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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)

ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2022

HIGHLIGHTS

- Revenue increased by 20.0% to approximately RMB16,213.6 million as compared to that of last year
- Gross profit margin increased by 1.5 percentage points to approximately 60.1% as compared to that of last year
- Profit attributable to equity shareholders of the Company increased by 20.6% to approximately RMB2,062.3 million as compared to that of last year
- The Board proposed a final dividend of HKD13.5 cents per ordinary share

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Bosideng International Holdings Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended March 31, 2022 (the “**Year**” or “**FY2021/22**”), together with the comparative figures for the year ended March 31, 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2022

(Expressed in Renminbi)

		For the year ended March 31,	
	Note	2022	2021
		RMB'000	RMB'000
Revenue	3	16,213,608	13,516,513
Cost of sales		<u>(6,476,429)</u>	<u>(5,592,247)</u>
Gross profit		9,737,179	7,924,266
Other income	4	273,975	203,817
Selling and distribution expenses		(6,171,208)	(4,807,361)
Administrative expenses		(1,203,133)	(1,026,246)
Impairment losses on goodwill	10	(40,000)	(46,000)
Other expenses		<u>(27,966)</u>	<u>(23,870)</u>
Profit from operations		2,568,847	2,224,606
Finance income		315,998	213,455
Finance costs		<u>(198,608)</u>	<u>(195,753)</u>
Net finance income	6	117,390	17,702
Share of losses of associates and a joint venture		<u>(14,089)</u>	—
Profit before taxation		2,672,148	2,242,308
Income tax	7	<u>(613,376)</u>	<u>(537,342)</u>
Profit for the year		2,058,772	1,704,966

For the year ended March 31,
2022 2021
RMB'000 ***RMB'000***

Other comprehensive income for the year:

Item that will not be reclassified to profit or loss:

Equity investments at fair value through other comprehensive income (“**FVOCI**”) (after tax)

– net movement in fair value reserve (non-recycling)

81,794 (13,561)

81,794 (13,561)

Items that may be reclassified subsequently to profit or loss:

Foreign currency translation differences

– foreign operations

37,326 62,491

37,326 62,491

Other comprehensive income for the year

119,120 48,930

Total comprehensive income for the year

2,177,892 **1,753,896**

	For the year ended March 31,	
<i>Note</i>	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:		
Equity shareholders of the Company	2,062,323	1,709,566
Non-controlling interests	(3,551)	(4,600)
	<u>2,058,772</u>	<u>1,704,966</u>
Profit for the year		
Total comprehensive income attributable to:		
Equity shareholders of the Company	2,181,443	1,758,496
Non-controlling interests	(3,551)	(4,600)
	<u>2,177,892</u>	<u>1,753,896</u>
Total comprehensive income for the year		
Earnings per share		
	<i>8</i>	
– basic (RMB cents)	<u>19.14</u>	<u>15.98</u>
– diluted (RMB cents)	<u>18.78</u>	<u>15.77</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2022

(Expressed in Renminbi)

		At March 31,	
	Note	2022	2021
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		1,758,082	1,761,804
Right-of-use assets	9	1,121,890	850,558
Intangible assets and goodwill	10	1,496,159	1,572,040
Interests in associates		41,864	–
Interest in a joint venture		94,107	–
Investment properties		266,280	265,479
Prepayments		13,332	22,343
Other financial assets	14	173,827	150,901
Deferred tax assets		611,458	566,540
Pledged bank deposits		770,000	450,000
Time deposits		200,000	440,000
		<u>6,546,999</u>	<u>6,079,665</u>
Current assets			
Inventories	11	2,688,186	2,645,940
Trade and bills receivables	12	1,236,748	875,915
Deposits, prepayments and other receivables	13	1,281,234	1,168,152
Receivables due from related parties		200,268	156,511
Other financial assets	14	6,521,270	5,952,169
Pledged bank deposits		182,148	207,253
Time deposits		124,300	99,301
Cash and cash equivalents		2,502,563	1,771,330
		<u>14,736,717</u>	<u>12,876,571</u>

	<i>Note</i>	At March 31,	
		2022	2021
		RMB'000	RMB'000
Current liabilities			
Current income tax liabilities		620,299	519,664
Interest-bearing borrowings		933,950	670,923
Lease liabilities		269,526	223,388
Trade and other payables	<i>15</i>	4,777,954	4,012,075
Payables due to related parties		8,373	6,679
Derivative financial liabilities		–	9,344
		<u>6,610,102</u>	<u>5,442,073</u>
Net current assets		<u>8,126,615</u>	<u>7,434,498</u>
Total assets less current liabilities		<u>14,673,614</u>	<u>13,514,163</u>
Non-current liabilities			
Deferred tax liabilities		166,166	174,147
Lease liabilities		627,590	415,311
Convertible bonds	<i>16</i>	1,599,598	1,604,288
Other non-current liabilities		53,820	69,687
		<u>2,447,174</u>	<u>2,263,433</u>
Net assets		<u>12,226,440</u>	<u>11,250,730</u>
Capital and reserves			
Share capital		817	811
Reserves		12,192,286	11,068,303
Equity attributable to equity shareholders of the Company		<u>12,193,103</u>	<u>11,069,114</u>
Non-controlling interests		<u>33,337</u>	<u>181,616</u>
Total equity		<u>12,226,440</u>	<u>11,250,730</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE REPORTING ENTITY

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

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of measurement

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

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

- investments in equity securities; and
- derivative financial instruments.

(c) Changes in accounting policies

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

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

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

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

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

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

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

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

3 REVENUE AND SEGMENT REPORTING

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

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

(a) **Disaggregation of revenue**

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

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

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

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

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

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

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

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

	For the year ended March 31, 2022				
	Down apparels <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	13,222,966	1,901,321	903,679	185,642	16,213,608
Inter-segment revenue	30,418	43,421	–	18,265	92,104
Reportable segment revenue	13,253,384	1,944,742	903,679	203,907	16,305,712
Reportable segment profit	2,348,089	216,395	54,690	20,408	2,639,582
Amortization of intangible assets	–	–	(35,881)	–	(35,881)
Impairment losses on goodwill	–	–	(40,000)	–	(40,000)
	For the year ended March 31, 2021				
	Down apparels <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	10,889,106	1,536,083	946,627	144,697	13,516,513
Inter-segment revenue	27,966	19,639	–	16,995	64,600
Reportable segment revenue	10,917,072	1,555,722	946,627	161,692	13,581,113
Reportable segment profit	2,131,414	187,092	113,168	(49,997)	2,381,677
Amortization of intangible assets	–	–	(36,250)	–	(36,250)
Impairment losses on goodwill	–	–	(46,000)	–	(46,000)

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

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

6 NET FINANCE INCOME

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	83,289	49,353
Interest income on other financial assets measured at amortized cost	39,260	97,798
	<u>122,549</u>	<u>147,151</u>
Total interest income on financial assets		
Realized/unrealized net gain in financial assets classified as fair value through profit or loss ("FVPL")	181,662	66,304
Dividend income (note 14(c)(i))	2,443	–
Changes in fair value of derivative financial liabilities	9,344	–
	<u>315,998</u>	<u>213,455</u>
Finance income		
Interest on interest-bearing borrowings and discounted bills	(53,316)	(40,136)
Interest on convertible bonds (note 16)	(68,416)	(70,086)
Bank charges	(18,329)	(16,389)
Interest expenses on lease liabilities	(47,455)	(35,834)
Changes in fair value of derivative financial liabilities	–	(8,811)
Net foreign exchange loss	(11,092)	(24,497)
	<u>(198,608)</u>	<u>(195,753)</u>
Finance costs		
Net finance income recognized in profit or loss	<u>117,390</u>	<u>17,702</u>

7 INCOME TAX

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Current tax		
Provision for income tax for the year	685,608	502,510
Deferred tax		
Origination and reversal of temporary differences	(72,232)	34,832
	<u>613,376</u>	<u>537,342</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 and the BVI.
- (ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United Kingdom during the years ended March 31, 2022 and 2021.
- (iii) The provision includes provision for PRC income tax and provision for Hong Kong income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate 16.5% on the estimated assessable Hong Kong profits for the years ended March 31, 2022 and 2021.

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

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

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

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

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

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

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

Weighted average number of ordinary shares:

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

(b) Diluted earnings per share

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

Weighted average number of ordinary shares (diluted):

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

9 RIGHT-OF-USE ASSETS

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

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

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights (i)	5,598	4,548
Properties leased for own use (ii)	405,250	311,420
	410,848	315,968
Interest on lease liabilities (<i>note 6</i>)	47,455	35,834
Lease charge of short-term leases exempt from capitalization under IFRS16	97,028	81,334
Variable lease payments (iii)	1,802,538	1,462,314
COVID-19-related rent concessions in the form of a discount on fixed lease payments	(3,040)	(55,264)

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

As disclosed in note 2(c), the Group has adopted the Amendment to IFRS 16, *Leases, Covid-19-Related Rent Concessions beyond June 30, 2021*, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the year.

(i) Land use rights

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

(ii) Properties leased for own use

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

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

(iii) Variable lease payments

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

10 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, 2020, 2021 and 2022	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2020	(554,741)	(626,101)	(155,636)	(1,336,478)
Amortization charge for the year	–	(4,560)	(31,690)	(36,250)
Impairment losses	(46,000)	–	–	(46,000)
At March 31, 2021	(600,741)	(630,661)	(187,326)	(1,418,728)
Amortization charge for the year	–	(4,191)	(31,690)	(35,881)
Impairment losses	(40,000)	–	–	(40,000)
At March 31, 2022	(640,741)	(634,852)	(219,016)	(1,494,609)
Net book value:				
At March 31, 2022	<u>1,067,410</u>	<u>13,970</u>	<u>414,779</u>	<u>1,496,159</u>
At March 31, 2021	<u>1,107,410</u>	<u>18,161</u>	<u>446,469</u>	<u>1,572,040</u>

The amortization of customer relationships and trademarks charged for the year is included in “selling and distribution expenses” in the consolidated statement of profit or loss and other comprehensive income.

Impairment testing for cash-generating unit containing goodwill

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Gross value		
Menswear	292,741	292,741
Ladieswear – <i>JESSIE</i> brand	484,312	484,312
Ladieswear – <i>BUOU BUOU</i> brand	525,137	525,137
Ladieswear – Tianjin Ladieswear	405,961	405,961
	1,708,151	1,708,151
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	(292,741)	(292,741)
Ladieswear – <i>JESSIE</i> brand	(151,000)	(141,000)
Ladieswear – <i>BUOU BUOU</i> brand	(162,000)	(152,000)
Ladieswear – Tianjin Ladieswear	(35,000)	(15,000)
	(640,741)	(600,741)
	(640,741)	(600,741)
Net value		
Menswear	–	–
Ladieswear – <i>JESSIE</i> brand	333,312	343,312
Ladieswear – <i>BUOU BUOU</i> brand	363,137	373,137
Ladieswear – Tianjin Ladieswear	370,961	390,961
	1,067,410	1,107,410
	1,067,410	1,107,410

The recoverable amounts of each of the above CGUs were estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The value in use calculation uses cash flow projections based on financial budgets approved by the management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of *JESSIE* brand ladieswear CGU, *BUOU BUOU* brand ladieswear CGU and Tianjin ladieswear CGU, respectively, were determined using a pre-tax discount rate with a range from 18.0% to 18.9%.

Based on assessments using the discounted cashflow forecast method, the businesses of *JESSIE* brand ladieswear CGU, *BUOU BUOU* brand ladieswear CGU and Tianjin brand ladieswear CGU were under-performed. The recoverable amount of *JESSIE* brand ladieswear CGU, *BUOU BUOU* brand ladieswear CGU and Tianjin brand ladieswear CGU were RMB574,811,000, RMB609,615,000 and RMB635,588,000, which were lower than the carrying amount by RMB10,000,000, RMB10,000,000 and RMB20,000,000, respectively. Therefore, a total impairment losses of RMB40,000,000 has been recognized in the profit or loss account for the year ended March 31, 2022. The impairment losses were fully allocated to goodwill.

11 INVENTORIES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Raw materials	891,118	795,137
Work in progress	23,763	11,851
Finished goods	1,773,305	1,838,952
	<u>2,688,186</u>	<u>2,645,940</u>

The analysis of the amount of inventories recognized in cost of sales and included in profit or loss is as follows:

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Carrying amount of inventories sold	6,386,973	5,488,701
Write down of inventories	89,456	103,546
	<u>6,476,429</u>	<u>5,592,247</u>

12 TRADE AND BILLS RECEIVABLES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Trade receivables	1,235,139	803,329
Bills receivable	132,311	204,630
Less: loss allowance for doubtful debts	(130,702)	(132,044)
	<u>1,236,748</u>	<u>875,915</u>

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB1,367,450,000 as at March 31, 2022 (2021: RMB1,007,959,000).

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

As at March 31, 2022, the Group endorsed certain bank acceptance bills totaling RMB49,194,000 (March 31, 2021: RMB156,795,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB29,640,000 (March 31, 2021: RMB64,840,000) bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Ageing analysis

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

	At March 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within credit terms	981,110	680,160
1 to 3 months past due	230,693	152,243
Over 3 months but less than 6 months past due	13,918	13,407
Over 6 months but less than 12 months past due	2,361	18,989
Over 1 year past due	8,666	11,116
	<u>1,236,748</u>	<u>875,915</u>

Trade receivables and bills receivable are generally due within 30 to 90 days from the date of billing.

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At March 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Deposits	551,870	580,538
Prepayments for materials and processing fee	372,386	312,059
Prepayments for other services	68,967	28,654
	<u>441,353</u>	<u>340,713</u>
Third party other receivables:		
– Value-added-tax (“VAT”) recoverable	235,365	185,842
– Advances to employees	28,604	40,774
– Others	24,042	20,285
	<u>288,011</u>	<u>246,901</u>
Total	<u>1,281,234</u>	<u>1,168,152</u>

14 OTHER FINANCIAL ASSETS

	<i>Note</i>	At March 31, 2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current			
Equity securities designated at FVOCI (non-recycling)	<i>(b)</i>	140,709	100,130
Financial assets measured at amortized cost	<i>(a)</i>	14,860	50,771
Financial assets classified as FVPL	<i>(c)</i>	18,258	–
		173,827	150,901
Current			
Financial assets measured at amortized cost	<i>(a)</i>	1,154,923	2,093,664
Financial assets classified as FVPL	<i>(c)</i>	5,366,347	3,858,505
		6,521,270	5,952,169
Total		6,695,097	6,103,070

- (a) Financial assets measured at amortized cost are principal guaranteed short-term or long-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 1.05% to 5.05% (March 31, 2021: 1.00% to 5.44%) per annum.

During the year, the interest income derived from investments with banks of RMB39,260,000 (for the year ended March 31, 2021: RMB97,798,000) was recognized as finance income.

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

During the year, the changes in fair value of this investment, after tax effect of RMB81,794,000 was recognized as a gain in other comprehensive income (for the year ended March 31, 2021: loss of RMB13,561,000).

In early July 2021, Shuo Ming De disposed of 2,787,223 shares of Jinhong Group in total, after which the number of shares of Jinhong Group held by Shuo Ming De decreased to 14,270,699 shares. The accumulated gain recognized in the other comprehensive income for the aforementioned disposal of RMB23,796,000 (net of tax) as of the date of disposal was transferred to retained earnings directly.

No dividends were received on this investment during the year ended March 31, 2022 (for the year ended March 31, 2021: Nil).

- (c) As at March 31, 2022, financial assets classified as FVPL represent listed equity investments of RMB317,000 (March 31, 2021: RMB7,607,000) and short-term investments with banks of RMB5,384,288,000 (March 31, 2021: RMB3,850,898,000).

(i) Listed equity investments

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

During the year, the net realized/unrealized gains of other equity investments held by the Group of RMB5,477,000 were recognized as a gain in finance income (for the year ended March 31, 2021: RMB634,000).

Dividend income of RMB2,443,000 for the year ended March 31, 2022 (for the year ended March 31, 2021: Nil) was attributable to the Group's equity investments in certain A-share listed companies.

(ii) Short-term investments with banks and other financial institutions

Short-term investments with banks and other financial institutions with no guarantee of principal and interest were classified as FVPL. During the year, the net realized/unrealized gain in these investments of RMB176,185,000 was recognized as a gain in finance income (for the year ended March 31, 2021: RMB65,670,000). Neither the single short-term investment nor short-term investment made with the same bank or other financial institutions on an aggregate basis accounted for over 5% of the Group's total assets.

15 TRADE AND OTHER PAYABLES

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Trade payables	571,604	722,128
Bills payables	2,711,629	1,746,505
	<u>3,283,233</u>	<u>2,468,633</u>
Other payables and accrued expenses		
– Deposits from customers	171,203	257,400
– Contract liabilities (i)	270,808	286,944
– Construction payables	168,285	223,172
– Accrued advertising expenses	112,765	95,186
– Accrued payroll, welfare and bonus	297,540	358,224
– Cash-settled written put option	–	50,530
– VAT and other tax payable	151,842	122,121
– Dividends payable	5,800	5,000
– Payables in relation to acquisition of non-controlling interests in Jessie group	139,795	–
– Payables in relation to shares disposed of by employees under share-based payment schemes	27,821	–
– Receipts in advance in relation to unvested restricted shares	33,021	7,743
– Interest payable in relation to convertible bonds (note 16)	5,008	5,184
– Others	110,833	131,938
	<u>4,777,954</u>	<u>4,012,075</u>

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

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

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 month	3,011,170	2,264,702
1 to 3 months	272,063	203,931
	3,283,233	2,468,633

- (i) The amount of revenue recognized for the year ended March 31, 2022 that was included in the contract liabilities balance at the beginning of the year was RMB279,937,000.

16 CONVERTIBLE BONDS

	Liability component	Equity component	Total
	RMB'000	RMB'000	RMB'000
At March 31, 2021	1,609,472	260,576	1,870,048
Effective interest expenses for the year	68,416	–	68,416
Interest paid	(17,593)	–	(17,593)
Exchange adjustment	(55,689)	–	(55,689)
At March 31, 2022	1,604,606	260,576	1,865,182

Liability component

	At March 31,	
	2022	2021
	RMB'000	RMB'000
Carrying amount of liability component	1,604,606	1,609,472
Less: interest payable due within 1 year (<i>note 15</i>)	(5,008)	(5,184)
Convertible bonds – non-current portion	1,599,598	1,604,288

On December 17, 2019, pursuant to a subscription agreement dated December 4, 2019 (the “**Subscription Agreement**”), the Company issued convertible bonds with a principal amount of USD275 million due on December 17, 2024 (the “**Convertible Bonds**”). The Convertible Bonds bear simple coupon interest at 1% per annum, and the interest shall be payable semi-annually.

The Convertible Bonds may be converted into shares of the Company pursuant to the terms and conditions of the Subscription Agreement. The rights of the bondholders to convert the Convertible Bonds into ordinary shares are as follows:

- subject to redemption options pursuant to the terms and conditions of the Subscription Agreement, conversion rights are exercisable at any time from January 27, 2020 to December 7, 2024 (both days inclusive) at the bondholders’ option;
- at the initial conversion price being HKD4.91 per share (subject to adjustments in the manner provided in the terms and conditions of the Subscription Agreement), with a fixed exchange rate of HKD7.8287 to USD1;
- since the issue of the Convertible Bonds on December 17, 2019 up to now, the conversion price has been adjusted four times, according to the announcements issued by the Company dated August 21, 2020, December 3, 2020, August 20, 2021 and December 1, 2021, respectively, as follows:

Effective date	Adjustment to conversion price
August 27, 2020	HKD4.91 per share adjusted to HKD4.73 per share
December 19, 2020	HKD4.73 per share adjusted to HKD4.67 per share
August 26, 2021	HKD4.67 per share adjusted to HKD4.56 per share
December 23, 2021	HKD4.56 per share adjusted to HKD4.52 per share

- the number of ordinary shares to be issued on exercise of a conversion right shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the conversion price in effect on the relevant conversion date.

Unless previously redeemed, the Convertible Bonds, in respect of which conversion rights have not been exercised, will be redeemed at the outstanding principal amount together with accrued and unpaid interest on December 17, 2024.

17 DIVIDENDS

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Interim dividend declared and paid of HKD4.5 cents per ordinary share (2021: interim dividend declared and paid of HKD3.5 cents per ordinary share)	397,665	315,441
Final dividend proposed after the end of the reporting period of HKD13.5 cents per ordinary share (2021: HKD10.0 cents per ordinary share)	<u>1,256,567</u>	<u>895,365</u>
	<u>1,654,232</u>	<u>1,210,806</u>

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

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

	For the year ended March 31,	
	2022	2021
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD10.0 cents per ordinary share (2021: final dividend of HKD6.0 cents per ordinary share)	<u>893,614</u>	<u>569,914</u>

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2022, the board of directors of the Company proposed a final dividend of HKD1,469,583,000 (approximately RMB1,256,567,000), representing HKD13.5 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

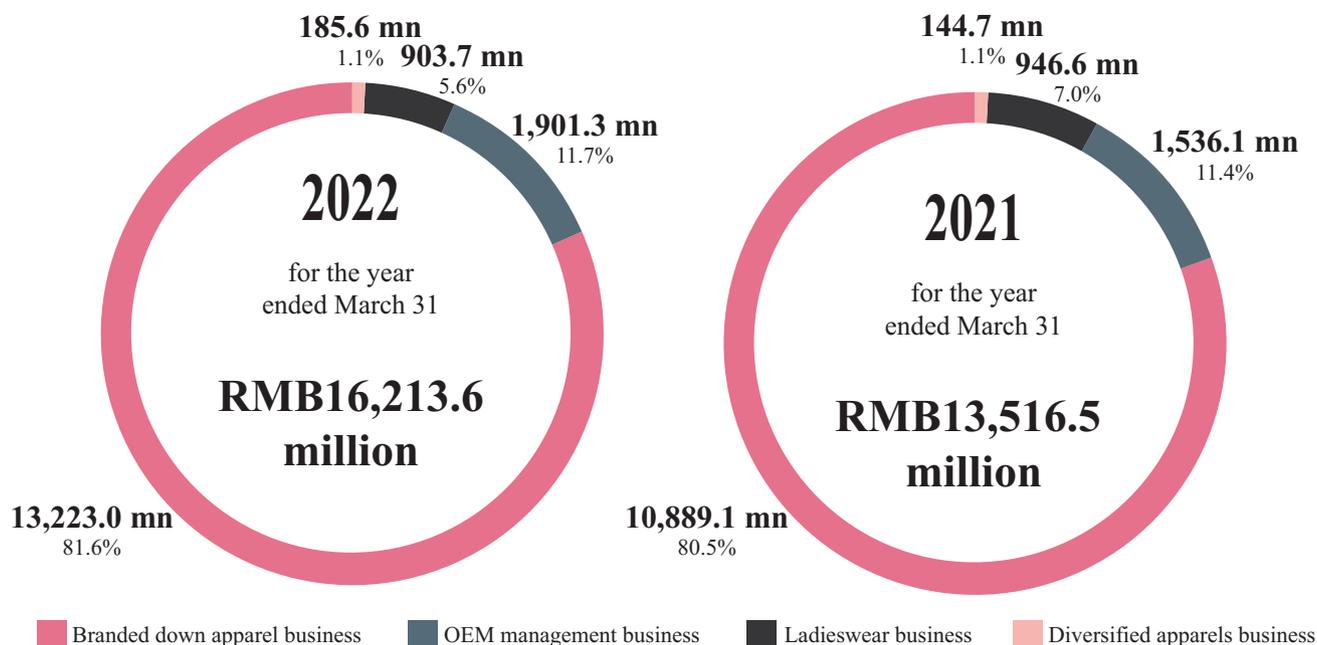
REVENUE ANALYSIS

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

In this Year, the Group’s revenue amounted to approximately RMB16,213.6 million, representing an increase of approximately 20.0% as compared to that of the corresponding period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group’s main business segments.

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

Revenue by Business



Branded Down Apparel Business:

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

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

Brand Building

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

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

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

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

In October 2021, *Bosideng* released the original Trench-style Down Jacket Collection. On the one hand, *Bosideng* subverted customers' perception of traditional down apparel and enhanced its image as a down apparel expert by innovating the categories of down apparel; and on the other hand, the original Trench-style Down Jacket Collection may satisfy the needs and aesthetics of mainstream consumers for business scenarios, which consolidated the expansion of product series, and achieved the perfect conversion of brand power and sales power.

In November 2021, *Bosideng* released the climbing 2.0 series, which on the one hand, raised the awareness of the *Bosideng* brand among consumers and effectively supported brand development and positioning, and on the other hand, the products are originally made in China, leading the further development of Chinese brand apparel in top design, craftsmanship and fabrics.

In December 2021, *Bosideng* held a release conference together with the National Theatre of China, at which, on the one hand, the "warm epic" of "world-leading Chinese down apparel" was being interpreted wonderfully; and on the other hand, the fusion of theatrical art and fashion elements pioneered the theatrical release conference in the industry, intensively elaborated *Bosideng*'s global leading position as a Chinese down apparel brand and was recognized by the fashion industry and the apparel industry.

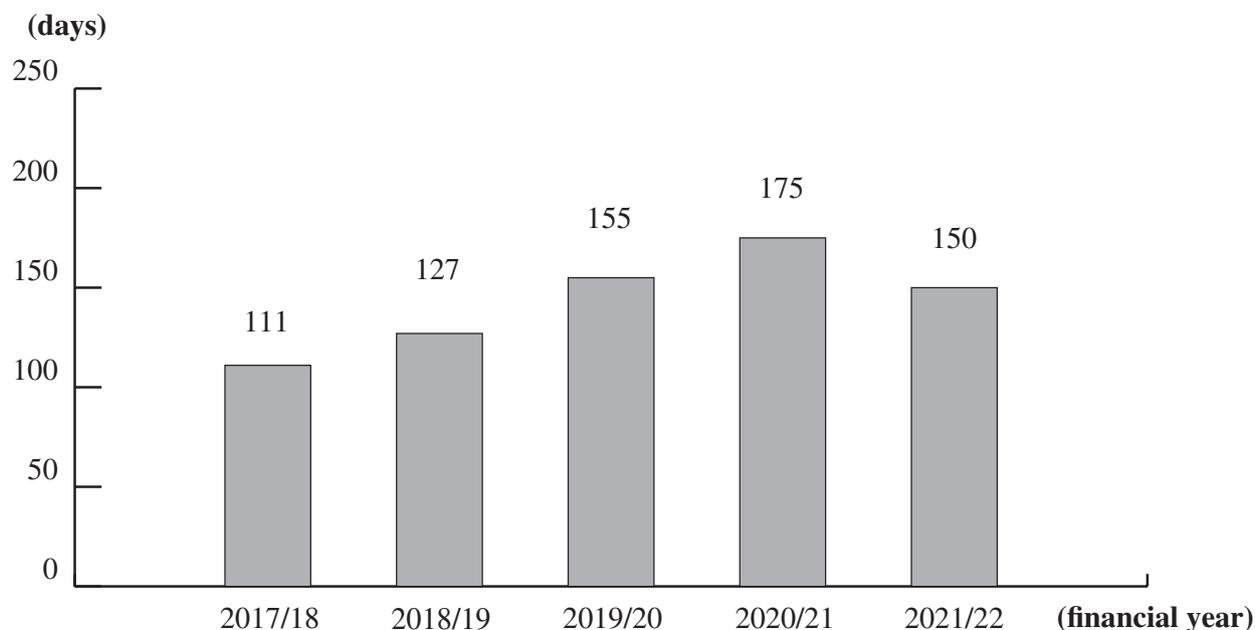
Commodity Management

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

In FY2021/22, the Group continued to stick to the concept of commodity operation management of the last financial year. With the Group's smart central delivery centre (i.e. CDC) which serves all offline direct stores, franchised stores and e-commerce businesses throughout the country, the Group unified the inventory management of 9 direct large warehouses and 12 small warehouses of distributors through an integrated inventory management platform, including suppliers' delivery, storage/return of commodities from the market to the warehouse, sorting and shelves arranging to continuously optimize the availability of replenished goods in accordance with market sales conditions in conjunction with different strategies that allocate and store commodities and O2O pathway.

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

Inventory Turnover Analysis



Supply Chain Management

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

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

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

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

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

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

Logistics and Delivery

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

A series of actions have been taken in respect of the logistics park area of the Group in terms of improving logistics efficiency. On the one hand, the advanced algorithms of the self-developed ICC (i.e. inventory calculation centre) and OPC (i.e. order processing centre) systems are adopted to instantly collect, match, locate and calculate the distance between the geographical location of the product and the geographical location of the consumer, and generate instructions to prioritize early orders and ensure early pick up by the courier company and the fastest distribution to consumers. On the other hand, with the coming of a new wave of smart technology through advanced logistics information technology (“IT”) system and highly automatic logistics equipment, it has become possible to maximize the automatic efficiency of equipment and reduce inventory operation time and deliver to the carrier for pick up at the fastest speed.

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

Digital Operation

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

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

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

New Retail Operations

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

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

Technological Innovation

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

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

In this Year, the Group focused on new material development and the research and development of new products. In terms of new materials development, the Group introduced internationally-high potential energy fabric brands to attain high-end functional resources, two types of which have obtained ISPO TOP 10 and ISPO SELECTION. In terms of the research and development of new products, the Group had initially established *Bosideng*'s unique and exclusive technology system. It is particularly worth mentioning that the extreme environmental-friendly and zero-pressure down apparel, a *Bosideng* brand under the Group, was awarded the Red Dot Design Award in this Year.

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

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

Research and Development of Products

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

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

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

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

The key product collections in FY2021/22 included:

Trench-style Down Jacket Collection

The first launch of the *Bosideng* Trench-style Down Jacket series in 2021 marked innovation and a breakthrough in categories of down apparel. Products under the series broke down the conventional design of down apparel and combined the classic British Trench-style Down Jacket with Chinese down apparel through an advanced custom production process and achieved the reformation of cross categories. Meanwhile, the version and style more in line with the Asian figure was built adopting slim 3D tailoring design and *Bosideng*'s 45 years down apparel craftsmanship, which makes for a more sleek and stylish appearance, stronger wrapping and firmer fit.

High-end Extreme Cold Collection

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

High-end Outdoor

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

Ski Collection

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

City Sport Collection

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

Stylish Sport Collection

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

Puff Collection

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

Golf Collection

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

Light Down Apparel Basic Collection

Carrying forward *Bosideng*’s 45-year classic version, we adopted new 25D super soft yarn and the Japanese calendaring and softening process to bring a cloud-like gentle touch; we choose fashionable bright colors to meet the needs of different consumers and create vitality for the winter dreary. The collection is made of 90% high-quality duck down with 600+ fill power and thus it is light, comfortable and fit for health, and brings customers peace of mind. In terms of technology, anti-lint technology and antidrilling sewing technology are adopted and the needle holes are smaller so as to effectively prevent the down cluster from sticking out of needle holes.

Multi-brand Strategies

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

Snow Flying

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

In terms of channel development, the *Snow Flying* brand integrated resources through development model innovation and determined online channels as its key direction, established an online brand for distribution authorization and new live broadcast retailing as the strategic development business to enhance effective reach to customer groups, optimize brand promotion strategy and improve the operating capabilities of products. In terms of product expansion, the *Snow Flying* brand not only values product innovation, but also the quality management of products. From product development to listing, the brand empowerment and control is carried out throughout the process by way of selecting quality business partners, which laid a solid foundation for the rapid and quality growth of the brand.

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

Bengen

In FY2021/22, the *Bengen* brand recorded revenue of approximately RMB235.3 million, representing a year-on-year increase of 60.3%. From FY2020/21, the *Bengen* brand has greatly reduced its offline agency channels and shifted more to online channels. After two years of efforts, the *Bengen* brand reduced the use of offline agents and focused on online direct sales and distribution and has obtained obvious progress. In the future, the online cost-effective down apparel market will be intensively cultivated through innovative development models and resources integration, so as to become the first choice of fashion down apparel brand for women in the new era.

Revenue from branded down apparel business by brand

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

Revenue from branded down apparel business by sales category

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

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

In FY2021/22, the Group had been improving the quality of channels to increase their efficiency. In terms of offline channel construction, first, the Group paid more attention to the channel structural layout and targeted “2+13”, i.e. 15 first-tier and new first-tier cities in total; second, the Group paid more attention to the quality of channels, and established better stores in shopping malls, popular business areas and core areas of cities by “closing down small stores and opening large ones”; third, the Group further enhanced the layout of multi-level markets and established corresponding self-operated stores or dealers’ stores according to options and plans in markets at different levels to start sales in local markets. As at March 31, 2022, the total number of selling points of the Group’s down apparel business (net) decreased by 341 to 3,809 as compared to that as at the end of the last financial year; self-operated selling points (net) decreased by 81 to 1,726 and selling points operated by third party distributors (net) decreased by 260 to 2,083. The self-operated and third party distributor-operated selling points as a percentage of the overall selling points were approximately 45.3% and 54.7%, respectively. Among the total selling points of the Group’s branded down apparel business, approximately 30.1% were located in first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 69.9% were located in third- and lower-tier cities.

Retail network breakdown by down apparel brand

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

Change: Compared with that as at March 31, 2021

Retail network of branded down apparel business by region

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

Region

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

OEM Management Business:

In FY2021/22, revenue from the Group's OEM management business amounted to approximately RMB1,901.3 million, representing 11.7% of the Group's revenue and an increase of 23.8% as compared to that of the corresponding period of last year. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 87.0% of its total revenue.

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

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

Ladieswear Business:

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

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

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

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

Fashion Ladieswear – JESSIE

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

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

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

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

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

Fashion Ladieswear – BUOU BUOU

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

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

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

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

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

Fashion ladieswear – KOREANO and KLOVA

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

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

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

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

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

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

Retail network breakdown by ladieswear brand

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

Change: Compared with those as at March 31, 2021

Retail network of ladieswear business by region

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

Region

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

Diversified apparels business segment

During FY2021/22, revenue from our diversified apparels business was approximately RMB185.6 million, representing an increase of 28.3% as compared to that of the corresponding period of last year. As the Group adhered to the overall strategy of “focusing on our principal business and shrinking diversification”, the contribution from businesses such as the *MAN* and *HOME* brands to the Group’s total revenue further dropped. However, the school uniform business developed by the Group in 2016 recorded significant growth in the Year. Therefore, the proportion of the overall diversified apparels business to the Group’s total revenue remained at 1.1%. Revenue from diversified apparels brands during the Year were as follows:

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

Revenue from diversified apparels business by sales category
For the year ended March 31,
2022 **2021**

Sales categories	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	Change
Self-operated	160.6	86.5%	90.5	62.5%	77.6%
Wholesale	20.8	11.2%	47.3	32.7%	-56.0%
Others*	4.2	2.3%	6.9	4.8%	-39.3%
Total revenue from diversified apparels business	<u>185.6</u>	<u>100.0%</u>	<u>144.7</u>	<u>100.0%</u>	<u>28.3%</u>

* Represents rental income

School uniform business – Sameite

During FY2021/22, the school uniform business under the diversified apparels business segment remained in operation under *Sameite*. Adhering to the clothing design concept of “carrying education with clothes and inheriting culture with clothes”, our *Sameite* brand insists on providing students with safe, comfortable, fashionable and functional school uniform products, and expects to dress every child in the uniform of his or her dream as its mission. Currently, *Sameite* serves more than 500 schools, with an annual supply of over one million pieces.

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

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

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

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

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

Children's wear business, MAN and HOME business

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

ONLINE SALES

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

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

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

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

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

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

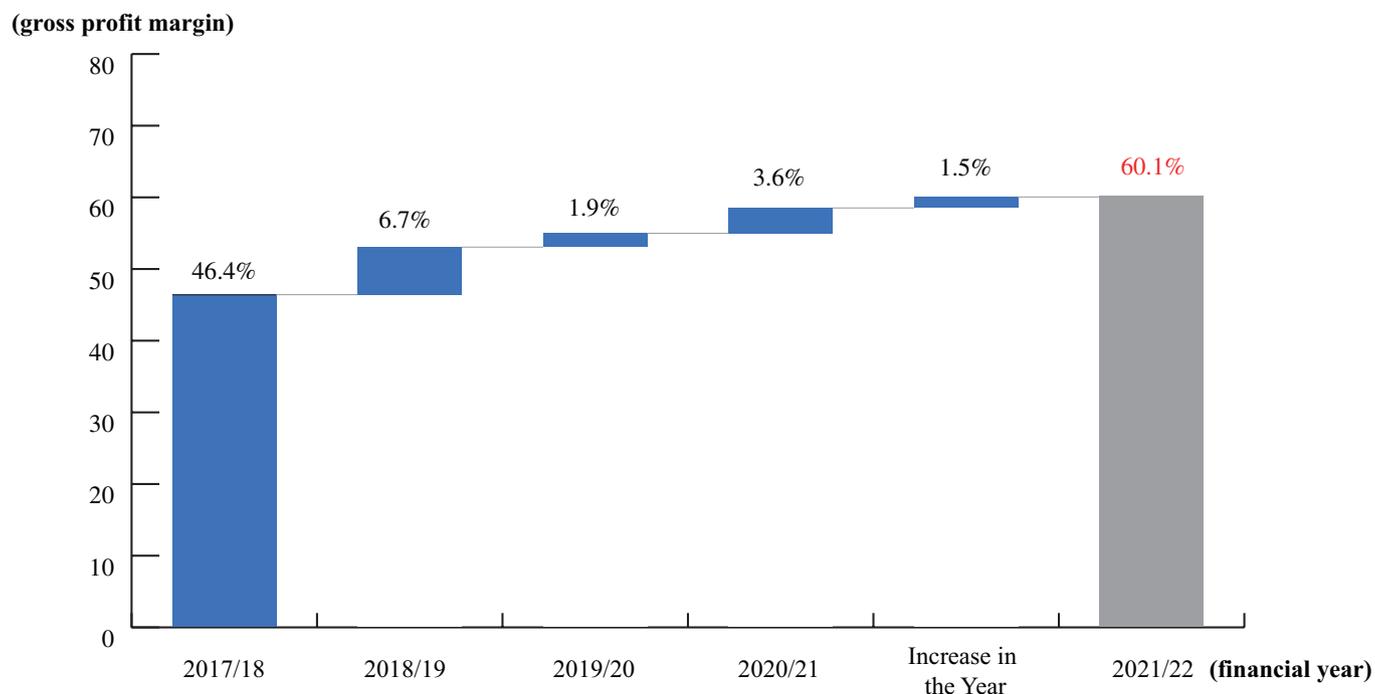
During this Year, revenue from the total online sales of the Group's brands was RMB4,024.8 million, representing a year-on-year increase of 12.3%. Revenues from the online sales of the branded down apparels and ladieswear businesses for the Year were approximately RMB3,931.0 million and RMB85.9 million,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

GROSS PROFIT

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

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

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



Gross profit margin of the branded down apparel business increased by 2.0 percentage points to 65.7%, mainly because during the past financial years, with the successful brand reshaping, the sales products structure of the *Bosideng* brand under the down apparel business showed a trend of continuous upgrading; hence, with the sales proportion of high-unit price products increased, the improvement of the overall gross profit margin of the branded down apparel was driven by the improvement of gross profit margin of the *Bosideng*'s brand. It is inseparable from the Group's "Brand Leadership" model since its strategic transformation in 2018, its adherence to product innovation and channel upgrading, and devotion to the strategic path of building the "world's leading expert in down apparel". The gross profit margin of the OEM management business recorded a slight decline of 1.0 percentage point to 18.6% due to the impact of the global pandemic during FY2021/22 on supply chain costs, transportation expenses and others. In spite of facing the impact of uncertain factors such as the sporadic epidemic, the gross profit margin of the ladieswear business was basically the same as compared to that of the corresponding period of last year through the management of product terminal prices and the cost control.

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

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

OPERATING PROFIT

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

DISTRIBUTION EXPENSES

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

ADMINISTRATIVE EXPENSES

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

FINANCE INCOME

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

FINANCE COSTS

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

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

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

TAXATION

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

DIVIDENDS

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

In order to obtain higher returns on the Group's available cash reserves, the Group has invested in other financial assets, including capital guaranteed short-term investments with banks in the PRC, capital non-guaranteed short-term investments with banks and other financial institutions in the PRC, and other financial securities. The expected but unguaranteed returns of capital guaranteed short-term investments with banks ranged from 1.05% to 5.05% per annum. Other financial securities refer to trading stocks held by Shuo Ming De Investment Co., Ltd ("**Shuo Ming De Investment**"). Shuo Ming De Investment invested approximately RMB224,921,000 in February 2018 to subscribe for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (a company listed in Shanghai Stock Exchange with stock code: 603518) ("**Jinhong Group**") at subscription price of RMB18.46 per share. Due to the bonus issue of shares by Jinhong Group in May 2019, the number of shares held by Shuo Ming De Investment increased to 17,057,922 shares, and the investment cost adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share. The current shareholding held by it in Jinhong Group is less than 5%.

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

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

SUSTAINABLE DEVELOPMENT

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

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

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

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

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

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

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

As a group that has specialized in the down apparel business for 45 years, the Group has a close association with winter sports and has provided continuous support to climbing and winter sporting events in China for over 20 years. The Group considers that at the key note of the 2022 Beijing Winter Olympics, joining hands with *BOGNER* which has focused on the field of skiing apparel and athluxury sports fashion for nearly 90 years and possesses a global leading advantage in the athluxury sports fashion field to enter the winter sports apparel and fashion market in China, has not only consolidated the Group’s development direction of becoming the “world’s leading expert in down apparel”, but also served as a new growth engine to boost the Group’s medium and long-term development momentum. The Group believes that there is great growth potential in the premium sport fashion market in China, and *BOGNER* will see significant opportunities in China’s markets. Bosideng and *BOGNER* share their love for winter sports apparel and fashion, and will certainly bring a different winter sports clothing experience to consumers in China.

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

As of March 31, 2022, the Joint Venture has actively expanded its business in the Greater China Region. Through accurate targeting to high-end positioning, it has identified its core customers, illustrated the craftsmanship of the products and incorporated the products into lifestyle and scenarios, thereby spreading *BOGNER*'s culture and vision, and continuously improving its brand reputation.

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

Acquisition of remaining 30% equity interest in JESSIE

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

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

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

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

PLEDGE OF ASSETS

As at March 31, 2022, bank deposits amounting to approximately RMB952.1 million had been pledged to banks as security for bills payables (March 31, 2021: approximately RMB657.3 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES

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

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

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

CORPORATE CULTURE

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

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

TALENT DEVELOPMENT

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

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

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

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

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

FUTURE OUTLOOK

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

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

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

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

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from (i) August 17, 2022 to August 22, 2022 and (ii) August 26, 2022 to August 30, 2022, both days inclusive, during which periods no transfer of shares will be effected. In order to (i) determine the eligibility of the members who are entitled to attend and vote at the AGM and (ii) qualify for the proposed dividend payable on or around September 15, 2022, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on (i) August 16, 2022 and (ii) August 25, 2022, respectively.

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

During the Year, pursuant to the terms of the rules and deed of settlement of the share award scheme of the Company adopted on April 23, 2020 (the "**Share Award Scheme**"), the trustee of the Share Award Scheme purchased on the Stock Exchange a total of 4,988,000 shares at an aggregate consideration of approximately HKD17.2 million.

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

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company had complied with the Corporate Governance Code (the "**Code**"), as set out in Appendix 14 to the Listing Rules for the Year, except for Code provisions A.2.1 and A.1.1, which provide that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, and that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

Mr. Gao Dekang is the founder of the Group, the Chairman and CEO. The Board believes that it is necessary to vest the roles of the Chairman and CEO in the same person due to Mr. Gao Dekang's unique role, his experience and well-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 for efficient business planning and decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

During the Year, the Board convened a total of three Board meetings based on the needs of the operation and business development of the Group. Due to measures put in place in response to the COVID-19 pandemic, each Board meeting has been arranged to discuss multiple topics and resolutions. During the Year, the Directors were provided with all relevant information on an ongoing basis to enable them to stay informed of the Group's progress and to make swift decisions as required. The Company will consider holding more regular Board meetings in the coming year if the situation allows it to meet the requirements under the said Code provision.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group, and has discussed with our Group's auditors, KPMG, regarding the auditing, internal control and financial report matters including the review of the Group's consolidated annual results for the Year.

AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

A resolution for the re-appointment of KPMG as auditors of the Group is to be proposed at the AGM.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL 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 annual report for the Year containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, June 23, 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.