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波司登 BOSIDENG

波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

HIGHLIGHTS

- Revenue increased by 14.1% to approximately RMB6,180.5 million.
- Gross profit margin decreased by 0.7 percentage points to 50.0%.
- Operating profit margin increased by 0.6 percentage points to 15.3%.
- Profit attributable to equity shareholders of the Company increased by 15.0% to approximately RMB734.3 million.
- The Board declared payment of an interim dividend of HKD4.5 cents per ordinary share.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Bosideng International Holdings Limited (the “**Company**” or “**Bosideng**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or the “**Bosideng Group**”) for the six months ended September 30, 2022, together with the unaudited comparative figures for the corresponding period in 2021. These interim financial statements have not been audited, but have been reviewed by the audit committee of the Company and approved by the Board. The interim results have also been reviewed by the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose report on review of interim financial report will be set out in the *Interim Report 2022/23*.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2022 – unaudited

		Six months ended September 30,	
	Note	2022	2021
		RMB'000	RMB'000
Revenue	6	6,180,465	5,416,978
Cost of sales		<u>(3,091,352)</u>	<u>(2,668,756)</u>
Gross profit		3,089,113	2,748,222
Other income	7	104,985	113,453
Selling and distribution expenses		(1,623,126)	(1,614,152)
Administrative expenses		(525,058)	(452,830)
Impairment losses on goodwill	12	(98,000)	–
Other expenses		<u>(2,757)</u>	<u>(87)</u>
Profit from operations		945,157	794,606
Finance income		184,167	133,093
Finance costs		<u>(115,042)</u>	<u>(103,766)</u>
Net finance income	9	69,125	29,327
Share of losses of associates and joint ventures		(7,087)	–
Profit before taxation		1,007,195	823,933
Income tax	10	<u>(282,666)</u>	<u>(196,798)</u>
Profit for the period		724,529	627,135

Six months ended September 30,

	<i>Note</i>	2022	2021
		RMB'000	RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		734,286	638,474
Non-controlling interests		(9,757)	(11,339)
		<u>734,286</u>	<u>638,474</u>
Profit for the period		<u>724,529</u>	<u>627,135</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		513,901	754,894
Non-controlling interests		(9,757)	(11,339)
		<u>513,901</u>	<u>754,894</u>
Total comprehensive income for the period		<u>504,144</u>	<u>743,555</u>
Earnings per share			
	<i>11</i>		
– basic (RMB cents)		<u>6.79</u>	<u>5.95</u>
– diluted (RMB cents)		<u>6.74</u>	<u>5.88</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At September 30, 2022 – unaudited

	Note	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Non-current assets			
Property, plant and equipment		1,697,219	1,758,082
Right-of-use assets		1,115,466	1,121,890
Intangible assets and goodwill	12	1,380,220	1,496,159
Interests in associates		46,239	41,864
Interests in joint ventures		193,055	94,107
Investment properties		253,391	266,280
Prepayments		8,520	13,332
Other financial assets	16	217,641	173,827
Deferred tax assets		550,225	611,458
Pledged bank deposits		320,000	770,000
Time deposits		450,000	200,000
		<u>6,231,976</u>	<u>6,546,999</u>
Current assets			
Inventories	13	3,433,822	2,688,186
Trade and bills receivables	14	4,452,063	1,236,748
Deposits, prepayments and other receivables	15	1,585,839	1,281,234
Amounts due from related parties		184,931	200,268
Other financial assets	16	4,080,727	6,521,270
Pledged bank deposits		1,048,611	182,148
Time deposits		119,500	124,300
Cash and cash equivalents		1,766,901	2,502,563
		<u>16,672,394</u>	<u>14,736,717</u>
Current liabilities			
Current income tax liabilities		625,937	620,299
Interest-bearing borrowings		1,654,477	933,950
Lease liabilities		289,056	269,526
Trade, bills and other payables	17	6,155,838	4,777,954
Amounts due to related parties		9,971	8,373
		<u>8,735,279</u>	<u>6,610,102</u>
Net current assets		<u>7,937,115</u>	<u>8,126,615</u>
Total assets less current liabilities		<u>14,169,091</u>	<u>14,673,614</u>

	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Non-current liabilities		
Deferred tax liabilities	155,476	166,166
Lease liabilities	619,899	627,590
Convertible bonds	1,817,720	1,599,598
Other non-current liabilities	22,848	53,820
	<u>2,615,943</u>	<u>2,447,174</u>
Net assets	<u><u>11,553,148</u></u>	<u><u>12,226,440</u></u>
Capital and reserves		
Share capital	817	817
Reserves	11,528,751	12,192,286
Equity attributable to equity shareholders of the Company	11,529,568	12,193,103
Non-controlling interests	<u>23,580</u>	<u>33,337</u>
Total equity	<u><u>11,553,148</u></u>	<u><u>12,226,440</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 24, 2022.

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, 2022, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending March 31, 2023. 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, 2022. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The financial information relating to the financial year ended March 31, 2022 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, 2022 are available in the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 23, 2022.

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 16 *Property, plant and equipment: Proceeds before intended use.*
- Amendments to IAS 37 *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract.*

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

4 SEASONALITY OF OPERATIONS

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

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2021/22 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 apparels – The down apparel segment carries on the business of sourcing and distributing branded down apparels and certain brand authorization.
- OEM management – The OEM management segment carries on the business of sourcing and distributing OEM products.
- Ladieswear apparels – The ladieswear 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 uniform 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,	
	2022	2021
	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	6,154,348	5,386,695
– Royalty income	24,195	27,445
	6,178,543	5,414,140
Revenue from other sources		
Gross rentals from investment properties	1,922	2,838
Consolidated revenue	6,180,465	5,416,978

All revenue was recognized at point in time.

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

(b) **Segment results**

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, 2022				
	Down apparels <i>RMB'000</i>	OEM management <i>RMB'000</i>	Ladieswear apparels <i>RMB'000</i>	Diversified apparels <i>RMB'000</i>	Group <i>RMB'000</i>
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)
	For the six months ended September 30, 2021				
	Down apparels <i>RMB'000</i>	OEM management <i>RMB'000</i>	Ladieswear apparels <i>RMB'000</i>	Diversified apparels <i>RMB'000</i>	Group <i>RMB'000</i>
Revenue from external customers	3,500,798	1,428,008	416,382	71,790	5,416,978
Inter-segment revenue	–	2,004	–	5,874	7,878
Reportable segment revenue	3,500,798	1,430,012	416,382	77,664	5,424,856
Reportable segment profit/(loss)	562,171	204,470	24,445	(3,740)	787,346
Amortization of intangible assets	–	–	(17,939)	–	(17,939)

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

	For the six months ended September 30,	
	2022	2021
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	6,221,581	5,424,856
Elimination of inter-segment revenue	(41,116)	(7,878)
Consolidated revenue	<u>6,180,465</u>	<u>5,416,978</u>
	For the six months ended September 30,	
	2022	2021
	RMB'000	RMB'000
Profit before taxation		
Reportable segment profit	1,069,387	787,346
Amortization expenses	(17,939)	(17,939)
Government grants	104,985	113,453
Impairment losses on goodwill	(98,000)	–
Finance income	184,167	133,093
Finance costs	(115,042)	(103,766)
Share of losses of associates and joint ventures	(7,087)	–
Unallocated expenses	(113,276)	(88,254)
Consolidated profit before income tax	<u>1,007,195</u>	<u>823,933</u>

7 **OTHER INCOME**

	For the six months ended September 30,	
	2022	2021
	RMB'000	RMB'000
Government grants (i)	<u>104,985</u>	<u>113,453</u>

- (i) The Group received unconditional discretionary grants amounting to RMB104,985,000 during the six months ended September 30, 2022 (six months ended September 30, 2021: RMB113,453,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

8 EXPENSES BY NATURE

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

	For the six months ended	
	September 30,	
	2022	2021
	RMB'000	RMB'000
Cost of inventories recognized as expenses included in cost of sales	3,091,352	2,668,756
Depreciation		
– assets leased out	4,324	4,316
– owned property, plant and equipment	235,463	235,925
– right-of-use assets	225,845	177,455
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	20,013	28,996
Variable lease payments	255,736	259,966

9 NET FINANCE INCOME

	For the six months ended	
	September 30,	
	2022	2021
	RMB'000	RMB'000
Recognized in profit or loss:		
Interest income on bank deposits and loan receivable due from a related party	53,507	41,118
Interest income on financial assets measured at amortized cost	11,597	25,741
	<hr/>	<hr/>
Total interest income on financial assets	65,104	66,859
Realized/unrealized net gain in financial assets classified as fair value through profit or loss (“FVPL”)	95,495	57,461
Dividend income	–	2,443
Net foreign exchange gain	23,568	6,330
	<hr/>	<hr/>
Finance income	184,167	133,093
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Interest on interest-bearing borrowings and discounted bills	(44,077)	(46,868)
Interest on convertible bonds	(36,461)	(34,299)
Bank charges	(10,162)	(4,886)
Interest expenses on lease liabilities	(24,342)	(17,713)
	<hr/>	<hr/>
Finance costs	(115,042)	(103,766)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net finance income recognized in profit or loss	69,125	29,327
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10 INCOME TAX

Income tax in profit or loss represents:

	For the six months ended	
	September 30,	
	2022	2021
	RMB'000	RMB'000
Current tax		
Provision for income tax	219,208	297,078
Deferred tax		
Reversal/(origination) of temporary differences	63,458	(100,280)
	<u>282,666</u>	<u>196,798</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI.
- (ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have any assessable profits subject to any income tax in the United Kingdom during the period.
- (iii) The provision includes provision for PRC income tax and provision for HK income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group’s subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate of 16.5% on the estimated assessable Hong Kong profits for the six months ended September 30, 2021 and 2022.

For the six months ended September 30, 2022, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides services for procurement, production planning, order management, storage and logistics management and services to the companies of the Group, and You Nuo (Tianjin) Clothing Limited (“**You Nuo**”), an enterprise engaged in ladieswear apparel design, production and distribution incorporated in the PRC. Shanghai Bosideng Information Technology Co., Ltd. and Jiangsu Bosideng Supply Chain Co., Ltd. were granted a preferential rate of 15% for high-tech enterprises for three years started from 2019, and You Nuo was granted a preferential rate of 15% for high-tech enterprises for three years started from 2021.

- (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%.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended September 30, 2022 is based on the profit attributable to ordinary equity shareholders of the Company of RMB734,286,000 (six months ended September 30, 2021: RMB638,474,000) and the weighted average number of ordinary shares of 10,814,897,000 (six months ended September 30, 2021: 10,739,473,000 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, 2022 is based on the profit attributable to equity shareholders of the Company of RMB734,286,000 (six months ended September 30, 2021: RMB638,474,000) and the weighted average number of ordinary shares of 10,896,909,000 (six months ended September 30, 2021: 10,860,262,000 shares), after adjusting for the effect of the Company's share-based payment arrangements. The potential ordinary shares in respect of the effect of conversion of convertible bonds was anti-dilutive, as it would lead to an increase for the earnings per share.

12 INTANGIBLE ASSETS AND GOODWILL

	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:				
At March 31, 2022 and September 30, 2022	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2022	(640,741)	(634,852)	(219,016)	(1,494,609)
Amortization charge for the period	–	(2,095)	(15,844)	(17,939)
Impairment losses	(98,000)	–	–	(98,000)
At September 30, 2022	(738,741)	(636,947)	(234,860)	(1,610,548)
Net book value:				
At September 30, 2022	969,410	11,875	398,935	1,380,220
At March 31, 2022	1,067,410	13,970	414,779	1,496,159

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

Impairment testing of intangible assets and goodwill

For the purpose of impairment testing, customer relationships, trademarks and goodwill are allocated to the Group's cash generating unit ("CGU") according to the Group's operating divisions.

The management of the Group engaged an external valuer to conduct an impairment test to determine the recoverable amounts of each of the above CGUs containing intangible assets and goodwill as at September 30, 2022.

The recoverable amounts of the CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by the management for the purposes of impairment reviews covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU, respectively, were determined using discount rates with a range from 18.4% to 18.6%.

Based on assessments using the discounted cashflow forecast method, the businesses of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin brand ladieswear CGU were underperformed. The recoverable amounts of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin brand ladieswear CGU were RMB524,767,000, RMB527,226,000 and RMB603,404,000, which were lower than the carrying amount by RMB9,800,000, RMB68,600,000 and RMB19,600,000, respectively. Therefore, a total impairment loss of RMB98,000,000 has been recognized in the profit or loss account for the six months ended September 30, 2022 (six months ended September 30, 2021: nil). The impairment losses were fully allocated to goodwill.

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

	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Gross value		
Menswear	292,741	292,741
Ladieswear – JESSIE brand	484,312	484,312
Ladieswear – BUOU BUOU brand	525,137	525,137
Ladieswear – Tianjin Ladieswear	405,961	405,961
	<u>1,708,151</u>	<u>1,708,151</u>
Accumulated impairment losses		
Menswear	(292,741)	(292,741)
Ladieswear – JESSIE brand	(160,800)	(151,000)
Ladieswear – BUOU BUOU brand	(230,600)	(162,000)
Ladieswear – Tianjin Ladieswear	(54,600)	(35,000)
	<u>(738,741)</u>	<u>(640,741)</u>
Net value		
Menswear	–	–
Ladieswear – JESSIE brand	323,512	333,312
Ladieswear – BUOU BUOU brand	294,537	363,137
Ladieswear – Tianjin Ladieswear	351,361	370,961
	<u>969,410</u>	<u>1,067,410</u>

13 INVENTORIES

	At September 30, 2022 <i>RMB'000</i>	At March 31, 2022 <i>RMB'000</i>
Raw materials	1,022,209	891,118
Work in progress	28,745	23,763
Finished goods	2,382,868	1,773,305
	<u>3,433,822</u>	<u>2,688,186</u>

14 TRADE AND BILLS RECEIVABLES

	At September 30, 2022 <i>RMB'000</i>	At March 31, 2022 <i>RMB'000</i>
Trade receivables	4,552,010	1,235,139
Bills receivable	65,259	132,311
Less: loss allowance for doubtful debts	(165,206)	(130,702)
	<u>4,452,063</u>	<u>1,236,748</u>

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB4,617,269,000 as at September 30, 2022 (March 31, 2022: RMB1,367,450,000).

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

As at September 30, 2022, the Group endorsed certain bank acceptance bills totaling RMB9,898,000 (March 31, 2022: RMB49,194,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB700,000 (March 31, 2022: RMB29,640,000) of bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considers that the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Ageing analysis

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

	At September 30, 2022 <i>RMB'000</i>	At March 31, 2022 <i>RMB'000</i>
Within credit terms	4,134,051	981,110
1 to 3 months past due	118,771	230,693
Over 3 months but less than 6 months past due	170,995	13,918
Over 6 months but less than 12 months past due	22,791	2,361
Over 1 year past due	5,455	8,666
	<u>4,452,063</u>	<u>1,236,748</u>

15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Deposits	758,903	551,870
Prepayments for materials and processing fee	379,234	372,386
Prepayments for other services	140,697	68,967
	<u>519,931</u>	<u>441,353</u>
Third party other receivables:		
– Value-added tax (“VAT”) recoverable	227,318	235,365
– Advances to employees	50,234	28,604
– Others	29,453	24,042
	<u>307,005</u>	<u>288,011</u>
Total	<u><u>1,585,839</u></u>	<u><u>1,281,234</u></u>

16 OTHER FINANCIAL ASSETS

	<i>Note</i>	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Non-current			
Financial assets measured at amortized cost	<i>(a)</i>	–	14,860
Equity securities designated at FVOCI (non-recycling)	<i>(b)</i>	89,049	140,709
Financial assets classified as FVPL	<i>(c)</i>	128,592	18,258
		<u>217,641</u>	<u>173,827</u>
Current			
Financial assets measured at amortized cost	<i>(a)</i>	–	1,154,923
Financial assets classified as FVPL	<i>(c)</i>	4,080,727	5,366,347
		<u>4,080,727</u>	<u>6,521,270</u>
Total		<u><u>4,298,368</u></u>	<u><u>6,695,097</u></u>

- (a) Financial assets measured at amortized cost are principal guaranteed short-term or long-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 1.05% to 5.05% per annum (March 31, 2022: 1.05% to 5.05%). As at September 30, 2022, the Group had no more such financial assets measured at amortized cost.

During the period, the interest on financial assets measured at amortized cost of RMB11,597,000 was recognized as finance income (six months ended September 30, 2021: RMB25,741,000).

- (b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. (“**Shuo Ming De**”), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange stock code: 603518) (“**Jinhong Group**”) for RMB224,921,000. On May 31, 2019, the shares held by Shuo Ming De increased to 17,057,922 due to the bonus issue of shares made by Jinhong Group. As at September 30, 2022, the shares held by Shuo Ming De were 14,270,699, after the disposal of 2,787,223 shares in July 2021. The Group designated its investment in Jinhong Group as FVOCI (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains.

During the period, the changes in fair value of the investment, after tax effects, of RMB38,745,000 was recognized as a loss in other comprehensive income (six months ended September 30, 2021: gain of RMB129,851,000).

No dividend was received for this investment during the six months ended September 30, 2022 (six months ended September 30, 2021: nil).

- (c) As at September 30, 2022, financial assets classified as FVPL represented listed equity investments of RMB323,000 (March 31, 2022: RMB317,000) and investments with banks and other financial institutions of RMB4,208,996,000 (March 31, 2022: RMB5,384,288,000).

- (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, 2022, the net realized/unrealized loss of other listed equity investments held by the Group of RMB110,000 were recognized as a loss in net finance income (six months ended September 30, 2021: RMB9,548,000).

No dividend income has been recognized for the six months ended September 30, 2022 (six months ended September 30, 2021: dividend income of RMB2,443,000 was attributable to the Group’s equity investments in certain A-share listed companies).

- (ii) Investments with banks and other financial institutions

Investments with banks and other financial institutions represented wealth management products offered by banks and other financial institutions in the PRC. These investments with no guarantee of principal and interest were classified as FVPL. The underlying assets of these wealth management products are a wide range of government and corporate bonds, bank deposits, asset-backed securities, money market funds as well as other listed equity securities, etc. During the period, the net realized/unrealized gain in these investments of RMB95,605,000 was recognized as a gain in finance income (six months ended September 30, 2021: net realized/unrealized gain of RMB67,009,000). Neither the single investment nor investment made with the same bank or other financial institution on an aggregate basis accounted for over 5% of the Group’s total assets.

17 TRADE, BILLS AND OTHER PAYABLES

	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Trade payables	1,530,104	571,604
Bills payable	<u>3,405,939</u>	<u>2,711,629</u>
	4,936,043	3,283,233
Other payables and accrued expenses		
– Deposits from customers	193,591	171,203
– Contract liabilities (i)	224,346	270,808
– Construction payables	130,548	168,285
– Accrued advertising expenses	77,305	112,765
– Accrued payroll, welfare and bonus	190,481	297,540
– VAT and other tax payable	200,872	151,842
– Payables in relation to acquisition of non-controlling interests in Jessie group	55,795	139,795
– Payables in relation to shares disposed of by employees under share-based payment schemes	11,572	27,821
– Receipts in advance in relation to unvested restricted shares	39,055	33,021
– Interest payable in relation to convertible bonds	5,601	5,008
– Others	<u>90,629</u>	<u>116,633</u>
	<u>6,155,838</u>	<u>4,777,954</u>

- (i) The amount of revenue recognized for the six months ended September 30, 2022 that was included in the contract liabilities balance at the beginning of the period was RMB259,592,000.

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

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

	At September 30, 2022 RMB'000	At March 31, 2022 RMB'000
Within 1 month	4,638,584	3,011,170
1 to 3 months	<u>297,459</u>	<u>272,063</u>
	<u>4,936,043</u>	<u>3,283,233</u>

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended September 30,	
	2022	2021
	RMB'000	RMB'000
Interim dividend declared and paid after the interim period of HKD4.5 cents per ordinary share (2021: interim dividend of HKD4.5 cents per ordinary share)	<u>450,054</u>	<u>401,659</u>

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,	
	2022	2021
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HKD13.5 cents per ordinary share (2021: final dividend of HKD10.0 cents per ordinary share)	<u>1,285,646</u>	<u>893,614</u>

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

(b) Purchase of own shares

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

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to September 30, 2022, the board of directors of the Company proposed an interim dividend of HKD489,940,000 (approximately RMB450,054,000), representing HKD4.5 cents per ordinary share to the equity shareholders of the Company.
- (b) Pursuant to the terms and conditions of the convertible bonds issued on December 17, 2019 (the “**Convertible Bonds**”), each holder of the Convertible Bonds has the right to require the Company to redeem all or only some of the Convertible Bonds of such holder on December 17, 2022 (the “**Optional Put Date**”) at their principal amount, together with any interest accrued but unpaid up to but excluding such Optional Put Date (if any) by depositing a duly completed and signed notice of redemption (the “**Optional Put Exercise Notice(s)**”) not earlier than October 18, 2022 and not later than November 17, 2022. As of November 17, 2022, the Company had received Optional Put Exercise Notices in respect of USD28,400,000 in aggregate principal amount of the Convertible Bonds (the “**Put Bonds**”). Accordingly, the Company will redeem such Put Bonds on December 17, 2022.

20 COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of FY2022/23, as affected by various adverse impacts such as the contraction of global demand, the protracted and repeated pandemic, and the risks of geopolitics, the consumption market and the textile and garment industry in the PRC continued with its mild recovery, and there were more pressures and challenges on overall operations. On October 22, 2022, the remarkable 20th National Congress of the Communist Party of China (the “CPC”) was successfully concluded, which mapped out an action plan for the second century goal, opened a new journey to advance the rejuvenation of the Chinese nation on all fronts through a Chinese path to modernization, and drove the high-quality development of Chinese brands with confidence and progress.

The world, the times and history itself are undergoing changes in an unprecedented way. Standing at the forefront of the trend of the new era, the Group insists on maintaining a long-term perspective and value creation, remaining steadfast in the physical economy, sticking to the confidence of development, and specifying its strategic direction of “focusing on principal business and key brands”. We regard our mission as our foundation, centering on customers, regarding the brands as the lead, and driving our development by innovation. We, always together with our consumers, continue to build the capacities of steady and healthy operation and surmounting the ups and downs of the cycles, thereby achieving the development goal of sustainable and high-quality growth.

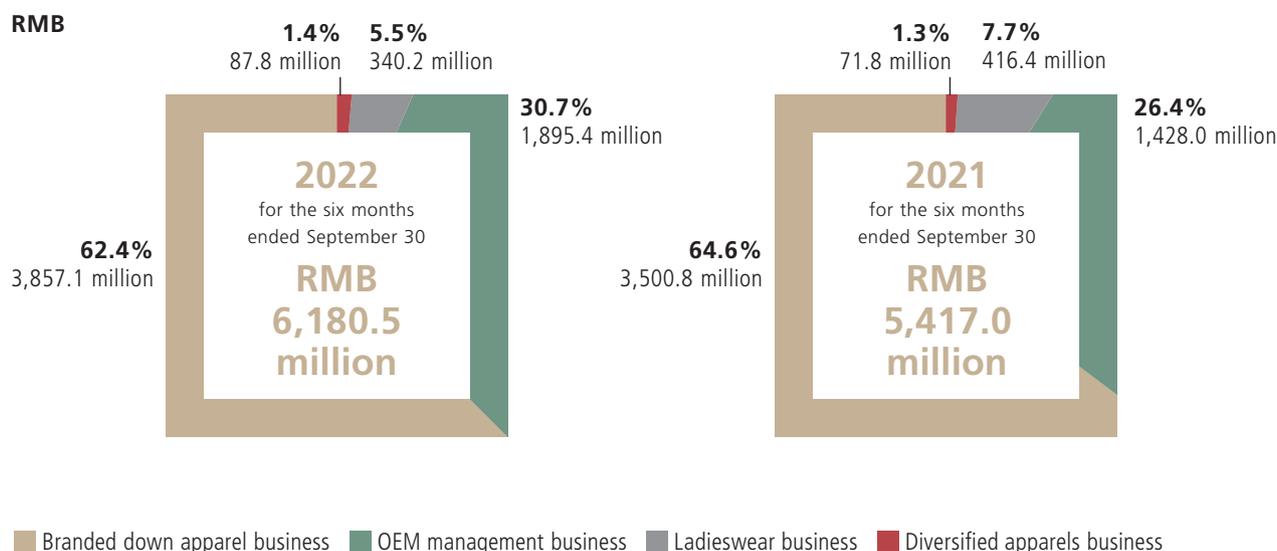
REVENUE ANALYSIS

In the first half of FY2022/23, the Group adhered to the strategic direction of “focusing on principal business and key brands”, continued to define the *Bosideng* brand position as being the “world’s leading expert in down apparel”, continued to consolidate the four core competencies of “leading brand, innovating products, upgrading channel and adhering to high product quality and quick response” and the two security systems in relation to “organization/mechanism/culture/talent development and digital operation”, and achieved sustainable and steady growth, which showed the resilience of the business development.

In the first half of FY2022/23, the Group’s revenue amounted to approximately RMB6,180.5 million, representing an increase of approximately 14.1% as compared to that of the corresponding period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group’s main business segments.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB3,857.1 million, accounting for 62.4% of total revenue, representing a year-on-year increase of 10.2%. The OEM management business recorded revenue of approximately RMB1,895.4 million, accounting for 30.7% of total revenue, representing a year-on-year increase of 32.7%. The ladieswear business recorded revenue of approximately RMB340.2 million, accounting for 5.5% of total revenue, representing a year-on-year decrease of 18.3%. The diversified apparels business recorded revenue of approximately RMB87.8 million, accounting for 1.4% of total revenue, representing a year-on-year increase of 22.2%.

Revenue by Business



Branded Down Apparel Business:

With the objective of being the “world’s leading expert in down apparel”, the Group focused on building leading channels, leading commodities, a leading image, and leading retail and user operations. In terms of brands, based on the two key points of “product professional innovation” and “consumer experience breakthrough”, we have achieved our goals of leading brand perceptions and maximizing product sales. In terms of products, through ground-breaking innovation, we effectively enhanced the variety of our product categories, actively promoted upgrades in terms of commodity structure, and explored an end-to-end product development model of “focusing on user value”. In terms of channels, the Group continued to optimize its channel structures and improve channel qualities, focused on building stores within key first-tier and new first-tier cities and core business districts. By building the “Iron Triangle” coordination mechanism and realizing the refined management of branch operations among others, we are committed to implementing single store operations, and continuously enhancing the operating ability and operation efficiency of its terminal stores.

In the first half of FY2022/23, the *Bosideng* brand under the Group’s branded down apparel business recorded a year-on-year increase of 8.2% in revenue, reaching approximately RMB3,522.0 million. The revenue of the overall branded down apparel business segment increased by 10.2% on a year-on-year basis to approximately RMB3,857.1 million.

Brand Building

In the first half of FY2022/23, the Group continued to focus on the strategic development direction of being the “world’s leading expert in down apparel” and adhered to the “brand-led” development model. It also contributed to its brand building and improvement of operating results by constantly launching large brand promotion events, exporting branding content and uploading it onto compatible media platforms as well as continuously deepening consumer awareness and brand reputation.

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

In the first half of FY2022/23, the *Bosideng* brand also received a number of industry recognitions: the Golden Novum Design Award in France for the new generation of ultralight down jackets; and the “2022 Golden Product Design Model” and “2022 New National Product” awarded by the China Business Network.

In the first half of FY2022/23, *Bosideng* adhered to its position as a “down apparel expert”, and conducted a series of brand events for its ultralight down jackets, products technology upgrades and to announce its brand ambassador:

In September 2022, *Bosideng*’s New Generation of Ultralight Down Jackets launch event was held in Shanghai, presenting the new light down jacket collection in a major show, setting off a wave of “innovation” in the category. Inspired by the integration of different sectors, we boldly created a cross-border combination of down apparel with classic fashion items, innovative down splicing and artistic quilting design. While taking into account fashion design, we overcame the difficult problems of different material splicing technologies and down content, upheld professional standards of light and warmth, and successfully innovated more diverse, more fashionable and lighter and warmer light down apparel for the seasons of spring, autumn and winter.

The innovation of light down apparel brands is of great significance and widely marketable. First, by breaking the traditional concepts of winter down apparel, we introduced light down apparels to reduce the uncertain risk caused by temperature changes, which effectively extends our peak season for sales and are widely “marketable for temperature”. Second, through market expansion in southern China and other national regions, we can effectively promote local sales of light down apparels, making them “marketable for region”. Third, through bold innovation and the expression of the product design, light down apparels are strongly recognized and favored by consumers of the younger generation, have captured the attention of the consumer groups of the new generation, effectively growing in young customer groups and are widely “marketable for the new generation”.

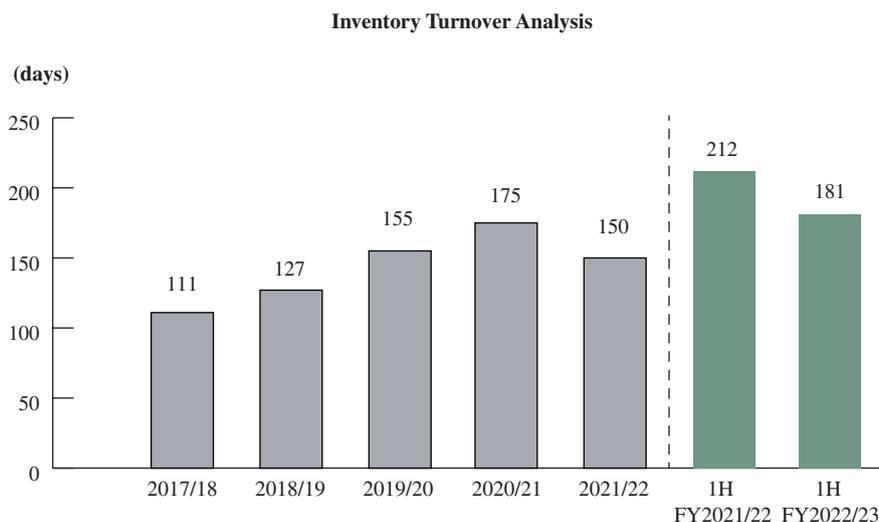
In the same month, the *Bosideng* brand announced its brand ambassador, which further attracted more customers, and empowered and drove the marketing of seasonal products.

Commodity Management

In the first half of FY2022/23, the Group continued to completely separate order placements in terms of direct sales and wholesales. Individual store orders were applied to self-operated stores, which meant products for sales in individual stores would match the demand for orders and products would be produced with reference to 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 FY2022/23, 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 mechanism 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 FY2022/23, the Group continued to stick to the concept of commodity operation management of the last financial year. With the Group’s smart central delivery centre, which serves all offline direct stores, franchised stores and online traditional e-commerce platforms, both online to offline (“O2O”) modes of the 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 through an integrated inventory management platform, including suppliers’ delivery, storage/return of commodities from the market to the warehouse, sorting and shelves arrangement to continuously optimize the availability of replenished goods in accordance with market sales conditions in conjunction with different strategies that allocate the locations of warehouse and store commodities and enhance front-end best-selling products (“Top Sellers”) during the process.

For the six months ended September 30, 2022, the inventory turnover days of the Group were 181 days, representing a decrease of 31 days as compared to that of the corresponding period up until September 30, 2021, which was mainly due to the maintenance of a relatively lower proportion of first-time orders as well as the continuous implementation of the demand-pull replenishment adjustment mechanism adhered to by the Group, which effectively promoted full-channel commodity integrated operation and management, and effectively optimized inventory level at the beginning and end of the period since FY2021/22. The further effective reduction of inventory turnover days demonstrated the Group’s strong operating resilience in the face of uncertain risk factors as well as provided a relaxed channel inventory level for peak season sales during the second half of the financial year, which provided a more flexible foundation and space for the continuous implementation of quick return of goods by way of selling in small batches, demand-pull replenishment and full-channel commodity integrated operation mechanism.



Supply Chain Management

The ability of the Group’s supply chains to provide “high-quality and quick response” is an important competitive strength for our continued success in the industry, and is one of our core competitive advantages for maintaining the efficient and healthy sustainability of the Group. The Group has implemented a leading futures/stock commodity operation model. The first batch of orders would be controlled within 40%, whilst the remaining proportion would be continuously replenished on a rolling basis during the peak seasons 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 quickly responding to small orders, thereby comprehensively achieving the target of maintaining high quality and providing quick response in supply.

In the first half of FY2022/23, the supply chains of the Group underwent systematic planning and upgrading in terms of adopting flexible and quick response times, quality operations, scientific research technology, resource integration and cost management. In terms of adopting flexible and quick response times, the Group has upgraded and iterated the model of adopting flexible and quick response times and a closed-loop system to cope with external uncertainties, and implemented an individual stores operation focusing on stores in accordance with the 80/20 Rule in the market. In the first half of FY2022/23, the Group made a breakthrough 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% for the first time. Such replenishment was genuinely carried out based on urgent needs of the market, such as reducing the shortage of easy-to-sell styles, maximizing the realization of the sales target, and at the same time driving and building the process restructuring and capability development for synergy, flexibility and the agile response of the commodity value chain, so as to enhance the 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 optimized by matching appropriate quality resources with scenery category properties. It also implemented a digitalized operation system for quality control, broke through the entire quality closed loop and made the whole process controllable and traceable, so as to ensure online and transparent quality control on a real-time basis, and make quality gradually become one of the core reasons for why our brands are selected by users.

In terms of science and technology, the Group continued to 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 processing system with leading technology to enable scientific and technological innovation to become a new driver of sales and one of the Group's core competitiveness in the future. It is particularly worth mentioning that the Group's escalated extreme environmental-friendly and zero-pressure down apparel was awarded the Red Dot Design Award and the US IDEA award.

In terms of resources integration, the Group, based on brand strategy and category innovation, 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 and scenery product innovation and by escalating the long-term win-win cooperation policy, a strategic resource business community, an interest community and a destiny community were gradually formed to build a sustainable resource ecosystem.

In terms of cost management, the Group has extensive experience and industry influence in effective cost control, which has made strategic breakthroughs in comprehensive innovation such as cost reduction and efficiency improvement through bulk commodity pre-planning, positioning and strategic material preparation with strategic suppliers as well as the Group's advantage in size and ultimately effectively hedged and relieved the pressure of rising costs.

Logistics and Delivery

For logistics and delivery, the Group continuously adopted a system to automatically match transport and delivery resources 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' experience.

A series of actions have been taken in respect of the logistics park area of the Group in terms of improving logistics efficiency. On the one hand, the advanced algorithms of the self-developed ICC and OPC systems (i.e. inventory calculation centre, order processing centre) has been adopted to instantly collect, match, locate and calculate the distance between the geographical location of the product and the geographical location of the consumer, and generate instructions to prioritize early orders and ensure early pick up by the courier company and the fastest distribution to consumers. On the other hand, with the coming of a new wave of smart technology through advanced logistics information technology (“IT”) systems and highly automatic logistics equipment, the Group has implemented an automatic and smart allocation system by way of enhancing the system transportation modules of Extended Warehouse Management (EWM) to minimize the time of inventory operation. Under the premise of maintaining reasonable costs, we maximized our service efficiency and improved users' experience. Meanwhile, the significantly improved out-warehouse rate and optimized in-transit efficiency have contributed to 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 transformation and reform of digital operations have been a top priority of the Group's infrastructure construction in recent years.

In terms of research on digital transformation, in recent years the Group has made significant achievements in terms of digitalization in many aspects, including smart manufacturing, smart logistics and smart commodity operations. It has gradually entered into the deep waters of digital transformation to unite perception for cohesion. While continuously learning from leading enterprises and successful cases in the industry, we have 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, we have 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 and had launched the normal operation by batches from May 2022 to September 2022 as scheduled, 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 FY2022/23, the Group continued the use of corporate WeChat to build a more convenient communication bridge with customers. The *Bosideng* brand had approximately 3.38 million new fans and approximately 830,000 new members on the Tmall and JD.com platforms. As of September 30, 2022, the *Bosideng* brand had approximately 23.24 million fans and approximately 11.07 million members in total on the Tmall and JD.com platforms, and approximately 450,000 new fans on the Douyin platform. As of September 30, 2022, the *Bosideng* brand had approximately 5.44 million fans on the Douyin platform. The proportion of young consumers below the age of 30 on the above platforms increased significantly compared with that of the same period of last year.

In terms of member digital innovation, we continued to create a customer tags system through the Alibaba Data Center and built a user hierarchy model and a forecast model to conduct precision level-by-level operations on users and reach-out to consumers with high quality digital content to improve consumers' shopping experience through cloud-based stores with "Thousands of Stores with Thousands of Images (千店千面)". By virtue of the operating methods, such as differentiated benefits and crowd label stratification, the scale of the contribution made by members improved based on directional communication according to the activity cycle. Also, based on users' requirements under different scenarios, stores live streaming content and other venues were connected, which presents differentiated member content to improve member activity.

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 and continuously enhancing investment.

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

In the first half of FY2022/23, the Group applied for an aggregate of 173 patents, including inventions, utility models and appearance patents, and obtained 31 patent certificates for applications submitted in previous years, which provided patented technology and endorsement support for down apparel experts. As of September 30, 2022, the Group has accumulated 483 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), acts 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, the first drafting unit and the drafter of the Standards for Design Assessment on Green Design Products – Down Clothing (《綠色設計產品評價設計規範 – 羽絨服裝》), and published Climbing Series 2.0 Down Apparels, Green Standards, 6A Standard Leader of Sun Protecting Cloth and a number of other leading standards in the industry. In particular, 6A High Quality Sun Protecting Cloth was rated as advanced standard, awarded the top-ranked “Corporate Standard Leader” for down apparels by the State Administration for Market Regulation for three consecutive years and passed “Suzhou Manufacturing” and “Jiangsu Boutique” certification, fully demonstrating the Group’s 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 brand development of the *Bosideng* brand.

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

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

In the first half of FY2022/23, the urban multifunctional jacket of *Bosideng* won the ISPO Award – Global Design Award, and the composite structure camping down apparel and zero-pressure down puff apparel obtained the ISPO Global Design Award and the Red Dot Design Award. The new generation of ultralight down jackets obtained the Golden Novum Design Award. The comfortable outdoor series down apparel of the *Bosideng* brand pioneered four comfort technologies and won five international awards, namely the German Red Dot Award, the ISPO Award Winner 2022, the US IDEA Design Award, the US muse design award and the Italy A award. It recently obtained the international CMF Design award, the German Design Award and the Excellence Innovation Design Award issued by the China Feather and Down Industrial Association.

The key product collections in the first half of FY2022/23 included:

New Generation of Ultralight Down Jackets

In order to satisfy multi-scene and cross-season clothing needs and more diversified, lighter, warmer and more fashionable new generation of ultralight down jackets, the *Bosideng* brand sought for new inspiration across disciplines. In the process of consulting art forms worldwide, the *Bosideng* brand identified that many outstanding processes in China may be applied in various life scenarios, in particular, with the art of stitching and quilting, both with an old history, ultimately presenting perfect works through the precision combination of different materials. Its bold idea applies this crossover combination concept to down jackets that the Group is best at focusing on. After several attempts, we ultimately presented redefined ultralight down jackets that subverts tradition. In this 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 the Chinese new generation with Bosideng's 46 years of professional ingenuity. Bosideng overturned the status quo that conventional light warm down apparel is similar in style and cannot ensure both beauty and warmth, and completely innovated the ultralight down jackets category with century-old fashion items, unique down stitching and artistic quilting design, providing customers with varied, warmer and more fashionable professional options and opening a new pattern of cross-season, multi-scene fashion wearing freedom of down apparel.

Classic Business Collection

This collection adopts exclusive classic fit, which inherits 46 years of Bosideng's technique and has a precise sense of difference for each centimeter to be slim fit, while collocating fabric with anti-wrinkle, anti-oil, anti-stain and antistatic functions. It is simple and decent in design and is simply the best option for commuting.

City Sport Collection

Goosebumps (“**GB**”) originated from goose bumps resulting from coldness, excitement or touch. Wearing the GB collection, which integrates functionality and fashion, will enable a more comfortable, relaxed and natural city life. This season, we incorporated branded-new trendy elements and the one-with-three function into the existing colourful and workwear style which offers consumers a more trendy style, and used 600+ high-loft quality goose down in combination with the trendy silhouette to lead the new fashion.

Stylish Sport Collection

The stylish sport collection built a more diverse style to satisfy the needs of different groups, which mainly include:

Classic collection: The upgraded new neutral style and 3D streamline shapes of this new collection injects youthful and energetic style elements into the themed products. Meanwhile, it upgrades the process that tightly locks the down by upholding the craftsmanship spirit to offer downproof and provide more comfortable apparel to consumers.

Checkerboard collection: This collection is no longer limited to the conventional way of design in the presentation of checkerboard element, with the aim of presenting something new while creating a vibrant and dynamic visual sense and impact, interpreting the infinite possibilities of classics with a free and playful personality.

Master Vincent Van Gogh collection: This joint theme collection, inspired by Van Gogh's famous paintings, merged conventional down apparels with his works, endowing down apparels with more possibilities while paying tribute to the great artist Van Gogh. The collection adopts Van Gogh's bespoke logo to create a unique sense of exclusivity. Its ultra-light and soft fabric also highlights the high-grade quality of the product, reflecting the attitude of young consumers towards fashion.

Puff Collection

The collection, adopting Bosideng's leading lining quilting process, creates an ultimate sense of wrapping. The high-quality and ultra-soft fabric provides consumers with a lighter and more comfortable experience and adopts 800+ high fluffiness light luxury duck down to create fluffy and full visual premium, which can maintain warmth for a long time. Also, the zero-pressure down apparel puff, taking environmental protection as the starting point, obtained the German Red Dot Award. Products of the collection are promoted by celebrity endorsements and are widely appreciated and loved by consumer groups.

Light, Warm and Eco-friendly Collection

The drastic changes in the ecological environment make us more deeply aware of the urgency of environmental protection. As a socially responsible company, we have adopted eco-friendly fabric made from SORONA® bio-based fiber developed by DuPont, a world-renowned fiber company, bringing a green and healthy living experience to city folk. SORONA® also passed the authoritative certification of four strict certification bodies, being USDA, JBPA, OEKO-TEX and bluesign. The whole collection has adopted the vibrant macaron color system, colorful and healing, and the contrast design of the hat collar and the overall matching gentle colors express the vitality of youth and sweetness.

Parka Collection

Parka is not only warm with generous fit, but most importantly does not appear bloated in the winter, and the loose silhouette is very accommodating to different body types. The fabrics of menswear under this collection are windproof, wear-resistant and structured, allowing consumers to easily cope with all kinds of weather. The practical tough workwear bags add portability; the classic earth color system has a military-style soul and also exudes a strong and natural vibe.

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 FY2022/23, the *Snow Flying* brand recorded a revenue of approximately RMB174.4 million, representing a year-on-year increase of 29.4%. The *Snow Flying* brand continued to launch its online business to further enhance the "Internet +" operating model and expand product portfolios through category value segmentation innovation and extension; focused on user in-depth operation by reinventing the brand mindset of young users; optimized operation capacity by integrating upstream and downstream resources and gained the rapid development of its brands by operating its business with the core competitiveness of "excellent operation and quality products with affordable prices".

In terms of business expansion, the *Snow Flying* brand continued to focus on the extension and creation of online channels, established an online brand for distribution authorization and new live broadcast retailing as a strategic development business to achieve refined operations and maximum extension of different online platforms through the effective matching and allocation of resources. In terms of the online platform, in addition to conventional e-commerce platforms, emerging platforms such as Douyin are vigorously expanding by enhancing quality contents, such as live broadcasts and short videos, and by optimizing brand private member operations with cloud and other methods. In terms of online cooperators, from product development to listing, brand empowerment and control are carried out throughout the process by way of selecting quality business partners, which laid a solid foundation for the rapid and quality growth of the brand. In terms of attracting online customers, this is done through store broadcasts and the width upgrading of products, and core stores are extensively distributed to extend categories and attract more customers. For offline stores, the *Snow Flying* brand mainly drives the stable growth of performance through effective off-season sales.

Bengen

In the first half of FY2022/23, the *Bengen* brand recorded a revenue of approximately RMB36.8 million, representing a year-on-year increase of 11.0%. From FY2020/21, the *Bengen* brand has greatly reduced its offline agency channels and shifted more to online channels. Meanwhile, we quickly adjusted our product layout and positioned cost-effective down apparels. Given that both the *Bengen* brand and the *Snow Flying* brand are within the inclusive range, the Group has combined the business division of the *Snow Flying* brand with that of the *Bengen* brand in FY2022/23, which effectively promoted its operational efficiency while maintaining brand differentiation.

Revenue from branded down apparel business by brand

Brands	For the six months ended September 30, 2022		2021		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
<i>Bosideng</i>	3,522.0	91.3%	3,255.9	93.0%	8.2%
<i>Snow Flying</i>	174.4	4.5%	134.8	3.9%	29.4%
<i>Bengen</i>	36.8	1.0%	33.2	0.9%	11.0%
Others	123.9	3.2%	76.9	2.2%	61.2%
Total revenue from branded down apparel business	<u>3,857.1</u>	<u>100.0%</u>	<u>3,500.8</u>	<u>100.0%</u>	<u>10.2%</u>

Revenue from branded down apparel business by sales category

Sales categories	For the six months ended September 30, 2022		2021		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	1,220.2	31.6%	1,184.7	33.8%	3.0%
Wholesale	2,513.0	65.2%	2,239.2	64.0%	12.2%
Others*	123.9	3.2%	76.9	2.2%	61.2%
Total revenue from branded down apparel business	<u>3,857.1</u>	<u>100.0%</u>	<u>3,500.8</u>	<u>100.0%</u>	<u>10.2%</u>

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

In the first half of FY2022/23, the Group had been improving the quality of channels to increase their efficiency. In terms of offline channel construction, first, the Group paid attention to the quality of existing stores, and elevated the “single store operation” to the strategic transformation dimension of the Group. All levels of the Company adhered to the operation concept of “relying on stores and treating serving customers as the priority”, implemented commodity and retail operation efficiency enhancement by focusing on stores and ultimately achieved the high quality operation of stores by motivating the store manager – Iron Triangle – the middle and back office with strong target assessments. Second, the Group focused on core cities and core business circles and continued to pay attention to the structural layout of channels. In addition to focusing on first-tier and new first-tier cities, the Group also paid attention to the layout of multi-level markets, and opened up sales in the local market by selectively and systematically opening self-operated stores or dealer stores. Third, the Group paid attention to the operational capacity of branch formats and widely promoted Top Sellers (“**Top Sellers**”) among model stores (“**Top Stores**”) in different store formats by meticulously breaking down retail stores according to different store formats. As of September 30, 2022, in addition to a number of regular types of stores (e.g. flagship stores, high-end stores, mainstream stores and mass stores, etc.), the Group also had approximately 500 peak season stores (peak season stores mainly refer to stores that are opened in peak sales seasons ranging from 1 week to 3 months, mainly in core cities, with the Top Sellers popular seasonal products as the main sales products, located mainly in core business districts and sports venues).

As at September 30, 2022, the total number of normal retail stores of the Group’s down apparel business (excluding peak season stores) (net) decreased by 139 to 3,670 as compared to that as at the end of the last financial year, self-operated retail stores (net) decreased by 163 to 1,563 and retail stores operated by third party distributors (net) increased by 24 to 2,107. The self-operated retail stores and those operated by third party distributors accounted for approximately 42.6% and 57.4% of the entire retail network, respectively. Among the total retail stores of the Group’s branded down apparel business, approximately 28.9% were located in first- and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 71.1% were located in third-tier cities or below.

Retail network breakdown by down apparel brand

As at September 30, 2022	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	902	-116	34	24	1	-	937	-92
Operated by third party distributors	<u>1,651</u>	<u>-1</u>	<u>88</u>	<u>-7</u>	<u>-</u>	<u>-8</u>	<u>1,739</u>	<u>-16</u>
Subtotal	<u>2,553</u>	<u>-117</u>	<u>122</u>	<u>17</u>	<u>1</u>	<u>-8</u>	<u>2,676</u>	<u>-108</u>
Concessionary retail outlets								
Operated by the Group	521	-34	103	-22	2	-15	626	-71
Operated by third party distributors	<u>316</u>	<u>57</u>	<u>52</u>	<u>7</u>	<u>-</u>	<u>-24</u>	<u>368</u>	<u>40</u>
Subtotal	<u>837</u>	<u>23</u>	<u>155</u>	<u>-15</u>	<u>2</u>	<u>-39</u>	<u>994</u>	<u>-31</u>
Total	<u>3,390</u>	<u>-94</u>	<u>277</u>	<u>2</u>	<u>3</u>	<u>-47</u>	<u>3,670</u>	<u>-139</u>

Change: Compared with that as at March 31, 2022

Retail network of down apparel business by region

	As at September 30, 2022	As at March 31, 2022	Change
Eastern China	1,223	1,299	-76
Central China	779	827	-48
Northern China	292	332	-40
Northeast China	445	453	-8
Northwest China	418	397	21
Southwest China	<u>513</u>	<u>501</u>	<u>12</u>
Total	<u>3,670</u>	<u>3,809</u>	<u>-139</u>

Region

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

OEM Management Business:

In the first half of FY2022/23, revenue from the Group's OEM management business amounted to approximately RMB1,895.4 million, representing 30.7% of the Group's revenue and an increase of 32.7% as compared to that of the corresponding period of last year. The percentage of revenue for the OEM business from the top five customers accounted for approximately 88.9% of its total revenue.

In the first half of FY2022/23, despite the impact of the global epidemic, inflation and downturn of the global economy, the OEM management business maintained stable and healthy development, which was mainly due to, first, the steady increase in orders from existing customers, in particular, the OEM management business which continued to be customer-oriented, paying attention to the concerns and needs of core customers, improving service content and quality, and collaborating efficiently from product development to delivery to improve customer satisfaction. For instance, by customizing R&D and promotion activities of different brands for customers, it allowed customers to understand the knowledge of down and down products more intuitively, and provided value-based services for customers' development/design. Second, regarding orders from new customers, it focused particularly on the development of down products by implementing experts' position in design; gained insight into customer product dynamics and tracking through extensive market surveys; and precisely developed products needed by customers by gathering internal teams in light of customers demand for development. Third, regarding flexible management mechanisms, especially during the epidemic in 2022, the OEM management business team quickly adjusted its management ideas and production plans, dispatched core senior management to Vietnam and other Southeast Asian regions for on-site inspections, work and management, and the teams in China and Vietnam collaborated efficiently to achieve rapid growth during the epidemic.

Through effective cost management and benefiting from exchange rate changes so far in this reporting period, the gross profit margin of the OEM management business increased slightly by 1.3 percentage points to 20.4% as compared to that of the corresponding period of last year.

Ladieswear Business:

The Group operates four mid-to-high-end ladieswear brands. After 18 to 30 years of brand accumulation, the four brands present a rich product hierarchy and 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, while each of *KOREANO* and *KLOVA* features understated-luxury products to demonstrate the sophistication and elegance of oriental women, bringing individuality and the ultimate wearing experience to customers. In the highly competitive ladieswear market in the PRC, the Group has won the favor of Chinese female consumers through its rich product hierarchical image and brand positioning.

In terms of brand management, the four ladieswear brands continue to tell the stories of their brands and enhance the brands' image in the consumer's mind. In terms of brand promotion, omni-channel promotion has been carried out through blockbuster production, street photography, copywriting, interaction with key opinion leaders (KOLs), and live product explanations on new media platforms such as our WeChat public account and Xiaohongshu, to achieve interest sharing online and offline and accelerate the brand building process.

In terms of customer management, special attention has been paid to the refined management of customers in the fiercely competitive ladieswear market. By conducting core member surveys and member consumption data analysis, the consumption characteristics and needs of core members can be fully understood, customer-valued innovation and member retention can be strengthened and accurately linked in a targeted manner, and member loyalty can be improved through themed marketing activities and exclusive customized gifts.

In terms of channel building, the operation and management of direct business segments have been enhanced to build benchmark stores, improve the operating efficiency of stores and stimulate the enthusiasm of sales personnel. The enhanced cooperation with key franchisees has increased customer support that was significantly affected by the epidemic, and improved the service level and business capabilities of franchised teams. The actively expanded online businesses have made breakthroughs on the Tmall, Vip.com and JD.com platforms, as well as new retail platforms such as Xiaohongshu, Douyin and WeChat Mall.

Since 2022, with the outbreak of the sporadic epidemic, the development of the ladieswear industry has still faced severe challenges, and there were also uncertainties and difficulties in the Group's four ladieswear brands (especially the offline business) against this backdrop. In particular, though the online segment was able to achieve a year-on-year growth of 1.3% in the first half of FY2022/23, the Group's four ladieswear brands underperformed as a whole, due to that the online segment comprised only 12.4% of the ladieswear business segment. In the first half of FY2022/23, the revenue from the Group's ladieswear business was approximately RMB340.2 million, representing a decrease of 18.3% as compared to that of the corresponding period of last year. The contribution from the ladieswear business to the Group's total revenue was 5.5%. The revenue from the ladieswear brands were as follows:

Revenue from ladieswear business by brand

Brands	For the six months ended September 30, 2022		2021		Change
	RMB	% of	RMB	% of	
	million	ladieswear revenue	million	ladieswear revenue	
<i>JESSIE</i>	114.7	33.7%	123.1	29.6%	-6.8%
<i>BUOU BUOU</i>	86.3	25.4%	112.0	26.9%	-22.9%
<i>KOREANO and KLOVA</i>	139.2	40.9%	181.3	43.5%	-23.2%
Total revenue from ladieswear business	340.2	100.0%	416.4	100.0%	-18.3%

Revenue from ladieswear business by sales category

Sales categories	For the six months ended September 30, 2022		2021		Change
	RMB million	% of ladieswear revenue	RMB million	% of ladieswear revenue	
	Self-operated	318.0	93.5%	392.2	
Wholesale	22.2	6.5%	24.2	5.8%	-8.0%
Total revenue from ladieswear business	340.2	100.0%	416.4	100.0%	-18.3%

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 co-developing a flower pattern with the unique attributes of the brand with artists and designers, and cooperating with head suppliers of core fabrics and other methods and carrying out workmanship, quality and pattern improvements, product creativity was continuously improved. Meanwhile, the *JESSIE* brand is always store-centric and realistically improves the efficiency of its stores. Focusing on key areas and major outlets, it endeavors to build high performance stores and core stores to consolidate operations; promotes and continuously optimizes store image and consolidates and optimizes channel layout through such strategies such as redecorating partial old stores, expanding high-quality stores, and closing inefficient stores and loss-making stores, so as to improve channel quality.

Fashion Ladieswear – BUOU BUOU

BUOU BUOU ladieswear has carried out continuous operational improvement by optimizing management ideas and business methods, adjusting channel structures, focusing on product depth, and strengthening refined marketing. *BUOU BUOU* ladieswear advocates that product quality is the vitality of brands. It always adheres to the principle of healthiness, elegance and comfortableness in product design and offers urban women with dressing solutions with natural elements, environmentally friendly and comfortable fabrics, considerate wearing touch, and a variety of matching solutions. It designs product collections and promotes them by managing the product life cycle and combining them with the analysis of the usage scenarios of target customers. Also, *BUOU BUOU* ladieswear gradually shifted to a direct-to-customer (“DTC”) model and deployed key touch points focusing on target consumers and following the experience path of consumers to reach them directly through online and offline channels.

Fashion ladieswear – KOREANO and KLOVA

KLOVA adheres to high-end positioning and is gradually transforming to take customization and pre-sales as the main line and meeting the personalized needs of customers. *KLOVA* gradually transformed itself to cater to the youth to satisfy the life dressing scene and to reflect comfort, fashion and quality. In terms of product operation, the two brands continued to adjust the production distribution ratio and balance production capacity and service upgrades; meanwhile, new special collections being the *KLOVA* E series and TB series, were added, and new product lines were developed to meet the changes in the needs of the iterating customer groups, achieve product differentiation, and absorb new customer groups. In terms of membership management, it improved the quality of operations through refined membership management. For instance, through service upgrades such as member graded service management, one-on-one live broadcasts, and door-to-door shopping of clothes, customer loyalty and the retention rate and repurchasing rate of customers have been enhanced. In the first half of FY2022/23, the two brands have promoted the pilot of the “store partner” model and optimized the target assessment incentive schemes, strengthened regional management assessment, and built a complete store remuneration management system.

As of September 30, 2022, the total number of retail stores of the Group’s ladieswear business (net) decreased by 6 to 456, self-operated retail stores (net) decreased by 1 to 363 and retail stores operated by third party distributors (net) decreased by 5 to 93 as compared to the end of the last financial year, respectively. Self-operated retail stores and those operated by third party distributors accounted for approximately 79.6% and 20.4% of the entire retail network, respectively. Of the total retail stores of the Group’s ladieswear business, approximately 61.8% are located in first and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 38.2% are located in third-tier cities or below.

Retail network breakdown by ladieswear brand

As at September 30, 2022	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	-	9	-3	-	-	-	-	10	-3
Operated by third party distributors	14	-1	6	-1	-	-	-	-	20	-2
Subtotal	15	-1	15	-4	-	-	-	-	30	-5
Concessionary retail outlets										
Operated by the Group	110	2	99	-4	87	5	57	-1	353	2
Operated by third party distributors	60	-1	13	-2	-	-	-	-	73	-3
Subtotal	170	1	112	-6	87	5	57	-1	426	-1
Total	185	-	127	-10	87	5	57	-1	456	-6

Change: Compared with those as at March 31, 2022

Retail network of ladieswear business by region

	As at September 30, 2022	As at March 31, 2022	Change
Eastern China	61	56	5
Central China	143	150	-7
Northern China	53	53	-
Northeast China	51	54	-3
Northwest China	83	85	-2
Southwest China	65	64	1
Total	456	462	-6

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 FY2022/23, the revenue from our diversified apparels business was approximately RMB87.8 million, representing an increase of 22.2% as compared to that of the corresponding period of last year. As the Group adhered to the overall strategy of “focusing on our principal business and reducing diversification”, the contribution from businesses such as the *MAN* and children’s wear to the Group’s total revenue further dropped. However, the school uniform business developed by the Group in 2016 recorded a stable growth in the first half of FY2022/23. Revenue from such business segment in the first half of FY2022/23 were as follows:

Revenue from diversified apparels business by brands

Brands	For the six months ended September 30,		2021		Change
	2022	% of	2021	% of	
	RMB	diversified	RMB	diversified	
	million	apparels	million	apparels	
		business		business	
		revenue		revenue	
<i>Sameite</i>	76.2	86.8%	55.8	77.7%	36.6%
Other brands and others	11.6	13.2%	16.0	22.3%	-27.8%
Total revenue from diversified apparels business	87.8	100.0%	71.8	100.0%	22.2%

Revenue from diversified apparels business by sales category

Sales categories	For the six months ended September 30,		2021		Change
	2022	% of	2021	% of	
	RMB	diversified	RMB	diversified	
	million	apparels	million	apparels	
		business		business	
		revenue		revenue	
Self-operated	69.6	79.3%	56.0	78.0%	24.3%
Wholesale	16.3	18.5%	13.0	18.0%	25.4%
Other*	1.9	2.2%	2.8	4.0%	-32.3%
Total revenue from diversified apparels business	87.8	100.0%	71.8	100.0%	22.2%

* *Represents rental income*

School uniform business – Sameite

During the first half of FY2022/23, the school uniform business under the diversified apparels business segment remained in operation under *Sameite*. Adhering to the clothing design concept of “carrying education with clothes and inheriting culture with clothes”, the *Sameite* brand insists on providing students with safe, comfortable, fashionable and functional school uniforms, and treats dressing every child in the uniform of his or her dream as its mission. Currently, *Sameite* serves more than 500 schools, with an annual supply of over one million pieces.

During the first half of FY2022/23, in terms of channel upgrading, firstly, the *Sameite* brand established an in-depth business with benchmark education groups in core first-tier cities to strengthen its business and revenue composition; secondly, the *Sameite* brand strived for the core benchmarking school share by establishing the core benchmarking direct sales areas; and thirdly, the *Sameite* brand created the benchmark to join regional agents, which has expanded its market coverage and demonstrated its reputation as a category expert.

At the same time, the *Sameite* brand continued to pursue innovation and service. In terms of innovation, the *Sameite* brand has expanded its online channels and engaged in technological and procedural innovation through the layout of digital operations, aiming to continuously improve the service experience for users. In terms of service, the *Sameite* brand provides personalized services such as school uniform guideline designs, comprehensive exhibition space construction for campus culture, school uniform exhibition design through the concept and culture of school education to express the concept of campus culture, and empower the education brand in a better way.

During the first half of FY2022/23, 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, the Enterprise Honoring Contracts and Being Trustworthy (守合同重信用企業), the Qualified Product with Overall Stable Performance in Quality Inspection in China, the Strategic Partner of Maitian Welfare, the Reliable Quality Product in the PRC and the Leading Quality Brand in the PRC School Uniform Industry, etc.

During the first half of FY2022/23, the revenue for the school uniform business of the *Sameite* brand amounted to approximately RMB76.2 million, representing an increase of 36.6% as compared to that of the corresponding period of last year.

Children’s wear business, MAN and HOME business

Since FY2018/19, the Group had started to downsize the *MAN* and *HOME* brands under the diversified apparels business segment comprehensively. During the first half of FY2022/23, there was no additional investment in the project company which cooperated with the Japanese brand of *Petit main*. This resulted in a certain reduction in size of other diversified apparels businesses other than the school uniform business during the period.

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.

After the adjustment and transformation of online channels in FY2021/22, the Group has currently implemented the online multi-platform operation model. We invested in more resources to actively expand emerging platforms such as Douyin apart from the traditional e-commerce platforms such as Tmall, Vip.com and JD.com. Meanwhile, the Group also focused on enhancing the operating efficiency of online high-quality distributors by improving the quality and efficiency and operation refinement.

In terms of membership operation, on the one hand, the Group has expanded its customer base in an effective way and has improved membership by optimizing the stores' customer expansion link, participating in platform activities, interactive city and form of marketing and attracting new members; 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.

In terms of brand building, the Group has effectively promoted the main product series (such as the ultralight down jackets collection) in the first half of the financial year by participating in the construction activities of emerging brands on the platform and interactive live streaming with KOL. In terms of platform activities, including the first NFT cooperation, the Group has conducted brand promotion with new products in combination with new design concepts and cutting-edge stylish features. In terms of interactive live streaming, including promoting the interaction between shows and KOL, as well as the KOL live streaming, the Group has obtained a pretty good market feedback.

During the expansion of the emerging platforms, the Group always adheres to the development of online platforms to keep pace with the times. During the construction of emerging platforms such as Douyin, the Group paid more attention to the resonance between the construction of such platforms and the new-generation consumer groups, as well as the ability of such platforms to tell product stories. In terms of content marketing innovation, the Group achieved live streaming content innovation through the snow mountain live streaming together with the mountaineering team of Tsinghua University and the new product runway show in Shanghai Moller Villa. The Group also enhanced the brand potential energy and empowered all channels through the output of high-quality short video content. In terms of retail model innovation, the Group promoted online and offline integration by building their own cloud retail team and cooperated with Douyin e-commerce to initiate live streaming among high-potential stores in Shanghai, Beijing, Hangzhou, Wuhan, Chengdu and other cities. At the same time, the Group opened up the road of self-streaming innovation through innovative forms of live broadcasting, such as live show broadcasting, outdoor live broadcasting and shop discovery live broadcasting by cloud retail. As of September 30, 2022, more than 97% of the *Bosideng* brand's revenue from Douyin was generated from live broadcasts.

During the first half of FY2022/23, the revenue from the total online sales of the Group's brands was approximately RMB915.8 million, representing a year-on-year increase of 29.6%. The revenue from the online sales of the branded down apparel business and ladieswear business for the period were approximately RMB872.3 million and RMB42.3 million, respectively, accounting for 22.6% and 12.4% 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 RMB548.2 million and RMB367.6 million, respectively.

OPERATION OF JOINT VENTURE

The Group had formed joint ventures with Bogner (a German company) in December 2021 (the “**Joint Venture**”). The Joint Venture was granted the exclusive right to sell and distribute apparels under *BOGNER* and *FIRE+ICE* in Mainland China, Hong Kong, China, Macau, China and Taiwan, China (“**Greater China**”).

As of September 30, 2022, the Joint Venture actively expanded its business in Greater China. In terms of product marketing, the Joint Venture launched a new Bavarian wool collection and the 90th anniversary collection products in September. The Bavarian wool collection adopts the exclusive filling materials, i.e., the Merino wool with InfraCycle technology made in Bavaria, Germany, in combination with unique quilting texture and high-quality nylon fabric, to create a fashionable collection that reconciles practicability with unique beauty. The basic color of the 90th anniversary collection is blue and white with gold accessories. It combines with the *BOGNER* classic silhouette to reflect the high-end luxury ski holiday lifestyle. In terms of channel construction, it has gradually penetrated into the high-end target market in China through high-end shopping centres in Beijing, Shanghai and other upper-tier cities, as well as Tmall flagship shops.

During the first half of FY2022/23, the net loss of the Joint Venture and the loss of corresponding proportion recorded by the Group were approximately RMB19.3 million and approximately RMB10.6 million, respectively.

GROSS PROFIT

During the first half of FY2022/23, gross profit of the Group increased by 12.4% as compared to that of the corresponding period of last year, from approximately RMB2,748.2 million to approximately RMB3,089.1 million.

Gross profit margin of the branded down apparel business increased by 2.2 percentage points to 63.6%, mainly because during the past half year, with the successful brand reshaping and upgrading, as well as the launch of innovative ultralight down jackets, the down apparel product structure was significantly upgraded in the first half of the financial year. Therefore, the increase in the gross profit margin of the *Bosideng* brand resulted in the increase in the overall gross profit margin of the down apparel sector along with the increase in the proportion of sales of high unit price products. It has been inseparable from the Group's Brand Leadership model since its strategic transformation in 2018, its adherence to product innovation and channel upgrading, and devotion to the strategic path of building the “world's leading expert in down apparel”. Meanwhile, in terms of the OEM management business, the gross profit margin of such segment increased steadily by 1.3 percentage points to 20.4% year on year through an effective cost management and the benefit from the exchange rate changes since the past half of this financial year, despite the various uncertainties in the first half of FY2022/23. In terms of ladieswear business, the gross profit margin decreased by 7.4 percentage points to 66.2% as compared to the corresponding period of last year due to the impact of uncertainties such as the sporadic epidemic and the adjustment in the sales discount of some ladieswear products.

Although the gross profit margin of both the branded down apparel business segment (representing the largest revenue and gross profit contribution of the Group) and the OEM management business segment (representing the second largest revenue and gross profit contribution of the Group) increased, the Group's overall gross profit margin decreased slightly by 0.7 percentage points to 50.0% as compared with 50.7% in the same period last year, due to the rapid growth of revenue from the OEM management business in the first half of the financial year, an increase in the contribution to revenue and gross profit, and a slight decrease in the gross profit margin of the OEM management business as compared with that of the branded down apparel segment.

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

Brands	For the six months ended		Changes (Percentage points)
	September 30, 2022	2021	
<i>Bosideng</i>	66.5%	62.6%	3.9
<i>Snow Flying</i>	46.4%	49.4%	-3.0
<i>Bengen</i>	25.8%	20.6%	5.2
Branded down apparel business	63.6%	61.4%	2.2
OEM management business	20.4%	19.1%	1.3
<i>JESSIE</i>	64.6%	67.4%	-2.8
<i>BUOU BUOU</i>	65.6%	68.8%	-3.2
<i>KOREANO and KLOVA</i>	67.8%	80.8%	-13.0
Ladieswear business	66.2%	73.6%	-7.4
Diversified apparels business	26.9%	28.2%	-1.3
The Group	50.0%	50.7%	-0.7

OPERATING PROFIT

During the first half of FY2022/23, the Group's operating profit increased steadily by 18.9% to approximately RMB945.2 million. The operating profit margin was 15.3%. The increase in operating profit was mainly because the Group had paid attention to the efficiency of the effective utilisation of expenses in brand, channel building and other aspects, as well as the increased efforts in cost control while achieving stable revenue growth. As a result, the Group has achieved an effective improvement in operating efficiency.

DISTRIBUTION EXPENSES

During the first half of FY2022/23, 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 RMB1,623.1 million, representing a slight increase of 0.6% as compared to approximately RMB1,614.2 million of the corresponding period of last year. The distribution expenses as a percentage of the Group's total revenue effectively decreased by 3.5 percentage points to 26.3% from 29.8% of the corresponding period of last year. The ratio of distribution expenditure to the total revenue of the Group slightly decreased, mainly because the Group has strengthened and effectively managed its expenses in terminal store operations, brand promotion and marketing activities and its utilisation efficiency in the first half of FY2022/23.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses, mainly comprising of salary and welfare, amortization of equity-settled share-based payment expenses, depreciation and consultancy expenses, amounted to approximately RMB525.1 million in the first half of FY2022/23, representing an increase of 16.0% as compared to approximately RMB452.8 million of the corresponding period of last year, mainly because in the past half financial year, the Group has refined the management of the mandatory binding of employee assessments and incentives, achieved the integration of target assessments and incentives, and driven an increase in employee expenses and the amortization of option fees.

FINANCE INCOME

During the first half of FY2022/23, the Group's finance income increased by 38.4% to approximately RMB184.2 million from approximately RMB133.1 million of the corresponding period of last year, which was mainly due to the increase in the interest income on bank deposits, foreign currency gain and treasury income from financial assets of the Group in the first half of the financial year as compared to that of the corresponding period of last year.

FINANCE COST

During the first half of FY2022/23, the Group's finance costs increased slightly to approximately RMB115.0 million, representing an increase of 10.9% as compared to that of the corresponding period of last year. Such slight increase in finance costs was mainly due to the increase in bank charges and interest expenses on lease liabilities in the first half of FY2022/23.

TAXATION

During the first half of FY2022/23, the income tax expenses increased from approximately RMB196.8 million of the corresponding period of last year to approximately RMB282.7 million. The effective tax rate was approximately 28.1%. If the impact of "the impairment losses on goodwill for ladieswear" was eliminated, the effective tax rate would be 25.6%, on par with the standard income tax rate in the PRC.

DIVIDENDS

The Board recommended the payment of an interim dividend of HKD4.5 cents (equivalent to approximately RMB4.13 cents) per ordinary share for the six months ended September 30, 2022. The proposed dividend will be paid on or around January 10, 2023 to shareholders whose names appear on the register of members of the Company on December 15, 2022.

LIQUIDITY AND FINANCIAL RESOURCES

In the first half of FY2022/23, the Group's net cash used in operating activities amounted to approximately RMB1,665.3 million, net cash generated from investing activities amounted to approximately RMB1,817.6 million and net cash used in financing activities amounted to approximately RMB845.5 million. Cash and cash equivalents as at September 30, 2022 amounted to approximately RMB1,766.9 million.

As at September 30, 2022, the distribution of cash and cash equivalents by currency was as follows:

	<i>RMB'000</i>
Renminbi	1,291,340
US dollar	381,764
Pound sterling	6,144
Hong Kong dollar	81,276
Japanese yen	3,493
European dollar	2,884
	<hr/>
Total	<u><u>1,766,901</u></u>

In order to obtain higher 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 expected but unguaranteed returns of capital guaranteed investments with banks ranged from 1.05% to 5.05% per annum. Other financial securities refer to shares held by Shuo Ming De Investment Co., Ltd. ("**Shuo Ming De Investment**"). Shuo Ming De Investment invested approximately RMB224,921,000 in February 2018 to subscribe for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (a company listed in Shanghai Stock Exchange with stock code: 603518) ("**Jinhong Group**") at 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 shares, and the investment cost adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share, and the current shareholding held by it in Jinhong Group is less than 5%.

As at September 30, 2022, the bank borrowings of the Group amounted to approximately RMB1,654.5 million (March 31, 2022: RMB934.0 million) and the carrying amount of liability component of the convertible bonds was approximately RMB1,823.3 million (March 31, 2022: approximately RMB1,604.6 million). The gearing ratio (being total borrowings/total equity) of the Group was 30.1% (March 31, 2022: 20.8%).

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.

During the first half of FY2022/23, two international authoritative credit rating institutions, Moody's Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") awarded the Group long-term credit ratings of "Baa3 (stable outlook)" and "BBB- (stable outlook)", respectively. The receipt of "double investment grades" from Moody's and S&P was the best international credit rating result achieved in the Chinese branded apparel industry so far.

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

During the first half of FY2022/23, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures. There were also no other material investments or additions of capital assets authorized by the Board as at September 30, 2022.

CONTINGENT LIABILITIES

As at September 30, 2022, the Group had no material contingent liabilities (March 31, 2022: Nil).

CAPITAL COMMITMENTS

As at September 30, 2022, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB25.0 million (March 31, 2022: approximately RMB138.7 million).

PLEDGE OF ASSETS

As at September 30, 2022, bank deposits amounting to approximately RMB1,368.6 million had been pledged to banks as security for bills payable (March 31, 2022: approximately RMB952.1 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of the Group's treasury 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 the reporting period 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, 2022, the Group had 11,494 full-time employees (March 31, 2022: 10,118 full-time employees), representing a net increase of 1,376 employees for the period. Staff costs for the six months ended September 30, 2022 (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB719.7 million (for the corresponding period of last financial year: approximately RMB595.3 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. The Group attaches great importance to the creation of an internal talent system. As an important starting point of internal talent generation channel of the Group, college students have made sustainable efforts in recent years, providing a strong guarantee for the construction of talent echelon of the Group. The 2023 campus recruitment links high-quality resources such as traffic from the stars and University-Enterprise Open Day through the Millions Annual Salary Plan, Zero Run Action Innovation Project and Young Eagle Plan Evergreen Project, aiming at further attracting a group of outstanding university talents with high comprehensive quality and strong professional ability, and continuously building the image as the first employer brand of textile and garment colleges of the Group.

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

CORPORATE CULTURE

The Group attaches great importance to the construction and inheritance of corporate culture. We firmly believe that culture is the foundation for the Group to realize the development goal of “creating a 100-year brand, building a 100-year enterprise”, which is the Group’s core impetus for leading development and sustainability. It is 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 through a series of activities such as excellent cases, benchmark person establishment and organizational experience accumulation, to form highly consistent team ideas and concepts and highly consistent goals and actions and pull our teams in uniting their efforts so as to ensure the efficient achievement of strategic goals.

TALENT DEVELOPMENT

In order to better support the Group's strategic implementation, the Group attaches greater importance to the cultivation of talents. After years of accumulation, we have established a scientific system for talent training. From strategic interpretation, business path analysis, organizational structure inventory, job classification, to clear organization and personnel capabilities, competence standards, evaluation standards, evaluation process and other aspects involved in the talent training process have completed multiple rounds of iterations, adapting 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, experts and strategic reserve talents internally.

The Group believes that talents are the cornerstone of brand development, and designers are the creators of core competitive products. Focusing on the brand positioning of becoming the "world's leading expert in down apparel", the product design team always takes the long-term goal of talent strategy to create a leading, diversified, professional and highly-creative organization. While actively introducing outstanding talents, the Group also focuses on helping the core team upgrade and improving the team's design capability through internal and external learning resources while constantly recruiting outstanding fresh graduates to join the design team and enabling the team to remain vigorous, so as to carry out sustainable and iterative innovation and creation, and continue to produce refreshing products.

Store staffs are the key contact for customers to explicitly perceive value. Therefore, the Group has gradually established a retail model with stores as the core force in the strategic deployment and development of the past three years, continuously strengthening the training of store staff, creating a younger store team with strong learning ability, continuously improving business skills and providing customers with quality services. Meanwhile, to better implement the operation of individual stores, the Group continues to strengthen the cultivation of the team associated with the stores. Currently, we have laid out the capacity building for retail management, merchandise operations, display and other positions, invested resources in enhancing the operation ability of individual stores for on-the-job management staff of the retail stores, so as to open up the supply chain for retail talents and constantly provide a batch of retail talent echelon with a better understanding of customers and operations.

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

Currently, the "Eagle" project has cultivated considerable outstanding talents of 613 university students, 46 reserve managers, 28 reserve directors, and 16 retail company general managers, which provides strategic talents for the Group and lays a solid foundation for the achievement of the strategic goal of becoming the "world's leading expert in down apparel".

FUTURE OUTLOOK

Currently, although the growth of global apparel consumption still faces a number of challenges, the apparel industry in China has a complete and advanced industrial chain, and its role in the progress of upgrading the global industrial chain and restructuring the value chain is increasingly prominent. As a leading enterprise in China's down apparel industry, the Group will continue to demonstrate its development resilience in the face of changes and challenges. On the one hand, the Group will comprehensively and thoroughly study and implement the spirit of the 20th CPC National Congress, actively get involved in the national development landscape and industrial upgrading trend, and bravely scale new heights and strive to be a pioneer and leader taking the responsibility of stabilizing the economy and playing a leading role. On the other hand, in the face of the complexity and uncertainties of the external environment, the Group will keep a foothold on new demands and new expectations for good life, adhere to its start-up original aspiration, unswervingly stick to the confidence of development, persist in brand leadership, confidence and self-reliance, perseverance and innovation, and forge ahead with vigour and determination, so as to embark on the new journey of "World Down Apparel, China Bosideng Leading the New Trend".

Down apparel business: The Group focuses on the main business of down apparel and builds the core competitiveness of the main business. On the one hand, the Group consolidates the *Bosideng* brand position as the "world's leading expert in down apparel", develops professional leadership and establishes cutting-edge awareness from a single sales scale to global leadership in terms of brand complexity. In terms of brand building, the Group, based on the brand culture and the mindset of consumers, continuously innovates ways of communication and upgrades content of communication, keeps a foothold on the two key points of "products professionalism and innovation" and "breakthrough in customers' experience", and achieves the goals of brand leadership and maximizes brand effect and sales volume. In terms of product development, taking customers' perception and needs as the central task, we will optimize the design and development model, upgrade the product structure, inherit our brand gene based on original design and enhance our product value with leading technology. In terms of channel construction, by targeting core cities and mainstream business districts, we will focus on enhancing channel quality and upgrading channel structure. In terms of store establishment, the Group centers on the implementation of the operation of individual store and changes the operation of large commodity and big retail through individual store operation, so as to upgrade the refined retail operation for the individual stores and enhance the stores' operating capacity and profitability. Meanwhile, the Group will also continue to actively deploy mid-end *Snow Flying* and other down apparel businesses, and take the initiative to strive for online channels through model innovation to stabilize and expand our market share and realise the complete coverage over the down apparel market.

OEM management business: The Group will be the preferred supplier for its customers, giving full play to its professional competitiveness in the field of down apparel and making a breakthrough in ODM design and offering high-quality services to customers. The Group will expand new customer resources on the basis of continuously deepening good and stable cooperation with existing core customers. The Group will continue to improve the quality of operations and profitability by tapping into the potential of existing businesses and pursuing breakthroughs in incremental businesses. Meanwhile, the Group will continuously accelerate the deployment of overseas production resources, while optimizing and improving our service capacity.

Fashionable ladieswear business: The development of ladieswear industry in China has entered into a mature period with stable growth, intensive competition and lower market concentration. In view of the demand side, female consumers have stronger demands for personalization and beauty of the apparels and subdivided market segment in different levels has been gradually formulated based on consumption demands. The Group pays attention to the future development of ladieswear business. On the one hand, we will establish a special working group from the Group side, empowering the operation and management of ladieswear and business exploration. On the other hand, from all ladieswear brands side, we will attach greater importance to improve brand culture connotation and value publicity, strengthen the R&D and innovation of the products, focus on the increase in the efficiency of the benchmarked stores in key areas and continue to drive the transformation and upgrading of digitalization, including the multidimensional systematic upgrading and construction of brands, products, channels, operations and others. Meanwhile, the ladieswear brand will also accelerate its progress in digital and intelligent transformation in face of the changing apparel market, with a view to promoting both the operation capacity and operating efficiency of the ladieswear business segment.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 15, 2022 to December 19, 2022, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 10, 2023, 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 14, 2022.

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

The Company and its subsidiaries had not purchased, sold or redeemed any the Company's listed securities during the six months ended September 30, 2022.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Directors are of the opinion that the Company had complied with the code provisions of the Corporate Governance Code (the "**Code**"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2022, except for code provision C.2.1 of the Code, which provides that the roles of chairman and chief executive officer ("**CEO**") should be separated and should not be performed by the same individual.

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

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

This announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://company.bosideng.com>). The interim report for the six months ended September 30, 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, November 24, 2022

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