD4.37 per share	492,652,745	USD275,000,000
December 16, 2022	HKD4.37 per share adjusted to HKD4.28 per share	451,064,817	USD246,600,000
August 31, 2023	HKD4.28 per share adjusted to HKD4.08 per share	473,175,838	USD246,600,000

As at September 30, 2023, no Convertible Bonds had been converted into new Conversion Shares.

For further details of the Convertible Bonds, please refer to the Company's announcements dated December 5, 2019, December 17, 2019, August 21, 2020, December 3, 2020, August 20, 2021, December 1, 2021, August 22, 2022, November 24, 2022, and August 22, 2023, respectively.

OUTLOOK

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

As a leading enterprise in the industry, the Group will, based on people's new needs and expectations for a better life, uphold the original development intention of "Warming the World", firmly adhere to the strategic vision of "being the most respectable and fashionable functional apparel group around the world", anchor the strategic direction of "focusing on its principal business and key brands", set its foot on the right path of realizing breakthrough

and high-quality development of brands, build the core capabilities of ensuring stable operation across cycles, and innovate the value co-existence, co-creation and sharing mechanism, so as to write a new chapter of "World Down Apparel, China Bosideng, New Trend Leadership".

Down apparel business:

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

core competitiveness of the main business of down jackets.

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



MANAGEMENT DISCUSSION AND ANALYSIS



OEM management business:

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

Fashionable ladieswear business:

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

INDEPENDENT REVIEW REPORT



Review report to the board of directors of Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 50 to 89 which comprises the consolidated statement of financial position of Bosideng International Holdings Limited as of September 30, 2023, and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at September 30, 2023 is not prepared, in all material respects, in accordance with IAS 34, *Interim financial reporting*.

KPMG

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

November 27, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2023 – unaudited

(Expressed in Renminbi)

	Note	Six months ended September 30,	
		2023 RMB'000	2022 RMB'000
Revenue	6	7,471,665	6,180,465
Cost of sales		(3,738,188)	(3,091,352)
Gross profit		3,733,477	3,089,113
Other income	7	110,357	104,985
Selling and distribution expenses		(2,029,940)	(1,623,126)
Administrative expenses		(582,479)	(525,058)
Impairment losses on goodwill	9	–	(98,000)
Other expenses		(448)	(2,757)
Profit from operations		1,230,967	945,157
Finance income		178,021	184,167
Finance costs		(96,505)	(115,042)
Net finance income	10	81,516	69,125
Share of losses of associates and joint ventures		(11,949)	(7,087)
Profit before taxation		1,300,534	1,007,195
Income tax	11(a)	(384,349)	(282,666)
Profit for the period		916,185	724,529
Other comprehensive income for the period:			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income (“FVOCI”) (after tax)			
– net movement in fair value (non-recycling)		10,703	(38,745)
		10,703	(38,745)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		(67,033)	(181,640)
		(67,033)	(181,640)
Other comprehensive income for the period, net of tax		(56,330)	(220,385)
Total comprehensive income for the period		859,855	504,144

	Note	Six months ended September 30,	
		2023 RMB'000	2022 RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		918,637	734,286
Non-controlling interests		(2,452)	(9,757)
Profit for the period		916,185	724,529
Total comprehensive income attributable to:			
Equity shareholders of the Company		862,307	513,901
Non-controlling interests		(2,452)	(9,757)
Total comprehensive income for the period		859,855	504,144
Earnings per share	12		
– basic (RMB cents)		8.47	6.79
– diluted (RMB cents)		8.35	6.74

The notes on pages 57 to 89 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 28(a).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At September 30, 2023 – unaudited

(Expressed in Renminbi)

	Note	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment	13	1,585,550	1,727,741
Right-of-use assets	14	1,024,975	978,126
Intangible assets and goodwill	15	1,324,339	1,342,278
Interests in associates		66,958	66,071
Interests in joint ventures		147,303	169,470
Investment properties	16	263,598	262,514
Prepayments	17	11,701	5,498
Other financial assets	21	588,862	169,738
Deferred tax assets	11(b)	601,089	649,092
Pledged bank deposits	22	402,156	500,117
Time deposits	23	350,000	350,000
		6,366,531	6,220,645
Current assets			
Inventories	18	3,872,726	2,689,283
Trade and bills receivables	19	4,343,391	922,985
Deposits, prepayments and other receivables	20	1,363,075	1,355,434
Amounts due from related parties	32(b)	269,088	142,808
Other financial assets	21	3,039,369	4,069,019
Pledged bank deposits	22	858,290	528,115
Time deposits	23	661,752	1,296,184
Cash and cash equivalents	24	2,807,826	3,718,211
		17,215,517	14,722,039
Current liabilities			
Current income tax liabilities		521,876	669,005
Interest-bearing borrowings	25	918,352	770,406
Lease liabilities		287,651	263,945
Trade, bills and other payables	26	7,340,937	4,346,472
Amounts due to related parties	32(b)	339	4,074
		9,069,155	6,053,902
Net current assets		8,146,362	8,668,137
Total assets less current liabilities		14,512,893	14,888,782

	Note	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Non-current liabilities			
Deferred tax liabilities	11(b)	157,236	142,388
Lease liabilities		508,077	525,859
Convertible bonds		1,702,177	1,603,110
Other non-current liabilities	27	13,056	13,056
		2,380,546	2,284,413
Net assets			
		12,132,347	12,604,369
Capital and reserves			
Share capital		818	818
Reserves		12,088,733	12,546,293
Equity attributable to equity shareholders of the Company			
		12,089,551	12,547,111
Non-controlling interests			
		42,796	57,258
Total equity			
		12,132,347	12,604,369

Approved and authorized for issue by the board of directors on November 27, 2023.

Gao Dekang
Chairman of the Board of Directors

Gao Xiaodong
Director

The notes on pages 57 to 89 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2023 – unaudited

(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company										
	Share capital RMB '000	Share premium RMB '000	Treasury shares held for the Share Award Scheme RMB '000	Capital reserves RMB '000	Statutory reserves RMB '000	Translation reserves RMB '000	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at April 1, 2023	818	1,928,764	(109,924)	144,772	1,001,472	(595,951)	152,644	10,024,516	12,547,111	57,258	12,604,369
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	918,637	918,637	(2,452)	916,185
Foreign currency translation differences – foreign operations	-	-	-	-	-	(67,033)	-	-	(67,033)	-	(67,033)
Net change in fair value of equity investment at FVOCI, net of tax (non-recycling) (note 21(b))	-	-	-	-	-	-	10,703	-	10,703	-	10,703
Total comprehensive income for the period	-	-	-	-	-	(67,033)	10,703	918,637	862,307	(2,452)	859,855
Transactions with owners, recorded directly in equity											
Equity-settled share-based transactions (note 29)	-	3,380	-	13,042	-	-	-	-	16,422	-	16,422
Treasury shares granted for Share Award Scheme	-	-	34,247	(10,908)	-	-	-	(7,853)	15,486	-	15,486
Deregister of subsidiaries	-	-	-	-	(28)	-	-	28	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	(2,147)	-	-	-	-	(2,147)	(12,010)	(14,157)
Dividend	-	-	-	-	-	-	-	(1,349,628)	(1,349,628)	-	(1,349,628)
	-	3,380	34,247	(13)	(28)	-	-	(1,357,453)	(1,319,867)	(12,010)	(1,331,877)
Balance at September 30, 2023	818	1,932,144	(75,677)	144,759	1,001,444	(662,984)	163,347	9,585,700	12,089,551	42,796	12,132,347

	Attributable to the equity shareholders of the Company										
	Share capital RMB '000	Share premium RMB '000	Treasury shares held for the Share Award Scheme RMB '000	Capital reserves RMB '000	Statutory reserves RMB '000	Translation reserves RMB '000	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at April 1, 2022	817	1,894,121	(140,334)	159,613	998,770	(488,868)	184,924	9,584,060	12,193,103	33,337	12,226,440
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	734,286	734,286	(9,757)	724,529
Foreign currency translation differences – foreign operations	-	-	-	-	-	(181,640)	-	-	(181,640)	-	(181,640)
Net change in fair value of equity investment at FVOCI, net of tax (non-recycling) (note 21(b))	-	-	-	-	-	-	(38,745)	-	(38,745)	-	(38,745)
Total comprehensive income for the period	-	-	-	-	-	(181,640)	(38,745)	734,286	513,901	(9,757)	504,144
Transactions with owners, recorded directly in equity											
Equity-settled share-based transactions (note 29)	-	2,521	-	68,469	-	-	-	-	70,990	-	70,990
Dividend	-	-	-	-	-	-	-	(1,248,426)	(1,248,426)	-	(1,248,426)
	-	2,521	-	68,469	-	-	-	(1,248,426)	(1,177,436)	-	(1,177,436)
Balance at September 30, 2022	817	1,896,642	(140,334)	228,082	998,770	(670,508)	146,179	9,069,920	11,529,568	23,580	11,553,148

The notes on pages 57 to 89 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended September 30, 2023 – unaudited

(Expressed in Renminbi)

	For the six months ended	
	September 30, 2023	2022
	RMB'000	RMB'000
Operating activities		
Cash used in operations	(51,628)	(1,374,521)
Interest paid	(61,718)	(77,245)
Income tax paid	(472,195)	(213,570)
Net cash used in operating activities	(585,541)	(1,665,336)
Investing activities		
Payments in relation to completion of acquisition of non-controlling interests in Jessie group	–	(84,000)
Payments in relation to investments in joint ventures and associates (note 17(i))	(6,675)	(92,989)
Payment in relation to acquisition of non-controlling interests in a subsidiary	(14,157)	–
Payments of loans provided to an associate	(42,500)	(21,000)
Collection of a loan repaid by an associate	21,000	–
Advances to a joint venture	(3,000)	–
Acquisition of property, plant and equipment	(205,527)	(240,827)
Acquisition of other financial assets	(3,370,934)	(5,309,450)
Proceeds from disposal of other financial assets	4,062,043	7,750,014
Dividend received from other financial assets	1,427	–
Decrease/(increase) in time deposits	634,432	(245,200)
Interest received	85,140	61,062
Net cash generated from investing activities	1,161,249	1,817,610
Financing activities		
Proceeds from interest-bearing borrowings	688,200	1,000,336
Repayment of interest-bearing borrowings	(550,560)	(349,100)
Proceeds from exercise of share options	2,674	1,981
Dividends paid	(1,345,200)	(1,286,446)
Capital element of lease rentals paid	(253,214)	(212,270)
Net cash used in financing activities	(1,458,100)	(845,499)
Net decrease in cash and cash equivalents	(882,392)	(693,225)
Cash and cash equivalents at the beginning of the period	3,718,211	2,502,563
Effect of foreign currency exchange rate changes	(27,993)	(42,437)
Cash and cash equivalents at the end of the period	2,807,826	1,766,901

The notes on pages 57 to 89 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 REPORTING ENTITY AND CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION

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

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

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

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

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the board of directors is included on page 49.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

(a) New and amended IFRSs

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except the amendments to IAS 12, none of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. Impact of the adoption of the amended to IFRS is discussed below:

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

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

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

4 SEASONALITY OF OPERATIONS

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

5 FINANCIAL RISK MANAGEMENT

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

6 REVENUE AND SEGMENT REPORTING

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

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

(a) Disaggregation of revenue

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

	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Sales of apparels	7,436,939	6,154,348
– Royalty income	32,846	24,195
	7,469,785	6,178,543
Revenue from other sources		
Gross rentals from investment properties	1,880	1,922
Consolidated revenue	7,471,665	6,180,465

All revenue was recognized at point in time.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment results

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

	For the six months ended September 30, 2023				
	Down related apparel RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	4,939,684	2,042,879	392,718	96,384	7,471,665
Inter-segment revenue	15,514	1,908	–	13,764	31,186
Reportable segment revenue	4,955,198	2,044,787	392,718	110,148	7,502,851
Reportable segment profit/(loss)	938,368	341,802	(5,962)	(1,587)	1,272,621
Amortization of intangible assets	–	–	(17,939)	–	(17,939)

	For the six months ended September 30, 2022				
	Down related apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	3,857,086	1,895,381	340,240	87,758	6,180,465
Inter-segment revenue	2,388	26,731	–	11,997	41,116
Reportable segment revenue	3,859,474	1,922,112	340,240	99,755	6,221,581
Reportable segment profit/(loss)	795,067	315,721	(37,129)	(4,272)	1,069,387
Amortization of intangible assets	–	–	(17,939)	–	(17,939)
Impairment losses on goodwill	–	–	(98,000)	–	(98,000)

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	For the six months ended September 30,	
	2023 RMB'000	2022 RMB'000
Revenue		
Reportable segment revenue	7,502,851	6,221,581
Elimination of inter-segment revenue	(31,186)	(41,116)
Consolidated revenue	7,471,665	6,180,465

	For the six months ended September 30,	
	2023 RMB'000	2022 RMB'000
Profit before taxation		
Reportable segment profit	1,272,621	1,069,387
Amortization expenses	(17,939)	(17,939)
Government grants	110,357	104,985
Impairment losses on goodwill	–	(98,000)
Finance income	178,021	184,167
Finance costs	(96,505)	(115,042)
Share of losses of associates and joint ventures	(11,949)	(7,087)
Unallocated expenses	(134,072)	(113,276)
Consolidated profit before income tax	1,300,534	1,007,195

7 OTHER INCOME

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

8 PERSONNEL EXPENSES

	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Salaries, wages and other benefits	654,676	561,308
Equity-settled share-based payments (note 29(c))	13,748	69,009
Contributions to defined contribution plans	111,847	89,417
	780,271	719,734

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 Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed in Hong Kong under the Employment Ordinance (Chapter 57 of the laws of Hong Kong) 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 Hong Kong Dollars ("HKD") 30,000. Contributions to the plan vest immediately.

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

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

9 EXPENSES BY NATURE

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

	For the six months ended	
	September 30,	
	2023	2022
	RMB'000	RMB'000
Cost of inventories recognized as expenses included in cost of sales	3,738,188	3,091,352
Depreciation		
– assets leased out	4,898	4,324
– owned property, plant and equipment	300,389	235,463
– right-of-use assets	245,543	225,845
Amortization charge		
– intangible assets	17,939	17,939
Impairment losses on goodwill	–	98,000
Lease charge of short-term leases exempt from capitalization under IFRS 16	18,842	20,013
Variable lease payments (note 14)	293,352	255,736

10 NET FINANCE INCOME

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

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(Expressed in Renminbi unless otherwise indicated)

11 INCOME TAX

(a) Income tax in profit or loss represents:

	For the six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Current tax		
Provision for income tax	325,066	219,208
Deferred tax		
Reversal of temporary differences (note 11(b))	59,283	63,458
	384,349	282,666

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.
- (ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have any assessable profits subject to any income tax in the United Kingdom during the period.
- (iii) The provision includes provision for PRC income tax and provision for Hong Kong income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for Hong Kong income tax is calculated at Hong Kong Profits Tax rate of 16.5% on the estimated assessable Hong Kong profits for the six months ended September 30, 2023 and 2022.

For the six months ended September 30, 2023, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, and You Nuo (Tianjin) Clothing Limited ("You Nuo"), an enterprise engaged in ladieswear apparel design, production and distribution incorporated in the PRC. Shanghai Bosideng Information Technology Co., Ltd. was granted a preferential rate of 15% for high-tech enterprises for three years started from 2022, and You Nuo was granted a preferential rate of 15% for high-tech enterprises for three years started from 2020.

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

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

11 INCOME TAX (CONTINUED)

(b) Deferred tax assets and liabilities:

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

	Write-down of inventory	Provision for credit loss allowance	Customer relationships and trademark	Property, plant and equipment	Withholding tax on dividends	Unrealized profits arising from intra-group transactions	Unused tax losses	Depreciation charge of right-of-use assets	Right-of-use assets	Lease liabilities	Others	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
At April 1, 2023 (as previously reported)	78,578	20,306	(98,212)	(3,436)	(24,000)	144,293	341,712	12,117	-	-	35,346	506,704
Effect of the initial application of Amendments to IAS12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (note 3(a))	-	-	-	-	-	-	-	(12,117)	(181,430)	193,547	-	-
At April 1, 2023 (as restated)	78,578	20,306	(98,212)	(3,436)	(24,000)	144,293	341,712	-	(181,430)	193,547	35,346	506,704
Credited/(charged) to profit or loss	7,359	9,539	4,484	421	(47,500)	36,529	(100,614)	-	(16,521)	17,411	3,109	(85,783)
Released upon distribution of dividends	-	-	-	-	26,500	-	-	-	-	-	-	26,500
Credited to other comprehensive income	-	-	-	-	-	-	-	-	-	-	(3,568)	(3,568)
At September 30, 2023	85,937	29,845	(93,728)	(3,015)	(45,000)	180,822	241,098	-	(197,951)	210,958	34,887	443,853

Reconciliation to the consolidated statement of financial position:

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Net deferred tax assets	601,089	649,092
Net deferred tax liabilities	(157,236)	(142,388)
	443,853	506,704

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(Expressed in Renminbi unless otherwise indicated)

12 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended September 30, 2023 is based on the profit attributable to equity shareholders of the Company of RMB953,906,000 (six months ended September 30, 2022: RMB734,286,000), after adjusting for the effective interest on the liability component of convertible bonds of RMB35,269,000, and the weighted average number of ordinary shares of 11,421,420,000 (six months ended September 30, 2022: 10,896,909,000 shares), after adjusting for the effect of the Company's share-based payment arrangements (note 29) and the effect of conversion of convertible bonds.

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

13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At March 31, 2023	1,078,095	314,023	504,354	1,930,348	42,735	3,869,555
Additions during the period	–	4,448	22,230	172,253	8,792	207,723
Transfer among items under plant, property and equipment	–	11,459	2,286	–	(13,745)	–
Disposals during the period	–	(1,395)	(11,907)	(102,091)	–	(115,393)
Movement of exchange rate	1,849	–	86	–	–	1,935
At September 30, 2023	1,079,944	328,535	517,049	2,000,510	37,782	3,963,820
Accumulated depreciation						
At March 31, 2023	(311,303)	(92,911)	(336,124)	(1,401,476)	–	(2,141,814)
Depreciation charge for the period	(25,131)	(14,820)	(28,876)	(231,562)	–	(300,389)
Disposals during the period	–	1,018	8,636	55,255	–	64,909
Movement of exchange rate	(764)	–	(212)	–	–	(976)
At September 30, 2023	(337,198)	(106,713)	(356,576)	(1,577,783)	–	(2,378,270)
Net book value						
At September 30, 2023	742,746	221,822	160,473	422,727	37,782	1,585,550
At March 31, 2023	766,792	221,112	168,230	528,872	42,735	1,727,741

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Except for freehold land and buildings with the carrying amount of RMB38,547,000 (March 31, 2023: RMB36,987,000) which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2023. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at September 30, 2023, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

14 RIGHT-OF-USE ASSETS

During the six months ended September 30, 2023, the Group entered into a number of lease agreements for use of warehouses and retail stores, and therefore recognized the additions to right-of-use assets of RMB296,165,000 (six month ended September 30, 2022: RMB279,679,000).

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

	For the six months ended	
	2023	2022
	RMB'000	RMB'000
Variable lease payments not included in the measurement of lease liabilities	293,352	260,337
COVID-19-related rent concessions in the form of a discount on fixed lease payments	–	(4,601)
	293,352	255,736

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(Expressed in Renminbi unless otherwise indicated)

15 INTANGIBLE ASSETS AND GOODWILL

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

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

16 INVESTMENT PROPERTIES

	2023 RMB'000
Cost:	
At March 31	370,801
Effect of movements in exchange rates	6,445
At September 30	377,246
Accumulated depreciation:	
At March 31	(108,287)
Charge for the period	(4,898)
Effect of movement in exchange rates	(463)
At September 30	(113,648)
Net book value:	
At September 30	263,598
At March 31	262,514

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2023, freehold investment properties with the carrying amount of RMB205,791,000 (March 31, 2023: RMB201,186,000) represented land and buildings located in the United Kingdom and leasehold investment properties with the carrying amount of RMB57,807,000 (March 31, 2022: RMB61,328,000) represented buildings located in mainland China. The Group leases out investment properties under operating lease. The leases carry rentals which were determined based on the lease contracts with third parties for a period of three to ten years.

As at September 30, 2023, the estimated fair value of the investment properties had not significantly changed as compared to their respective fair value as at March 31, 2023, because having considered the latest property market condition and the market data on comparable properties, the directors of the Company were of the view that there were no indications of significant changes in the fair value since the previous annual reporting date.

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(Expressed in Renminbi unless otherwise indicated)

17 PREPAYMENTS

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Prepayments for an equity investment (i)	6,675	–
Prepayments for processing fees	5,026	5,498
	11,701	5,498

- (i) On September 28, 2023, prepayment of RMB6,675,000 was made, out of a total consideration of RMB13,350,000, for the acquisition of 40.03% equity interest of Anhui Ehong Down Co., Ltd., a down supplier in the PRC.

18 INVENTORIES

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

19 TRADE AND BILLS RECEIVABLES

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

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

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

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

Ageing analysis

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

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

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20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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

21 OTHER FINANCIAL ASSETS

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

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

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

21 OTHER FINANCIAL ASSETS (CONTINUED)

- (b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. (“Shuo Ming De”), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange stock code: 603518) (“Jinhong Group”) for RMB224,921,000. On May 31, 2019, the shares held by Shuo Ming De increased to 17,057,922 due to the bonus issue of shares made by Jinhong Group. As at September 30, 2023, the shares held by Shuo Ming De were 14,270,669, after the disposal of 2,787,223 shares in July 2021. The Group designated its investment in Jinhong Group as FVOCI (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains.

During the period, the changes in fair value of the investment, after tax effects, of RMB10,703,000 was recognized as a gain in other comprehensive income (six months ended September 30, 2022: loss of RMB38,745,000).

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

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

(i) Listed equity investments

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

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

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

(ii) Investments with banks and other financial institutions

Investments with banks and other financial institutions represented wealth management products offered by banks and other financial institutions. These investments with no guarantee of principal and interest were classified as FVPL. The underlying assets of these wealth management products are a wide range of government and corporate bonds, bank deposits, asset-backed securities, money market funds as well as other listed equity securities, etc.

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

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22 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as securities for the issuance of bills payables:

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Non-current	402,156	500,117
Current	858,290	528,115
Total	1,260,446	1,028,232

The pledged bank deposits as at September 30, 2023 will be released upon the settlement of the relevant bills payable.

23 TIME DEPOSITS

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Non-current		
Time deposits with initial terms over 3 months	350,000	350,000
Current		
Time deposits with initial terms over 3 months	661,752	1,296,184
Total	1,011,752	1,646,184

24 CASH AND CASH EQUIVALENTS

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Cash at bank and on hand	4,327,868	5,542,510
Less: Pledged bank deposits	(858,290)	(528,115)
Time deposits	(661,752)	(1,296,184)
Cash and cash equivalents	2,807,826	3,718,211

Cash and cash equivalents include bank balance of RMB15,106,000 (March 31, 2023: RMB17,574,000) 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.

25 INTEREST-BEARING BORROWINGS

At September 30, 2023, the interest-bearing borrowings were repayable as follows:

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Within 1 year or on demand	918,352	770,406

At September 30, 2023, the interest-bearing borrowings comprised:

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Bank loans		
– Secured (i)	275,280	262,620
– Unsecured (ii)	643,072	507,786
	918,352	770,406

- (i) Bank borrowings of RMB275,280,000 as at September 30, 2023 were secured by letter of guarantee arrangement (March 31, 2023: RMB262,620,000).
- (ii) Unsecured bank borrowings of RMB422,920,000 as at September 30, 2023 were intra-group guaranteed (March 31, 2023: RMB272,623,000).

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26 TRADE, BILLS AND OTHER PAYABLES

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Trade payables	2,126,288	667,461
Bills payable	3,737,114	2,429,863
	5,863,402	3,097,324
Other payables and accrued expenses		
– Deposits from customers	263,190	165,919
– Contract liabilities (i)	219,887	337,427
– Construction payables	205,576	176,376
– Accrued advertising expenses	73,049	65,323
– Accrued payroll, welfare and bonus	173,198	286,475
– VAT and other tax payable	341,062	23,145
– Payables in relation to shares disposed of by employees under share-based payment schemes (note 24)	15,106	17,574
– Receipts in advance in relation to unvested restricted shares (note 29(a))	39,029	40,764
– Interest payable in relation to convertible bonds	5,079	4,861
– Others	142,359	131,284
	7,340,937	4,346,472

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

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

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

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

27 OTHER NON-CURRENT LIABILITIES

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Receipts in advance in relation to unvested restricted shares (note 29(a))	13,056	13,056

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

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

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

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

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

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

(b) Purchase of own shares

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

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29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme (the “2007 Share Option Scheme”) was conditionally approved by a resolution of the shareholders of the Company 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 of the Company 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 funded solely by existing shares of the Company, 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 funded solely by existing shares of the Company, 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.

As at September 30, 2023, the Company had the following share-based payment arrangements:

(a) Restricted shares

- (i) On April 23, 2020, the Group granted a number of 87,000,000 restricted shares to eligible persons who were directors, senior management or core employees of the Group.

The terms and conditions of the grants are as follows:

	Number of restricted shares	Vesting period
Restricted shares granted to directors, senior management or core employees		
– on April 23, 2020	26,100,000	3 years commencing from 15 months after the date of grant
– on April 23, 2020	26,100,000	2 years commencing from 27 months after the date of grant
– on April 23, 2020	34,800,000	1 year commencing from 39 months the date of grant
Total restricted shares granted	87,000,000	

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) Restricted shares (continued)

In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2021, 2022 and 2023 as well as the cumulative performance for the two years and three years ended March 31, 2022 and 2023, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.97 per share, which shall be refunded if the restricted shares are not vested. As of September 30, 2023, upfront payments for all restricted shares were received by the Group and such payments were recorded as other current payable of RMB29,237,000.

Details of the number and purchase price of restricted shares during the period were as follows:

	Purchase price per share	Number of restricted shares
Outstanding at March 31, 2023	HKD0.97	47,850,000
Vested during the period	HKD0.97	(17,400,000)
Forfeited during the period	HKD0.97	(30,450,000)
Outstanding at September 30, 2023	HKD0.97	–

- (ii) On December 20, 2021, the Company granted an aggregate of 16,000,000 restricted shares to eligible persons who were senior management or core employees of the Group.

The terms and conditions of the grants are as follows:

	Number of restricted shares	Vesting period
Restricted shares granted to senior management or core employees		
– on December 20, 2021	4,800,000	3 years commencing from 12 months after the date of grant
– on December 20, 2021	4,800,000	2 years commencing from 24 months after the date of grant
– on December 20, 2021	6,400,000	1 year commencing from 36 months the date of grant
Total restricted shares granted	16,000,000	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) Restricted shares (continued)

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

Details of the number and purchase price of restricted shares during the period were as follows:

	Purchase price per share	Number of restricted shares
Outstanding at March 31, 2023	HKD2.49	11,200,000
Vested during the period	HKD2.49	–
Forfeited during the period	HKD2.49	–
Outstanding at September 30, 2023	HKD2.49	11,200,000

(b) Share options

- (i) On October 26, 2018, the Company granted 260,000,000 share options to eligible persons who were directors, senior management or core employees of the Group. Each option gives the eligible persons the right to subscribe for one ordinary share of the Company.

The terms and conditions of the grants are as follows:

	Number of share options	Vesting period
Options granted to directors, senior management or core employees		
– on October 26, 2018	78,000,000	Evenly in 9 years commencing from 12 months after the date of grant
– on October 26, 2018	78,000,000	Evenly in 8 years commencing from 24 months after the date of grant
– on October 26, 2018	104,000,000	Evenly in 7 years commencing from 36 months after the date of grant
Total share options granted	260,000,000	

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share options (continued)

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 3 years ended March 31, 2019, 2020 and 2021.

Details of the number and weighted average exercise price of share options during the period were as follows:

	Weighted average exercise price	Number of share options
Outstanding at March 31, 2023	HKD1.07	43,051,999
Exercised during the period	HKD1.07	(130,000)
Forfeited during the period	HKD1.07	–
Outstanding at September 30, 2023	HKD1.07	42,921,999
Exercisable at September 30, 2023	HKD1.07	6,991,999

- (ii) On April 23, 2020, the Company granted 330,000,000 share options to eligible persons who are directors, senior management or core employees of the Group. Each option gives the eligible persons the right to subscribe for one ordinary share of the Company.

The terms and conditions of the grants are as follows:

	Number of share options	Vesting period
Options granted to directors, senior management or core employees		
– on April 23, 2020	99,000,000	3 years commencing from 15 months after the date of grant
– on April 23, 2020	99,000,000	2 years commencing from 27 months after the date of grant
– on April 23, 2020	132,000,000	1 year commencing from 39 months the date of grant
Total share options granted	330,000,000	

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 3 years ended March 31, 2021, 2022 and 2023 as well as the cumulative performance for the two years and three years ended March 31, 2022 and 2023, respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share options (continued)

Details of the number and weighted average exercise price of share options during the period were as follows:

	Weighted average exercise price	Number of share options
Outstanding at March 31, 2023	HKD1.94	227,602,000
Exercised during the period	HKD1.94	(1,430,000)
Forfeited during the period	HKD1.94	(99,740,000)
Outstanding at September 30, 2023	HKD1.94	126,432,000
Exercisable at September 30, 2023	HKD1.94	126,432,000

- (iii) On December 20, 2021, the Company granted 103,200,000 share options to eligible persons who are senior management or core employees of the Group. Each option gives the eligible persons the right to subscribe for one ordinary share of the Company.

The terms and conditions of the grants are as follows:

	Number of share options	Vesting period
Options granted to senior management or core employees		
– on December 20, 2021	30,960,000	3 years commencing from 12 months after the date of grant
– on December 20, 2021	30,960,000	2 years commencing from 24 months after the date of grant
– on December 20, 2021	41,280,000	1 year commencing from 36 months the date of grant
Total share options granted	103,200,000	

In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2022 and 2023 and ending March 31, 2024 as well as the cumulative performance for the two years ended March 31, 2023 and three years ending March 31, 2024, respectively.

Details of the number and weighted average exercise price of share options during the period were as follows:

	Weighted average exercise price	Number of share options
Outstanding at March 31, 2023	HKD4.98	101,400,000
Exercised during the period	HKD4.98	–
Forfeited during the period	HKD4.98	–
Outstanding at September 30, 2023	HKD4.98	101,400,000
Exercisable at September 30, 2023	HKD4.98	18,588,000

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share options (continued)

- (iv) On October 23, 2020, the Company granted 100,000,000 share options to Wise Triumph Group Limited, an eligible independent consultant of the Group. Each option gives the eligible persons the right to subscribe for one ordinary share of the Company.

The terms and conditions of the grants are as follows:

	Number of share options	Vesting period
Options granted to non-employees		
– on October 23, 2020	30,000,000	3 years commencing from 12 months after the date of grant
– on October 23, 2020	30,000,000	2 years commencing from 24 months after the date of grant
– on October 23, 2020	40,000,000	1 years commencing from 36 months after the date of grant
Total share options granted	100,000,000	

In addition to the service condition, there are other vesting conditions related to:

- i) the Group's performance for each of the three years ended March 31, 2021, 2022 and 2023 as well as the cumulative performance for the two years and three years ended March 31, 2022 and 2023, respectively; and
- ii) the Bosideng brand's performance for each of the three years ended March 31, 2022 and 2023, and ending March 31, 2024 as well as the cumulative performance for the two years ended March 31, 2023 and three years ending March 31, 2024, respectively.

Details of the number and weighted average exercise price of share options during the period were as follows:

	Weighted average exercise price	Number of share options
Outstanding at March 31, 2023	HKD3.41	100,000,000
Exercised during the period	HKD3.41	–
Forfeited during the period	HKD3.41	–
Outstanding at September 30, 2023	HKD3.41	100,000,000
Exercisable at September 30, 2023	HKD3.41	–

(c) Expense recognized in profit or loss

The share-based payment related employee benefit expenses was disclosed in note 8.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

30 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) 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			
	September 30, 2023 categorized into			
	Fair value at	Significant	Significant other	Significant
	September 30,	observable inputs	observable inputs	unobservable
2023	(Level1)	(Level 2)	inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated as FVOCI (non-recycling)	133,003	133,003	–	–
Financial assets classified as FVPL	3,445,077	929	3,444,148	–

The Group	Fair value measurements as at			
	March 31, 2023 categorized into			
	Fair value at	Significant	Significant other	Significant
	March 31,	observable inputs	observable inputs	unobservable
2023	(Level1)	(Level 2)	inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated at FVOCI (non-recycling)	118,732	118,732	–	–
Financial assets classified as FVPL	3,968,637	1,193	3,967,444	–

30 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) 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.

(b) 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 September 30, 2023 and March 31, 2023.

31 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

Commitments of the Group in respect of plant, property and equipment, equity investments and advertising and promotional expenses outstanding at September 30, 2023 not provided for in the consolidated financial statements were as follows:

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Contracted for	238,072	167,639

(b) Contingent liabilities

As at the end of the reporting period, the Group did not have any significant contingent liabilities.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

32 RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2023 and 2022, transactions with the following parties are considered as related party transactions.

<i>Name of parties</i>	<i>Relationship</i>
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
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") 江蘇康欣製衣有限公司("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
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
Anhui Liuqiao International Supply Chain Co., Ltd. ("Anhui Liuqiao") 安徽柳橋國際供應鏈有限公司("安徽柳橋")	Associate
Bogner GCA Holding PTE. Ltd. ("Bogner GCA Holding") 博格納大中華控股有限公司("博格納大中華控股")	Joint venture

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Six months ended September 30,	
	2023	2022
	RMB'000	RMB'000
Purchase of raw materials:		
Bosideng Corporation	562	5
Lease and service charges under lease agreements:		
Bosideng Corporation	2,714	3,949
Changshu Kangbo	87	–
	2,801	3,949
Processing fee costs:		
Bosideng Corporation	821,284	965,570
Jiangsu Kangxin	56,148	24,273
Shandong Kangbo Industrial	–	2,461
Kangbo Gaoyou	13,753	14,334
	891,185	1,006,638
Integrated service fees:		
Bosideng Corporation	6,467	6,157
Changshu Kangbo	535	39
Jiangsu Suyong	–	284
	7,002	6,480
Integrated service income:		
Bogner GCA Holding	27	–
Loans or advances provided to, netting off the repayment:		
Anhui Liuqiao	21,500	21,000
Bogner GCA Holding	3,000	–
	24,500	21,000

Based on IFRS 16, for the lease of properties from Bosideng Corporation, the Group had recognized a lease liability with the balance of RMB17,972,000 (March 31, 2023: RMB20,442,000), and a right-of-use asset with the balance of RMB16,494,000 (March 31, 2023: RMB18,874,000) as at September 30, 2023. In addition, the Group recorded depreciation of right-of-use asset of RMB5,851,000 (six months ended September 30, 2022: RMB4,633,000) and an interest expense of RMB484,000 (six months ended September 30, 2022: RMB657,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	At September 30, 2023 RMB'000	At March 31, 2023 RMB'000
Amounts due from:		
Prepayments to related parties (i):		
Bosideng Corporation	179,906	86,265
Kangbo Gaoyou	8,338	3,880
Jiangsu Kangxin	7,330	1,186
	195,574	91,331
Other receivables due from related parties (iii):		
Bosideng Corporation	27,874	29,553
Jiangsu Kangxin	19	–
Anhui Liuqiao (ii)	42,500	21,788
Kangbo Gaoyou	92	–
Bogner GCA Holding	3,029	136
	73,514	51,477
	269,088	142,808
Amounts due to:		
Trade and other payables due to related parties (iv):		
Bosideng Corporation	339	3,979
Changshu Kangbo	–	95
	339	4,074

- (i) The prepayments to related parties mainly arose from the transaction of raw material and processing service procurement from related parties which are expected to be settled within one year.
- (ii) The other receivables due from Anhui Liuqiao represented a loan provided with the maturity date on August 31, 2024. The loan is secured and bears 5% interest rate per annum. During six months ended September 30, 2023, total interest income generating from the loan was RMB702,000 (six months ended September 30, 2022: RMB102,000).
- (iii) Except for the other receivables due from Anhui Liuqiao, the remaining receivables due from related parties are unsecured, interest-free and expected to be recovered within one year or on demand.
- (iv) The trade and other payables due to related parties are unsecured, interest-free and are expected to be paid within one year or on demand.

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

GENERAL INFORMATION

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

As at September 30, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of 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 and short positions which each of them had taken or deemed to have taken under the provisions of the SFO); (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:

Name of Director	Nature of interest	Number of Shares in long position	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)	1,714,862,385	15.73%
	Founder of discretionary trust (Note 5)	611,656,857	5.61%
	Founder of discretionary trust (Note 6)	2,836,311,202	26.01%
	Founder of discretionary trust (Note 7)	2,000,000,000	18.34%
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)	1,714,862,385	15.73%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.61%
	Beneficiary of discretionary trust (Note 6)	2,836,311,202	26.01%
	Beneficiary of discretionary trust (Note 7)	2,000,000,000	18.34%
Ms. Huang Qiaolian	Beneficial owner (Note 8)	13,137,697	0.12%
Mr. Rui Jinsong	Beneficial owner (Note 8)	49,854,242	0.46%
Mr. Gao Xiaodong	Beneficiary of discretionary trust (Note 4)	1,714,862,385	15.73%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.61%
	Beneficiary of discretionary trust (Note 6)	2,836,311,202	26.01%
	Beneficiary of discretionary trust (Note 7)	2,000,000,000	18.34%

Notes:

1. The percentage represents the number of the Shares interested divided by the total number of the issued Shares as at September 30, 2023 of 10,904,845,385.
2. These Shares were directly held by Kong Bo Development Limited. Kong Bo Development Limited is owned as to 80% by Lucky Pure Limited, which is in turn wholly owned by Mr. Gao Dekang. As Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Mei Dong is deemed to be interested in the 262,479,999 Shares interested by Mr. Gao Dekang under the SFO.
3. Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
4. These Shares were directly held by New Surplus, which is wholly owned by Topping Wealth Limited. Topping Wealth Limited is wholly owned by Kova Group Limited, which is wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as the 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 Mr. Gao Dekang, 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 1,714,862,385 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 the 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 the founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.
7. These Shares were directly held by Blooming Sky Ventures Limited (as mentioned in note 6 above).
8. Details of the Options and awarded Shares are set out in the section headed "Human Resources" under "Management Discussion and Analysis" of this report.

Save as disclosed above, as at September 30, 2023, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or were deemed to have taken under the provisions of the SFO); (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.

GENERAL INFORMATION

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

As at September 30, 2023, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or 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 Shares carrying rights to vote in all circumstances at the general meetings of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company (Note 5)
Jiangsu Kangbo Investment Co., Ltd.	Interest of controlled corporation (Note 1)	1,714,862,385	15.73%
Kangbo Holdings Group Co., Ltd.	Interest of controlled corporation (Note 1)	1,714,862,385	15.73%
Bosideng Corporation Limited	Interest of controlled corporation (Note 1)	1,714,862,385	15.73%
Bo Flying Limited	Interest of controlled corporation (Note 1)	1,714,862,385	15.73%
BOS Trustee Limited	Trustee (Note 3)	4,836,311,202	44.35%
Blooming Sky Investment Limited	Interest of controlled corporation (Note 3)	4,836,311,202	44.35%
Blooming Sky Ventures Limited	Interest of controlled corporation (Note 3)	4,836,311,202	44.35%
Kong Bo Investment Limited	Beneficial interest (Note 4)	2,836,311,202	26.01%
Cititrust Private Trust (Cayman) Limited	Trustee (Note 2)	611,656,857	5.61%
	Trustee (Note 1)	1,714,862,385	15.73%
Kova Group Limited	Interest of controlled corporation (Note 1)	1,714,862,385	15.73%
Topping Wealth Limited	Interest of controlled corporation (Note 1)	1,714,862,385	15.73%
New Surplus	Beneficial interest (Note 1)	1,714,862,385	15.73%
First-Win Enterprises Limited	Interest of controlled corporation (Note 2)	611,656,857	5.61%
Honway Enterprises Limited	Beneficial interest (Note 2)	611,656,857	5.61%

Notes:

- 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 notes 6 and 7 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.
- The percentage represents the number of the Shares interested divided by the total number of the issued Shares as at September 30, 2023 of 10,904,845,385.

Save as disclosed above, as at September 30, 2023, no person 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 was directly or indirectly interested in 5% or more of the Shares carrying rights to vote in all circumstances at the general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

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

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

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

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2023 and up to the date of this 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 six months ended September 30, 2023.

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process, risk management and internal control procedures of the Group, nominate and monitor external auditors, 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 KPMG, the Company's external auditor. The independent review report issued by KPMG is set out in this report. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely, Dr. Ngai Wai Fung (chairman), Mr. Dong Binggen and Mr. Wang Yao.

GENERAL INFORMATION

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.25 and 3.26 of the Listing Rules, whose primary duties are to determine the remuneration packages of individual executive Directors and the senior management 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 the date of this report, the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (chairman), Mr. Gao Dekang and Mr. Dong Binggen.

NOMINATION COMMITTEE

The Nomination Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Code provision B.3.1, whose primary functions are to 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 make recommendations to the Board regarding candidates to fill vacancies on the Board. 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 the date of this report, the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Gao Dekang (chairman), Mr. Dong Binggen and Mr. Wang Yao.

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

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang (Chairman and CEO) ^(Notes 1 & 2)
Ms. Mei Dong
Ms. Huang Qiaolian
Mr. Rui Jinsong
Mr. Gao Xiaodong

Independent Non-executive Directors

Mr. Dong Binggen ^(Notes 1, 2 & 3)
Mr. Wang Yao ^(Notes 1, 2 & 3)
Dr. Ngai Wai Fung ^(Note 3)

COMPANY SECRETARY

Ms. Liang Shuang

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Ms. Liang Shuang

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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

WEBSITES

<http://company.bosideng.com>
<http://www.bosideng.com>

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

KPMG
Public Interest Entity Auditor registered
in accordance with the Financial Reporting
Council Ordinance

CORPORATE INFORMATION

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
China CITIC Bank Corporation Limited
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Sumitomo Mitsui Banking Corporation Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

Notes:

- (1) Members of the Remuneration Committee, Mr. Wang Yao is the chairman of the Remuneration Committee
- (2) Members of the Nomination Committee, Mr. Gao Dekang is the chairman of the Nomination Committee
- (3) Members of the Audit Committee, Dr. Ngai Wai Fung is the chairman of the Audit Committee

SHAREHOLDER INFORMATION

IMPORTANT DATES

Closure of Register of Members

December 19, 2023 to December 21, 2023
(both days inclusive)

DIVIDENDS

Interim Dividend: HKD5.0 cents per Share
Payable : On or around January 11, 2024

INTERIM PERIOD END

September 30

BOARD LOT

2,000 Shares

DEFINITIONS

Terms	Definitions
"2011 Share Award Scheme"	the share award scheme adopted by the Company on September 23, 2011, which expired on March 31, 2018
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CEO"	the chief executive officer of the Company
"Chairman"	the chairman of the Board
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Bosideng International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 10, 2006
"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, which are listed on the Stock Exchange (Stock Code: 40107)
"Director(s)"	the director(s) of the Company
"European euro(s)"	the lawful currency of the European Union
"Financial Statements"	the unaudited condensed consolidated interim financial statements for the six months ended September 30, 2023 set out in the Independent Review Report in this report
"FY2022/23"	the year ended March 31, 2023
"FY2023/24"	the year ending March 31, 2024
"Group"	the Company and its subsidiaries
"HKD" or "HK dollar(s)"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

Terms

Definitions

“Japanese yen”	the lawful currency of Japan
“Latest Practicable Date”	the latest practicable date prior to the printing of this interim report (being December 11, 2023)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“New Surplus”	New Surplus International Investment Limited, a shareholder of the Company
“Nomination Committee”	the nomination committee of the Company
“OEM”	original equipment manufacturing
“Options”	share options granted under the Share Option Scheme
“Period”	the period ended September 30, 2023
“Pound sterling”	the lawful currency of the United Kingdom
“PRC” or “China”	the People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Company
“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 Award Schemes”	the “2011 Share Award Scheme” and the “Share Award Scheme”
“Share Option Scheme”	the share option scheme adopted by the Company on August 25, 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription and issue of the Convertible Bonds pursuant to the Subscription Agreement

DEFINITIONS

Terms

“Subscription Agreement”

“USD” or “US dollar(s)”

“%”

Definitions

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

the lawful currency of the United States of America

per cent.

世界羽絨服 中國波司登 引領新潮流

高德康

波司登
BOSIDENG

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

company.bosideng.com
www.bosideng.com