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波司登 BOSIDENG

波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024

HIGHLIGHTS

- Revenue increased by 17.8% to approximately RMB8,804.1 million.
- Gross profit margin decreased slightly by 0.1 percentage point to 49.9%.
- Operating profit margin increased by 0.2 percentage point to 16.7%.
- Profit attributable to equity shareholders of the Company increased by 23.0% to approximately RMB1,129.7 million.
- The Board declared payment of an interim dividend of HKD6.0 cents per ordinary share.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Bosideng International Holdings Limited (the “**Company**” or “**Bosideng**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or the “**Bosideng Group**”) for the six months ended September 30, 2024, together with the unaudited comparative figures for the corresponding period in 2023. These interim financial statements have not been audited, but have been reviewed by the audit committee of the Company and approved by the Board. The interim results have also been reviewed by the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose report on review of interim financial report will be set out in the *Interim Report 2024/25*.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended September 30, 2024 – unaudited

(Expressed in Renminbi)

		Six months ended September 30,	
	Note	2024	2023
		RMB'000	RMB'000
Revenue	6	8,804,128	7,471,665
Cost of sales		(4,412,808)	(3,738,188)
Gross profit		4,391,320	3,733,477
Other income	7	196,158	110,357
Selling and distribution expenses		(2,274,944)	(2,029,940)
Administrative expenses		(768,589)	(582,479)
Impairment losses on goodwill	12	(70,000)	–
Other expenses		(2,140)	(448)
Profit from operations		1,471,805	1,230,967
Finance income		197,317	178,021
Finance costs		(105,455)	(96,505)
Net finance income	9	91,862	81,516
Share of losses of associates and joint ventures		(5,219)	(11,949)
Profit before taxation		1,558,448	1,300,534
Income tax	10	(416,370)	(384,349)
Profit for the period		1,142,078	916,185

Six months ended September 30,

	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		1,129,698	918,637
Non-controlling interests		12,380	(2,452)
		<u>1,142,078</u>	<u>916,185</u>
Profit for the period			
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,153,190	862,307
Non-controlling interests		12,380	(2,452)
		<u>1,165,570</u>	<u>859,855</u>
Total comprehensive income for the period			
Earnings per share			
	<i>11</i>		
– basic (RMB cents)		<u>10.35</u>	<u>8.47</u>
– diluted (RMB cents)		<u>10.13</u>	<u>8.35</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at September 30, 2024 – unaudited

(Expressed in Renminbi)

	Note	At September 30, 2024 RMB'000	At March 31, 2024 RMB'000
Non-current assets			
Property, plant and equipment		1,803,132	1,543,951
Right-of-use assets		1,399,172	958,155
Intangible assets and goodwill	12	1,174,161	1,236,397
Interests in associates		333,317	52,558
Interests in joint ventures		201,800	200,789
Investment properties		55,655	264,702
Other financial assets	16	163,612	358,902
Derivative financial instruments		3,726	3,726
Deferred tax assets		557,769	497,703
Pledged bank deposits		350,200	18,336
Time deposits		1,200,000	1,570,000
Long-term receivables	15	77,473	47,374
		<u>7,320,017</u>	<u>6,752,593</u>
Current assets			
Inventories	13	5,939,197	3,197,497
Trade and bills receivables	14	4,547,203	1,497,900
Deposits, prepayments and other receivables	15	1,357,093	1,287,676
Amounts due from related parties		165,614	93,752
Other financial assets	16	3,113,709	3,963,011
Pledged bank deposits		963,393	653,095
Time deposits		1,539,787	2,098,666
Cash and cash equivalents		1,962,725	6,227,015
		<u>19,588,721</u>	<u>19,018,612</u>
Current liabilities			
Current income tax liabilities		474,333	497,071
Interest-bearing borrowings		995,547	768,436
Lease liabilities		316,374	356,071
Trade, bills and other payables	17	9,457,479	7,765,152
Amounts due to related parties		17,746	86,815
Convertible bonds		1,716,116	1,709,523
		<u>12,977,595</u>	<u>11,183,068</u>
Net current assets		<u>6,611,126</u>	<u>7,835,544</u>
Total assets less current liabilities		<u>13,931,143</u>	<u>14,588,137</u>

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Non-current liabilities		
Deferred tax liabilities	151,665	309,021
Lease liabilities	386,505	384,423
Derivative financial instruments	3,655	3,655
Other non-current liabilities	40,887	71,553
	<u>582,712</u>	<u>768,652</u>
Net assets	<u>13,348,431</u>	<u>13,819,485</u>
Capital and reserves		
Share capital	827	819
Reserves	13,251,175	13,734,617
Equity attributable to equity shareholders of the Company	13,252,002	13,735,436
Non-controlling interests	96,429	84,049
Total equity	<u>13,348,431</u>	<u>13,819,485</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 REPORTING ENTITY AND CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION

The Company has a financial year end date of March 31. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with the International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorized for issue on November 28, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended March 31, 2024, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending March 31, 2025. Details of the changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended March 31, 2024. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

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

The financial information relating to the financial year ended March 31, 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended March 31, 2024 are available in the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 26, 2024.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

4 SEASONALITY OF OPERATIONS

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

5 FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with those disclosed in the 2023/24 annual financial statements.

6 REVENUE AND SEGMENT REPORTING

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

- Down related apparels – The down related apparel segment carries on the business of sourcing and distributing branded down and related apparels and certain brand authorization.
- OEM management – The OEM management segment carries on the business of sourcing and distributing OEM products.
- Ladieswear apparels – The ladieswear apparel segment carries on the business of sourcing and distributing branded ladieswear apparels.
- Diversified apparels – The diversified apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded school uniforms 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 six months ended September 30,	
	2024	2023
	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	8,715,659	7,436,939
– Royalty income	88,048	32,846
	8,803,707	7,469,785
Revenue from other sources		
Gross rentals from investment properties	421	1,880
Consolidated revenue	8,804,128	7,471,665

All revenue was recognized at point in time.

(b) **Segment results**

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

	For the six months ended September 30, 2024				
	Down related apparel RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	6,062,687	2,316,390	308,142	116,909	8,804,128
Inter-segment revenue	7,542	2,880	–	12,029	22,451
Reportable segment revenue	6,070,229	2,319,270	308,142	128,938	8,826,579
Reportable segment profit/(loss)	1,225,297	389,515	(50,421)	(13,490)	1,550,901
Amortization of intangible assets	–	–	(17,939)	–	(17,939)
Impairment losses on goodwill	–	–	(70,000)	–	(70,000)

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

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

	For the six months ended September 30,	
	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	8,826,579	7,502,851
Elimination of inter-segment revenue	(22,451)	(31,186)
Consolidated revenue	8,804,128	7,471,665

	For the six months ended September 30,	
	2024 RMB'000	2023 RMB'000
Profit before taxation		
Reportable segment profit	1,550,901	1,272,621
Amortization expenses	(17,939)	(17,939)
Government grants	196,158	110,357
Impairment losses on goodwill	(70,000)	–
Finance income	197,317	178,021
Finance costs	(105,455)	(96,505)
Share of losses of associates and joint ventures	(5,219)	(11,949)
Unallocated expenses	(187,315)	(134,072)
Consolidated profit before income tax	1,558,448	1,300,534

7 **OTHER INCOME**

	For the six months ended September 30,	
	2024 RMB'000	2023 RMB'000
Government grants (i)	196,158	110,357

- (i) The Group received unconditional discretionary grants amounting to RMB196,158,000 during the six months ended September 30, 2024 (six months ended September 30, 2023: RMB110,357,000) from various local PRC government authorities.

8 EXPENSES BY NATURE

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

	For the six months ended	
	September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories recognized as expenses included in cost of sales	4,412,808	3,738,188
Depreciation		
– assets leased out	5,729	4,898
– owned property, plant and equipment	204,722	300,389
– right-of-use assets	245,871	245,543
Amortization charge		
– intangible assets	17,939	17,939
Impairment losses on goodwill	70,000	–
Lease charge of short-term leases exempt from capitalization under IFRS 16	19,640	18,842
Variable lease payments	341,713	293,352

9 NET FINANCE INCOME

	For the six months ended	
	September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Recognized in profit or loss:		
Interest income on bank deposits, loan receivables due from related parties and long-term receivables	113,801	86,820
Interest income on financial assets measured at amortized cost	–	2,362
	<hr/>	<hr/>
Total interest income on financial assets	113,801	89,182
Unrealized/realized net gain in financial assets classified as fair value through profit or loss (“FVPL”)	79,806	66,312
Dividend income	3,710	1,427
Net foreign exchange gain	–	21,100
	<hr/>	<hr/>
Finance income	197,317	178,021
	<hr/>	<hr/>
Interest on interest-bearing borrowings and discounted bills	(33,167)	(30,248)
Interest on convertible bonds	(36,560)	(35,269)
Bank charges	(8,659)	(7,542)
Interest expenses on lease liabilities	(22,131)	(23,446)
Net foreign exchange loss	(4,938)	–
	<hr/>	<hr/>
Finance costs	(105,455)	(96,505)
	<hr/>	<hr/>
Net finance income recognized in profit or loss	91,862	81,516

10 INCOME TAX

Income tax in profit or loss represents:

	For the six months ended	
	September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Provision for income tax for the period	456,989	298,566
PRC dividend withholding tax	172,914	26,500
	629,903	325,066
Deferred tax		
Origination and reversal of temporary differences	(213,533)	59,283
	416,370	384,349

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI.
- (ii) No tax provision has been made for Bosideng UK Limited and Bosideng Retail Limited, as they do not have any assessable profits subject to any income tax in the United Kingdom during the period.
- (iii) The provision includes provision for PRC income tax and provision for Hong Kong income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group’s subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for Hong Kong income tax is calculated at Hong Kong Profits Tax rate of 16.5% on the estimated assessable Hong Kong profits for the six months ended September 30, 2024 and 2023.

For the six months ended September 30, 2024, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, and You Nuo (Tianjin) Clothing Limited (“You Nuo”), a clothing enterprise in the PRC. Shanghai Bosideng Information Technology Co., Ltd. was granted a preferential rate of 15% for high-tech enterprises for three years started from 2022, and You Nuo was granted a preferential rate of 15% for high-tech enterprises for three years started from 2023.

- (iv) Under the Enterprise Income Tax Law (“EIT Law”) and its relevant regulations, dividends receivable by non-PRC resident enterprises from PRC resident enterprises for earnings accumulated beginning on January 1, 2008 are subject to withholding tax at a rate of 10% unless reduced by tax treaties or agreements. Under the tax arrangement between the mainland China and Hong Kong Special Administrative Region 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 six months ended September 30, 2024, considering a crystallisation of deferred tax liabilities of RMB172,914,000 (six months ended September 30, 2023: RMB26,500,000) which has been recognized previously based on management’s best estimation, an additional PRC dividend withholding tax of RMB17,500,000 (six months ended September 30, 2023: RMB47,500,000) was provided against the dividend to be distributed in the foreseeable future out of earnings of PRC subsidiaries.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended September 30, 2024 is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,129,698,000 (six months ended September 30, 2023: RMB918,637,000) and the weighted average number of ordinary shares of 10,914,084,000 (six months ended September 30, 2023: 10,851,270,000 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended September 30, 2024 is based on the profit attributable to equity shareholders of the Company of RMB1,166,258,000 (six months ended September 30, 2023: RMB953,906,000), after adjusting for the effective interest on the liability component of convertible bonds of RMB36,560,000 (six months ended September 30, 2023: RMB35,269,000), and the weighted average number of ordinary shares of 11,513,248,000 (six months ended September 30, 2023: 11,421,420,000 shares), after adjusting for the effect of the Company's share-based payment arrangements and the effect of conversion of convertible bonds.

12 INTANGIBLE ASSETS AND GOODWILL

	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Software and other intangible assets <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At March 31, 2024	1,708,151	648,822	633,795	–	2,990,768
Addition during the period	–	–	–	25,703	25,703
At September 30, 2024	<u>1,708,151</u>	<u>648,822</u>	<u>633,795</u>	<u>25,703</u>	<u>3,016,471</u>
Amortization and impairment losses:					
At March 31, 2024	(828,741)	(643,234)	(282,396)	–	(1,754,371)
Amortization charge for the period	–	(2,096)	(15,843)	–	(17,939)
Impairment losses	(70,000)	–	–	–	(70,000)
At September 30, 2024	<u>(898,741)</u>	<u>(645,330)</u>	<u>(298,239)</u>	<u>–</u>	<u>(1,842,310)</u>
Net book value:					
At September 30, 2024	<u>809,410</u>	<u>3,492</u>	<u>335,556</u>	<u>25,703</u>	<u>1,174,161</u>
At March 31, 2024	<u>879,410</u>	<u>5,588</u>	<u>351,399</u>	<u>–</u>	<u>1,236,397</u>

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

Impairment testing for cash-generating units (“CGUs”) containing goodwill

For the purpose of impairment testing, customer relationships, trademarks and goodwill are allocated to the Group's CGUs according to the Group's operating divisions.

The management of the Group engaged an external valuer to conduct an impairment test to determine the recoverable amounts of each of the above CGUs containing intangible assets and goodwill as at September 30, 2024.

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 2.5% (for the year ended March 31, 2024: 2.5%). 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 16.1% to 16.6% (for the year ended March 31, 2024: from 16.4% to 16.8%).

Based on assessments using the discounted cashflow forecast method, the businesses of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU were under-performed. According to the valuation reports issued by the external valuer on November 18, 2024, the recoverable amounts of JESSIE brand ladieswear CGU, BUOU BUOU brand ladieswear CGU and Tianjin ladieswear CGU as at September 30, 2024 were RMB429 million, RMB357 million and RMB644 million, respectively, which were lower than the carrying amount by RMB10 million, RMB40 million and RMB20 million, respectively. Therefore, a total impairment loss of RMB70 million has been recognized in the profit or loss account for the six months ended September 30, 2024 (six months ended September 30, 2023: nil). The impairment losses are fully allocated to goodwill.

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

	At September 30, 2024	At March 31, 2024
	RMB'000	RMB'000
Gross value		
Menswear	292,741	292,741
Ladieswear – JESSIE brand	484,312	484,312
Ladieswear – BUOU BUOU brand	525,137	525,137
Ladieswear – Tianjin Ladieswear	405,961	405,961
	<u>1,708,151</u>	<u>1,708,151</u>
Accumulated impairment losses		
Menswear	(292,741)	(292,741)
Ladieswear – JESSIE brand	(170,800)	(160,800)
Ladieswear – BUOU BUOU brand	(360,600)	(320,600)
Ladieswear – Tianjin Ladieswear	(74,600)	(54,600)
	<u>(898,741)</u>	<u>(828,741)</u>
Net value		
Menswear	–	–
Ladieswear – JESSIE brand	313,512	323,512
Ladieswear – BUOU BUOU brand	164,537	204,537
Ladieswear – Tianjin Ladieswear	331,361	351,361
	<u>809,410</u>	<u>879,410</u>

13 INVENTORIES

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Raw materials	2,081,164	921,703
Work in progress	34,332	13,718
Finished goods	3,823,701	2,262,076
	<u>5,939,197</u>	<u>3,197,497</u>

14 TRADE AND BILLS RECEIVABLES

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Trade receivables	4,610,757	1,191,438
Bills receivable	60,240	393,657
Less: loss allowance for doubtful debts	(123,794)	(87,195)
	<u>4,547,203</u>	<u>1,497,900</u>

The gross carrying amount of trade and bills receivables from contracts with customers amounted to RMB4,670,997,000 as at September 30, 2024 (March 31, 2024: RMB1,585,095,000).

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

As at September 30, 2024, the Group endorsed certain acceptance bills totaling RMB28,123,000 (March 31, 2024: RMB142,641,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, RMB28,123,000 of the bills receivable and the payables to suppliers has been derecognized by the Group (March 31, 2024: RMB20,492,000).

Ageing analysis

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

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Within credit terms	4,304,230	1,398,890
1 to 3 months past due	207,687	84,853
Over 3 months but less than 6 months past due	12,895	10,842
Over 6 months but less than 12 months past due	16,272	2,052
Over 1 year past due	6,119	1,263
	<u>4,547,203</u>	<u>1,497,900</u>

15 LONG-TERM RECEIVABLES/DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Non-current		
Long-term receivables	77,473	47,374
Current		
Deposits	416,470	482,235
Prepayments for materials and processing fee	364,420	360,404
Prepayments for other services	167,329	150,499
Third party other receivables:		
– Value-added tax (“VAT”) recoverable	311,477	187,626
– Advances to employees	50,181	28,410
– Others	47,216	78,502
	<u>1,357,093</u>	<u>1,287,676</u>
Total	<u><u>1,434,566</u></u>	<u><u>1,335,050</u></u>

16 OTHER FINANCIAL ASSETS

	<i>Note</i>	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Non-current			
Equity securities designated at FVOCI (non-recycling)	<i>(i)</i>	114,736	130,291
Financial assets classified as FVPL	<i>(ii)</i>	48,876	228,611
		<u>163,612</u>	<u>358,902</u>
Current			
Financial assets classified as FVPL	<i>(ii)</i>	3,113,709	3,963,011
Total		<u><u>3,277,321</u></u>	<u><u>4,321,913</u></u>

- (i) 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. After the disposal of 2,787,223 shares in July 2021, the number of shares held by Shuo Ming De decreased to 14,270,699. As at September 30, 2024, the number of shares held by Shuo Ming De remained at 14,270,699. The Group designated its investment in Jinhong Group as FVOCI (non-recycling), as it is held as a long-term investment instead of being traded for short-term gains.

During the period, the changes in fair value of the investment, after tax effects, of RMB11,666,000 was recognized as a loss in other comprehensive income (six months ended September 30, 2023: gain of RMB10,703,000).

Dividend income of RMB3,710,000 was received for this investment during the six months ended September 30, 2024 (six months ended September 30, 2023: RMB1,427,000).

- (ii) As at September 30, 2024, financial assets classified as FVPL represented listed equity investments of RMB1,616,000 (March 31, 2024: RMB1,480,000) and investments with banks and other financial institutions of RMB3,160,969,000 (March 31, 2024: RMB4,190,142,000).

(a) Listed equity investments

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

During the six months ended September 30, 2024, the net realized/unrealized gain of other listed equity investments held by the Group of RMB136,000 was recognized as a gain in net finance income (six months ended September 30, 2023: loss of RMB264,000).

No dividend income has been recognized for the six months ended September 30, 2024 (six months ended September 30, 2023: nil).

(b) Investments with banks and other financial institutions

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

During the period, the net realized/unrealized gain in these investments of RMB79,670,000 was recognized as a gain in finance income (six months ended September 30, 2023: net realized/unrealized gain of RMB66,576,000). Neither the single investment nor investments made with the same bank or other financial institution on an aggregate basis accounted for over 5% of the Group’s total assets.

17 TRADE, BILLS AND OTHER PAYABLES

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Trade payables	2,413,295	1,308,359
Bills payable	<u>5,002,739</u>	<u>3,868,527</u>
	7,416,034	5,176,886
Other payables and accrued expenses		
– Deposits from customers	224,731	205,461
– Contract liabilities	620,388	1,150,784
– Construction payables	179,993	212,937
– Accrued advertising expenses	117,653	90,673
– Accrued payroll, welfare and bonus	302,895	737,165
– VAT and other tax payable	245,612	13,703
– Payables in relation to shares disposed of by employees under share-based payment schemes	194,114	34,936
– Receipts in advance in relation to unvested restricted shares	43,722	43,722
– Interest payable in relation to convertible bonds	4,957	5,019
– Others	<u>107,380</u>	<u>93,866</u>
	<u>9,457,479</u>	<u>7,765,152</u>

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

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

	At September 30, 2024 <i>RMB'000</i>	At March 31, 2024 <i>RMB'000</i>
Within 1 month	7,106,699	4,900,978
1 to 3 months	<u>309,335</u>	<u>275,908</u>
	<u>7,416,034</u>	<u>5,176,886</u>

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended September 30,	
	2024	2023
	RMB'000	RMB'000
Interim dividend declared and paid after the interim period of HKD6.0 cents per ordinary share (2023: interim dividend of HKD5.0 cents per ordinary share)	<u>615,279</u>	<u>498,012</u>

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

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

	Six months ended September 30,	
	2024	2023
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HKD20.0 cents per ordinary share (2023: final dividend of HKD13.5 cents per ordinary share)	<u>2,003,441</u>	<u>1,345,200</u>

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

(b) Purchase of own shares

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

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to September 30, 2024, the board of directors of the Company proposed an interim dividend of HKD665,829,000 (approximately RMB615,279,000), representing HKD6.0 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of FY2024/25, the Chinese economy demonstrated resilient growth momentum and a continued upward trend, injecting strong vitality into the consumer market. As the effects of various policies gradually materialize and market demand has further unleashed, China's textile and apparel industry is embracing new development opportunities. The Group, closely following these trends, has focused on its core business, adhered to brand leadership, strengthened innovation-driven development and practiced its corporate culture to achieve stable and high-quality growth.

Against the backdrop of rising resident income and strengthening consumer confidence, the rise of domestic brands is leading a new trend of consumption upgrades, with consumers placing increasingly high demands on the quality, design, and functionality of branded products. The Group has continuously strengthened its efforts in brand building and marketing, achieving a remarkable improvement in brand influence and market competitiveness. Meanwhile, the Group can better satisfy the diversified needs of consumers by enhancing product quality, optimizing product category management, strengthening omni-channel retail and supply chain management, and promoting digital and intelligent transformation and upgrading.

Despite the complexity and numerous uncertainties in both the international and domestic economic and trade environments, the fundamental trend of China's economic recovery and long-term growth remains unchanged. New high-quality productive forces are activating new drivers of development. Empowered by growing cultural confidence and self-reliance, domestic brands are rising to the occasion, as consumers' identification with and pride in these brands continue to grow. Moreover, the steady growth in demand within the textile and apparel market, coupled with an increasing number of positive factors, is gradually reshaping the ecosystem of China's textile and apparel industry, driving it towards higher quality, higher efficiency, and greater sustainability.

Upholding its mission of "China Bosideng, Warming the World", and guided by the strategic vision of "becoming the world-leading fashionable, functional and technological apparel group", the Group is firmly focused on the mainstay business of down jackets and the main track of fashionable and functional apparel enhanced with technology. Adhering to the brand-leading development mode, the Group continues to create value for people's better lives and contribute to the modernization of the textile industry system and the advancement of Chinese modernization.

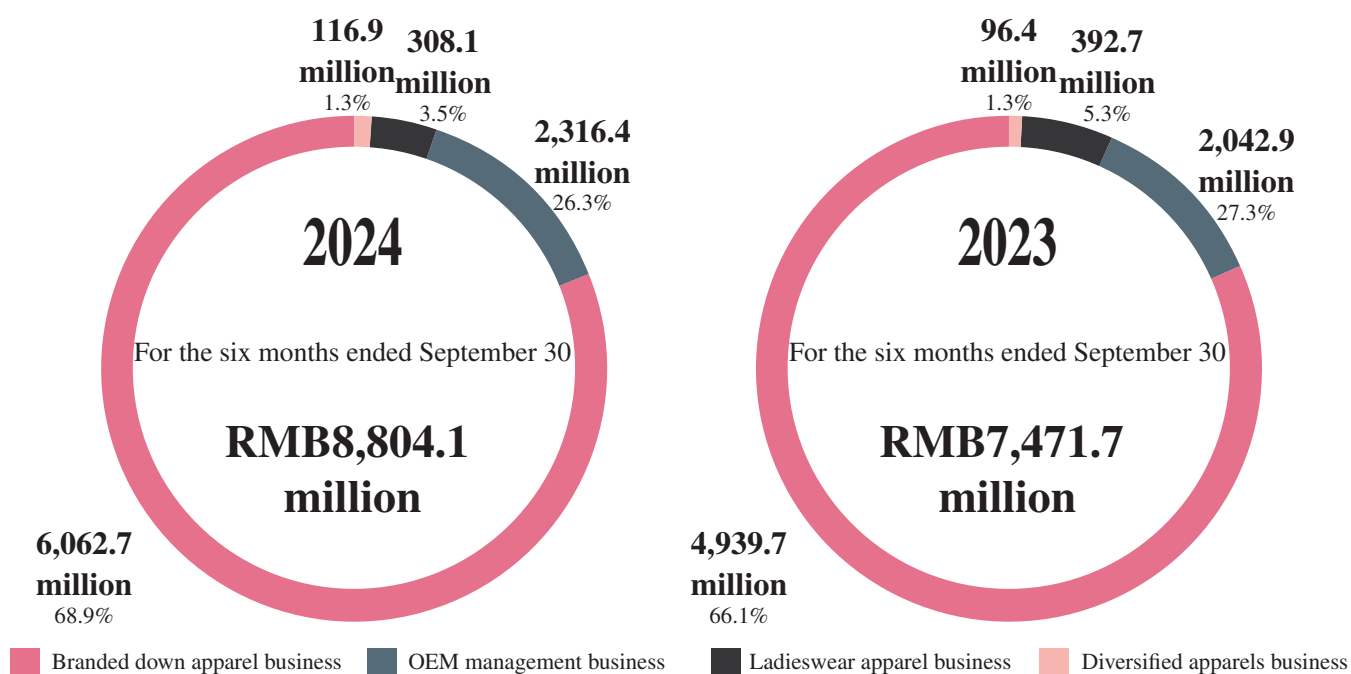
REVENUE ANALYSIS

Since 2018, the Group has raised new strategic goals and embarked on a new journey of transformation and upgrading. Over the past six years, the Group has returned to its original aspiration that it had when it started its business. By focusing on its core business of down jackets and led by brand building, the Group strived to innovate products, upgrade its retail business and maintain high product quality in quick responses as well as the digital transformation of its operation, and achieved sound and high-quality growth.

In the first half of FY2024/25, the Group's revenue amounted to RMB8,804.1 million, representing a year-on-year increase of approximately 17.8%. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group's main business segments.

In the first half of FY2024/25, the Group's main business segments achieved stable and high-quality growth. Among which, the branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB6,062.7 million, accounting for 68.9% of the total revenue and representing a year-on-year increase of 22.7%. The OEM management business recorded revenue of approximately RMB2,316.4 million, accounting for 26.3% of the total revenue and representing a year-on-year increase of 13.4%. The ladieswear business recorded revenue of approximately RMB308.1 million, accounting for 3.5% of the total revenue and representing a year-on-year decrease of 21.5%. The diversified apparels business recorded revenue of approximately RMB116.9 million, accounting for 1.3% of the total revenue and representing a year-on-year increase of 21.3%.

Revenue by Business



Branded Down Apparel Business:

The Group focused on its core business, concentrated on its advantageous resources, and built the core competencies within its main business, striving to become a leader in the global down apparel industry. In terms of branded down apparel business segment, the Group introduced the “four reinforcements” initiative to “enhance brand leadership, product category management, channel operation, and customer experience” to comprehensively build up its operational capability and profitability in FY2024/25.

In terms of branding, the Group continued to solidify its brand image of being “the world’s leading expert in down apparel”, adhering to a brand-led development model and elevating its brand perception from a global leader in down apparel in terms of sales volume to a truly global leader in all respects in the down apparel industry. In terms of products, the Group adopted a category efficiency enhancement approach, further developing functional outerwear for spring and summer, such as sun-protective clothing and monocoque windbreaker jackets. Meanwhile, the Group actively expanded the category of light down jackets as windbreaker jackets and was able to earn the recognition and preference of mainstream consumers continuously. In terms of channels, the Group continued to build its TOP store (“**TOP Store(s)**”) system to boost brand momentum and unleash the headline effects on one hand, and on the other hand, it solidified its refined operation capabilities by iterating its channel hierarchical operation system, which significantly improved the operational efficiency of its branch stores.

In the first half of FY2024/25, the Bosideng brand under the Group’s branded down apparel business recorded a year-on-year increase of 19.4% in revenue, reaching RMB5,279.9 million. The revenue of the overall branded down apparel business segment increased by 22.7% on a year-on-year basis to RMB6,062.7 million.

Brand Building

In the first half of FY2024/25, the Group continued to solidify its brand image of being “the world’s leading expert in down apparel” and upgraded its brand perception from a global leader by sales volume in the down apparel industry into a truly global leader in all respects in the down apparel industry.

In terms of brand building, the Group improved both branding and sales by integrating brand strategy, creative visuals, public relations experiences and digital content, pursuing the strategy of brand leadership, and conducting brand marketing campaigns. Through its promotion and creation of best-selling products (“**Top Sellers**”) and effort to attract foot traffic to the Top Store with top sales performance, the Group facilitated the implementation of its brand strategy and continuously deepened the consumer awareness and its brand reputation, thereby realizing the brand-led consumer perception and maximizing the results of branding and sales.

According to the “Brand Finance Apparel 50 2024” released by Brand Finance, one of the top five international authoritative brand value evaluation consultancies, the Bosideng brand once again made it to the list and, rising one spot to the 46th place, demonstrating the Group’s strength and influence amongst the world’s leading brands.

In the 19th “Asia Brand Summit & Asia’s 500 Most Influential Brands of 2024” organized by the World Brand Lab, the Bosideng brand steadily climbed to the 268th place in the Asia’s 500 Most Influential Brands Ranking of 2024, and rose one position from 2023. Furthermore, Bosideng was selected as one of the top ten most favored brands by consumers in China. With its outstanding brand strategy and market competitiveness, the Bosideng brand sets a strong example for Chinese brands going global.

In the “2024 Brand Strength Evaluation Result of World Apparel Brands” released by the International Academy of Brand Science, the Bosideng brand ranked 8th in the list of the world’s Top 100 Apparel Brand Strength, achieving the highest ranking Chinese brands on the list.

In the first half of FY2024/25, Bosideng conducted a series of brand-building events:

In the first half of FY2024/25, Bosideng put the sun-protective clothing as the focus of category breakthrough and launched a new line of sun-protective clothing products. The trendy designs and excellent sun protection performance have garnered widespread attention and positive consumer feedback upon release. Through continuous efforts, the Bosideng brand has gradually increased the influence of its sun-protective clothing line, resulting in rapid revenue growth and strengthening the brand’s category extension.

In April 2024, Bosideng and the Polar Research Institute of China held a signing and awarding ceremony to formalize their cooperation on China’s Antarctic and Arctic expeditions. The two parties will jointly promote innovation and implementation of polar scientific research and technology by deepening their strategic partnership. This strategic cooperation will deeply involve joint research and development of co-branded products, promoting the “Antarctic spirit”, and raising consumers awareness of the “importance of understanding, protecting and utilizing the polar regions”.

In June 2024, the Group signed separate cooperation agreements with the Harbin Municipal People’s Government and other related parties to jointly develop a series of “Erbin” brand IP and launch the “Bosideng & Erbin” co-branded fashion show. By integrating its brand DNA with Harbin’s iconic ice and snow culture and tourism, Bosideng created the “Erbin” products series, embodying the essence of Harbin as the “City of Ice and Snow”. This collaboration aims to drive high-quality performance growth and enhance the brand’s image.

In July 2024, on the occasion of the 60th anniversary of the establishment of diplomatic relations between China and France, the China-France Year of Culture and Tourism and the eve of the Paris Olympic Games, Bosideng participated in the “REVIVING CRAFT: Métiers d’Art et Design Contemporain de la Chine” exhibition series, and held “Rong”, a Chinese-inspired concept show, at the General Hall of the Musée des Arts Décoratifs. Bosideng presented a 30-piece collection that drew inspiration from traditional Chinese culture and incorporated intangible cultural heritage techniques, such as weaving and embroidery, in the show. Ancient totems, auspicious knotted buttons, and Suzhou embroidery were integrated into the down jacket designs, preserving the unique charm of Eastern culture while meeting modern aesthetic preferences, seamlessly blending ancient craftsmanship with contemporary fashion.

In September 2024, capitalizing on the growing consumer interest in outdoor activities, Bosideng launched the “Metamorphosis” series of windbreaker down jackets in the autumn of 2024, successfully entering the outdoor warming market. The “Metamorphosis” three-in-one (layered) windbreaker down jackets quickly gained consumer recognition.

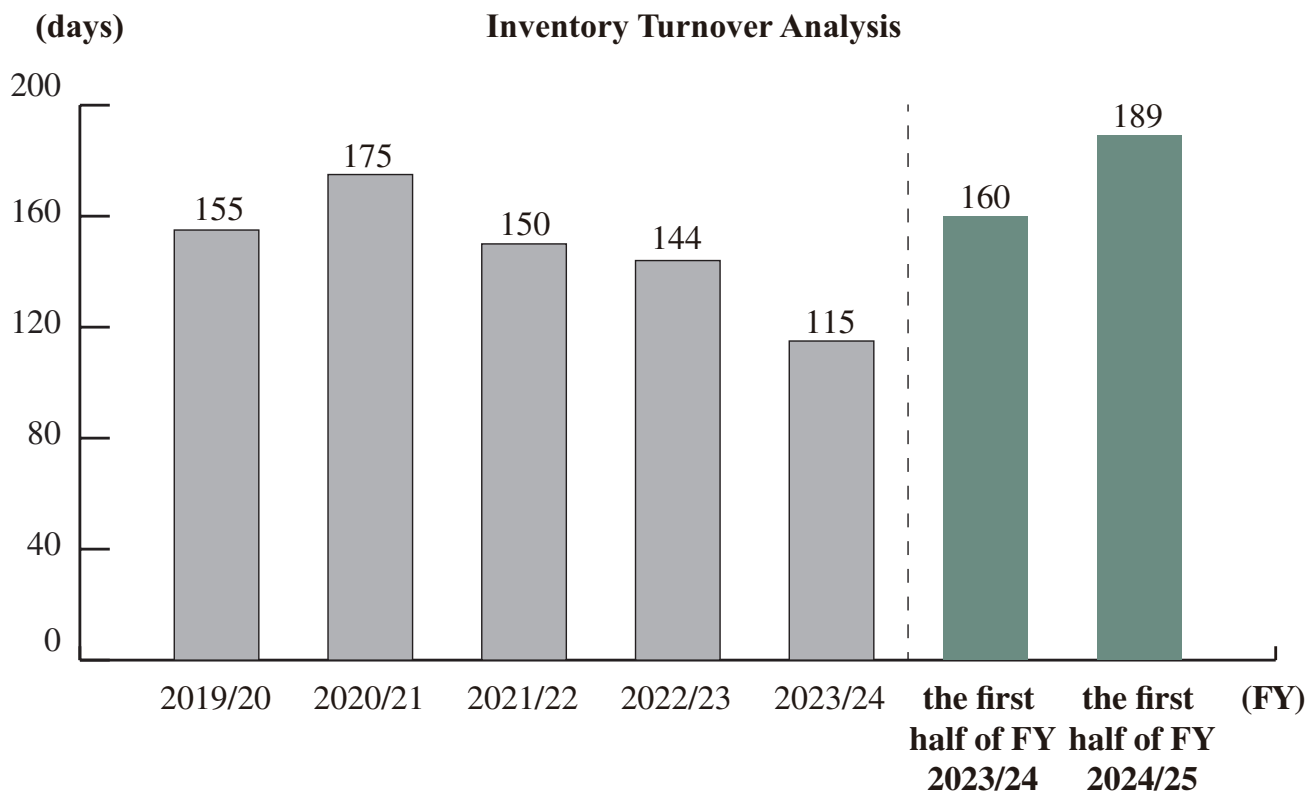
Merchandise Management

The Group believes that logistics is an essential element in conducting merchandise management and a prerequisite of efficient merchandise operation. Digitalization and intelligentization of logistics are the keys to effective digitalization and intelligentization of merchandise operations.

In the first half of FY2024/25, the Group continued to completely classify the orders into direct sales and wholesales. Orders placed at self-operated single stores would be processed in a way in which products for sales in single stores would match the demand for orders and the stock would be replenished and products would be produced according to the actual demand. Meanwhile, distributors adopted different flexible modes of order placement and rebate based on their respective scales of operation. In the first half of FY2024/25, the Group maintained the production model of “fulfilling small orders in quick responses on a rolling basis which would match the demand for orders, and products would be produced according to actual demand” during the sales process in peak seasons based on sales performance and under the premise of ensuring that the proportion of first orders remained at a low level. Such demand-pull replenishment has also played a very important role in the Group’s centralized management of channel inventory and merchandise mix during the sales in peak seasons.

In the first half of FY2024/25, the Group continued to stick to the concept of merchandise operation management of the last financial year. With its smart delivery centre serving all offline direct stores, franchised stores and online traditional e-commerce platforms, the online Douyin platform, WeChat Mall/Channels, O2O and other businesses throughout the country, the Group unified the inventory management of 9 directly-operated large warehouses and 12 small warehouses of distributors across China through an integrated inventory management platform. The services included taking deliveries from suppliers or returned goods from the market to the warehouse for storage, sorting and shelving arrangements, and they were combined with different strategies for allocating warehouses in different locations for the storage of merchandise. Efforts were stepped up to bring Top Sellers to the front during the process. As a result, the availability of replenished merchandise was continuously enhanced according to sales performance in the market.

As of September 30, 2024, the inventory turnover days of the Group were 189 days, representing an increase of 29 days as compared to the same period up until September 30, 2023. This increase was mainly due to the Group further optimizing and improving its channel merchandise management capabilities, aiming to implement a responsive supply chain management capable of “small orders in quick response” to better meet consumer demand in the uncertain market environment in the second half of the year. Therefore, the Group deliberately slowed down its delivery pace and frequency to distributors during the first half of the financial year. First, the Chinese retail market has been volatile and filled with many uncertainties since the beginning of 2024. In order to find the certainty for enterprises to quickly adjust and adapt to consumer needs amid the uncertainty, the Group hopes to realize the supply chain management mode of “production by sales” driven by the market through the rapid response supply chain system of “small orders in quick responses” as far as possible, with the idea of “integrated operation of all-channel commodities”. Second, the initial distributor’s first order ratio achieved the target of at least 40% at the distributor’s first order meeting in June 2024, and the product structure and quality of the first order were satisfactory and consistent with the Group’s expectations. However, in order to further respond to the uncertain changes in the consumer market in the second half of the financial year and match the marketable products of the season as much as possible, the Group slowed down the delivery pace and frequency to distributors in the first half of the financial year, aiming to cope with the uncertain consumer environmental changes through continuous adjustment of order structure and merchandise management in the second half of the financial year.



Supply Chain Management

The ability of the Group’s supply chain to enable “delivery of high-quality products in quick responses” is an important competitive strength that has led to its continued success in the industry, and is also one of its core competitive advantages with which the Group maintains efficient, healthy and sustainable development.

The Group has implemented the down apparel, industry-leading model of futures/goods-in-stock operation. The first batch of orders would be controlled at less than 40%, while the remaining proportion would be continuously replenished on a rolling basis during the peak seasons in sales according to retail sales data and trend forecasts on the market. The demand pull replenishment, quick launch of new products and delivery of small orders in quick responses enable efficient turnover cycle and operation efficiency, thereby allowing the Group to solidify its ability for high-quality products in quick responses and ensure that “hot-moving merchandise is less or not out of stock”.

In FY2024/25, the supply chain of the Group continuously underwent systematic planning and upgrading in terms of flexible and quick responses, excellent quality, scientific research and technology, resources integration and cost leadership.

In terms of flexible and quick responses, the Group has transformed from a collaborative supply chain model to a more proactive and digitally driven approach, further refining its closed-loop, high-value commodity chain and strengthening its digital intelligence infrastructure. Having achieved a 99% replenishment rate for the Top Sellers, the Group took the availability rate of replenishment of unexpectedly popular “dark horse” items as a new high-challenge target for the first time, and maximized the elasticity of the supply chain to make up for the deviation of the sales forecast and meet the dynamic market demand. It empowered the single stores’ operation strategy so that hot-moving merchandise remains consistently in stock, thereby maximizing sales growth. Meanwhile, the Group improved the collaborative response speed and capabilities of both internal teams and external suppliers to create core competitiveness of the Group that is difficult to replicate.

In terms of quality excellence, the Group prioritizes quality excellence and users’ perceptions. Connecting users’ needs across various scenarios, the Group enhances the overall user experience by focusing on both practical usability and emotional value. To support product innovation, the Group has established an integrated full-lifecycle quality management system encompassing all stages from commercial businesses, design companies, research and development, verification, small-batch trial production and environmental simulation testing in response to product innovation. The Group also allocated quality resources strategically based on product category and intended use, ensuring high standards across materials, processes, production lines and finished product appearances. By implementing a digitalized operation system for quality control, it also linked all the sections within a closed loop of quality management and made the whole process controllable and traceable, so as to ensure real-time transparency, and reinforce quality as one of the key factors for users in brand selection.

In terms of science and technology, the Group continued to increase its long-term investment in science and technology and focus on building an integrated innovation capability in the four new areas. For new product categories, the Group developed an innovation platform to cooperate with/co-brand with master-level designers domestically and internationally. Leveraging AIGC and 3D technologies, the Group empowered product innovation and maintained a competitive edge. Regarding new materials, the Group concentrated on a thermal insulation strategy by integrating global top-tier resources to establish a high-performance three-layer material research system and material pool. In new technologies, the Group recruited leading industry and interdisciplinary talents to develop an advanced scientific and technological system as well as a polar environment simulation laboratory. This comprehensive framework strengthens the Group’s capabilities in materials, craftsmanship, garment production, and temperature validation, transforming validation methods into industry standards and leading achievements. These advancements will empower the Group’s high-performance products, such as those designed for Antarctic scientific research, and Mount Everest expeditions, positioning technological and product innovation as the new engine for continuous growth and a core competitive advantage supporting the Group’s expert-driven strategy and future development.

In terms of resources integration, the Group, based on its overarching strategy, brand strategy and product category innovation planning, and in close alignment with national policies and industry trends, has strategically proposed and positioned itself for a long-term “Five Leading Resources” development strategy. To support the high-quality development of the Group’s brand matrix, it is proactively designing a multi-tiered and structured panoramic framework for resources deployment, moving from structural upgrades to capability and leadership upgrades, meeting the demands for a multi-brand, multi-category, centralized, and digitally intelligent commodity supply chain platform. The Group has gradually built a sustainable resources ecosystem encompassing a strategic resources business community, a community of shared interests and a community of shared destiny by stepping up the long-term win-win cooperation policy for resources ecosystem. This will establish a “worldwide leading” resources system, making resources a solid and reliable guarantee for the implementation of the Group’s strategy.

In terms of comprehensive cost leadership, the Group has always viewed cost strategy as a reflection of its overall system and organizational capabilities, evolving from system-wide cost reduction leadership to comprehensive cost leadership and ultimately to brand and customer value leadership. The Group has developed a robust and mature operational closed-loop system for cost leadership. By enhancing organizational capabilities through planning costs, resource costs, design costs, quality costs and standard costs, the Group has fully integrated cost management throughout the entire value chain of cost. Leveraging its deep understanding of the down industry, the Group anticipates trends through proactive analysis to conduct upfront planning and positioning for bulk materials and major projects, and reaches team consensus to identify the best combination of strategies, methods and paths, making comprehensive cost leadership as one of the core drivers for the Group’s stable profit and growth.

Logistics and Delivery

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

The logistics park of the Group took a series of actions to improve logistics efficiency. On the one hand, the advanced algorithms of the self-developed inventory calculation centre and order processing centre have been adopted to instantly collect, match, locate and calculate the distance between the geographical location of the products and the geographical location of the consumers, and generate instructions to prioritize early orders and ensure early pick-up by the courier company and the fastest distribution to consumers. On the other hand, by adopting smart technology in its advanced logistics information technology systems and highly automatic logistics equipment, the Group has implemented an automatic and smart allocation system by way of enhancing the transportation modules of the extended warehouse management system to minimize the time of inventory operation. Under the premise of maintaining reasonable costs, the Group maximized its service efficiency and improved users’ experiences. Meanwhile, the significantly improved speed of delivery from warehouses and optimized transportation efficiency have contributed to the maintenance of the Group’s industry leadership in terms of its logistics and delivery capability.

Digital Operation

Facing the uncertain environment for development, it is certain that digitalization is the way forward. The digital transformation and digitalized operation have been a top priority of the Group's infrastructure construction in recent years.

In terms of digital transformation, the Group has in recent years made significant achievements in digitalization in many fields, including smart manufacturing, smart logistics and smart merchandise operation. It has gradually entered into a more advanced stage of digital transformation and gradually established a direction in which it would focus on users, retail and commodities as the entry points for digital transformation in the future.

In terms of digitalized operations, based on the development trend of modern information technology and combined with the Group's existing system or application, the Group has completed the preliminary design, development and testing of the core business operation platform (based on users, retail and commodities) under the principle of one entry, one platform and one data warehouse, laying a solid foundation for the ultimate realization of the goals of a mobile office, online business, digitalized operations and intelligent decision-making, thereby providing powerful technical tools and solutions for the Group's digital transformation.

In 2024, with the full implementation of the SAP system as a business-finance integrated platform across the Group and through digital transformation, the Group further laid a solid foundation for its operation and management, provided accurate financial data to support decision-making and established a cornerstone for digital revolution.

Customer Relationship Management

In the first half of FY2024/25, the Group continued the use of various channels to build a more convenient bridge for communication with customers. The Bosideng brand had over 1.3 million new fans and over 1.0 million new members on the Tmall and JD.com platforms. As of September 30, 2024, the Bosideng brand had over 19.0 million members in total on the Tmall and JD.com platforms. In addition, the Bosideng brand had over 0.5 million new fans on the Douyin platform. As of September 30, 2024, the Bosideng brand had over 9.5 million fans in total on the Douyin platform.

In terms of innovation in user management, the Group has been continuously building a consumer-centric, omni-channel user management system in recent years. Through digital empowerment, the Group has created a closed-loop operation model featuring precise multi-touchpoint reach, intelligent user analysis, and differentiated experiential interaction, thereby enhancing the users' shopping experiences and brand loyalty.

The current user management system of the Group has the following four prominent features:

Firstly, the Group employs full life cycle operations of its users, upgrades its membership points system and diversifies its rights system to increase the loyalty and satisfaction of its members, thus providing robust support for sustainable business growth.

Secondly, the Group focuses on enhancing the core user experience through exclusive activities tailored for core users and a dedicated ecosystem that directly engages with core users. By co-creating user-generated content and facilitating the iteration of innovative products, the Group strengthens the emotional connection with its users, effectively attracting and retaining young consumer groups while improving the lifelong value of core users.

Thirdly, the Group extensively applies artificial intelligence (AI) technology by developing an intelligent matching model that connects user behavior with product demand, and utilizing AI tools to enable automated and precise product recommendations. While ensuring the data privacy and data security, the Group integrates data across omni-channel to gain deep insights into consumer preferences, enabling user experience optimization from a user-centric perspective, and driving continuous business innovation.

Lastly, the Group adopts an omni-channel experience strategy to unify the user experience. This includes upgrading the membership system through omni-channel data integration, building a cohesive membership system, developing a refined tagging system, and continuously optimizes the user data analysis. Through precise one-to-one member interactions and the integrated online-to-offline operational approach, the Group has effectively reduced customer acquisition costs, increased member conversion rates, and promoted high-quality results growth.

Technological Innovation

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

The Group has placed great emphasis on enhancing its capabilities for research, development and innovation of technologies, with a focus on continuous investment in technological research to create a worldwide leading and user-value-oriented platform for technological research that integrates new materials, new product categories, new technologies, new patents and new systems. The Group's technological research centre has the first polar environment simulation testing laboratory in the apparel industry to make technological breakthroughs with leading products for Antarctic scientific research and Mount Everest expeditions, etc. By fully upgrading software and hardware capabilities for materials, technology, and verification while converting related technological research results into approved patents, the Group has established the leading standard in the industry, solidifying the leading position of its products.

In the first half of FY2024/25, the Group applied for an aggregate of 222 patents and 340 authorized patents, which provided patented technology and endorsement support for its expertise in down apparel. As of September 30, 2024, the Group had a cumulative total of 1,193 patents (including invention, utility models and design patents).

The Group plays a significant role of Down Apparel Sub-committee Secretariat under the National Technical Committee on Garment Standardization (SAC/TC 219/SC1), the International Organization for Standardization/Garment Size Series and Coding Technology Committee Secretariat (ISO/TC133), acts as a recognized laboratory and a member of the technology committee of the International Down and Feather Bureau (IDFB), a recognized laboratory of the China Feather and Down Industrial Association, the core drafting unit and the first drafter of the Down Clothing standard GB/T14272-2021, the fourth drafting unit of Professional Sports Apparel – Ski Clothing, the first drafting unit and the drafter of the Standards for Design Assessment on Green Design Products – Down Clothing (《綠色設計產品評價設計規範－羽絨服裝》), and published Mount Everest Expeditions II Down Apparels, Green Standards, 6A of High Quality Sun Protective Clothing Leading Standard and a number of other leading standards in the industry. In particular, 6A High Quality Sun Protecting Cloth Leading Standard was rated as an advanced standard, and the Group has been awarded with the title of “Corporate Standard Leader” for down apparels by the State Administration for Market Regulation for five consecutive years, won the “2022 Special Contribution Award” of the National Technical Committee on Garment Standardization and passed the “Made in Suzhou” certification and “Jiangsu Premium Brand Certification”. Besides, the Group successfully hosted the Third Inaugural Meeting of Down Apparel Sub-committee under the National Technical Committee on Garment Standardization in August 2024 and the 16th International Annual Meeting of the International Organization for Standardization ISO/TC 133 Sizing systems – Size Designation, Size Measurement Methods and Digital Fittings Technology Committee on 3th September 2024 to 6th September 2024, contributing to the innovation of international standards, fully demonstrating the Group’s image in setting industry standards and Bosideng’s determination to run its business in accordance with the most advanced international standards and to press on with its innovation efforts.

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

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

Matching product design to consumer preferences is the key to product innovation. The Group engages in the precise development of a different series of products based on consumers’ preferences, behavior and traits to satisfy their needs in different scenarios. Through end-to-end integration of development for a series of scientific, objective and methodical design processes covering customer research, market research, trend analysis, merchandise planning, design planning, promotion planning, product development, customer appreciation, ordering feedback, sales feedback and summary reviews, we endeavored to present new series of products to consumers.

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

In terms of fabric innovation, the Group has been committed to innovating based on market trends, and customers’ needs and concerns. In addition, the Group keeps abreast of the cutting-edge innovative technologies in the world, and aims to be a global leader in innovative materials, technologies and products. While engaging in innovation of new fabric, the Group always pays attention to environmental protection and sustainability concept. By actively exploring and promoting the development and research of recyclable and bio-based materials, the Group established the CIRCULAR, a global leading product concept, designing to reduce adverse environmental impact.

In the first half of FY2024/25, two products of the Bosideng brand, i.e., the “Women Tech Shell” and the “Polar Workwear Parka” won the ISPO Award-Global Design Award. Five products of the Bosideng brand, including the “TMP Management Outdoor Down Jacket”, the “Detachable 3-in-1 Functional Jacket” and the “Easy Pack, Easy Go 3-in-1 Functional Jacket”, won the Red Dot Design Award. Three products of the Bosideng brand, including “Champion Thermostatic Comfortable Ski Down Jacket”, won the IDEA Finalist Award and the “Eco-Design Circular Lightweight Functional Down Puffer Jacket” won the IDEA Bronze Award.

The key product collections sold in the first half of FY2024/25 included:

Sun Guard Collection:

In 2024, Bosideng launched the Sun Guard Collection of sun-protective clothing in the spring and summer seasons. Not only does the all-in-one sun-protection jacket fulfill the sun-blocking needs, but it also ensures high breathability and comfort, while its enhanced cool-touch feature provides a cooler sensation against the skin. The Sun Guard Collection developed in this season features upgraded fabrics that are lighter and more comfortable, as well as technological decorative details that enhance all-day outdoor protection. The icy, cool and soft tones and colorful tie-dye patterns are designed to bring a colorful and happy summer without fear of the sun. Meanwhile, this season’s collection is expanded with new styles for parents and children, menswear, icy trousers and accessories (icy sleeves/caps/masks).

Urban Light Outdoor Collection:

In 2024, Bosideng introduced an innovative urban light outdoor series to its collection of sun-protective clothing, with fresh bright colors and dual-color patching enhancing its fashionableness. The diverse punching details improve physical breathability while voluminous silhouettes cater to younger consumers. Additionally, for the women’s versions, various waist-cinching and slim-fitting cuts, paired with concise designs, create a perfectly proportioned overall look. Not only is this collection suitable for daily outdoor scenes, but it also offers simple dual-tone options, making it a vibrant light sports style that meets consumers’ diverse outdoor wearing needs.

Windbreaker Collection:

In 2024, Bosideng has launched a new series of products of windbreakers. These products strike a balance between fashionable and functional protection with “waterproof, windproof and breathable” performance. Catering to diverse styles and fashion needs, they are extended into multiple scenario-based categories such as “wind shell, soft shell and hard shell”, providing customers with light protective functional jackets that are suitable for urban and outdoor wear.

Goose Down Windbreaker Collection:

To meet the needs of contemporary consumers, Bosideng has developed down apparel that is suitable for both urban and natural environments. This collection utilizes windproof, waterproof and more breathable technological fabrics for superior protection against wind and chill. It features an upgraded heat and humidity balance system version 2.0, and employs high-quality goose down with a fill power of 700+, ensuring comfort and warmth while incorporating unique fashion elements. With its versatile functionality, this clothing can adapt to temperature change, satisfying consumers’ needs for seamless transitions across various scenarios.

Multi-brand Strategies

While emphasizing the development of the Bosideng brand and striving to position Bosideng as a leading expert in down apparel globally, the Group adhered to the strategy of “Down apparel+” to continuously develop and position its branded down apparel business under its mid-end brand Snow Flying, to achieve full coverage through the differentiated positioning of each brand, thereby strengthening the core business of down apparel and maximizing its market share.

Snow Flying

In the first half of FY2024/25, the Snow Flying brand recorded revenue of approximately RMB390.4 million, representing a year-on-year increase of 47.1%. Over the past six months, the Snow Flying brand has focused on the cost-effective down apparel market segment, strengthening its brand upgrade by expanding into higher-value categories, deeply tapping into its brand’s winter sports heritage, and enhancing its online and offline presence. It has concentrated on three key strategies: innovative category value extension, strategic omni-channel models breakthrough, and rebranding to reshape consumer perception. Prioritizing the rapid launch of profitable and popular product lines, the Snow Flying brand focused on two strategic projects, which are the “high-value line of down apparel” and “the four-season windbreaker line as a second growth driver”. Supported by six core competencies including customer base upgrade, product upgrade, channel upgrade, marketing upgrade, digital and intellectual upgrade, and organizational upgrade, the brand has achieved robust growth.

In terms of business expansion, the Snow Flying brand developed online strategic platforms, focusing on expanding and strengthening its core online sales channels. Leveraging brand resources and platform IP resources for promotion and marketing, the brand utilized livestreaming studio and online mall for product promotion and sales conversion. With Snow Flying experience stores for in-store livestreaming, the brand integrated online and offline merchandise. Meanwhile, collaborations with key influencers in the apparel field, including appointing selected influencers as “brand recommendation officers”, increased brand exposure, consumers awareness, and sales conversion through influencer livestreaming.

In terms of customer outreach, the current customer base of the Snow Flying brand primarily consists of women aged 18 to 35, with consumption preference of fashionable, high-quality and popular products. Catering to this mainstream customer group’s love for life and sharing, the Snow Flying brand continuously develops and launches cost-effective, multi-style, fashionable and versatile products.

Bengen

In the first half of FY2024/25, the Bengen brand recorded revenue of approximately RMB20.7 million, representing a year-on-year increase of 61.5%. Since FY2020/21, the Bengen brand has greatly reduced its offline agency channels and shifted its focus to online channels.

Revenue from branded down apparel business by brand

Brands	For the six months ended September 30, 2024		2023		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Bosideng	5,279.9	87.1%	4,421.0	89.5%	19.4%
Snow Flying	390.4	6.4%	265.4	5.4%	47.1%
Bengen	20.7	0.4%	12.8	0.2%	61.5%
Others*	371.7	6.1%	240.5	4.9%	54.5%
Total revenue from branded down apparel business	<u>6,062.7</u>	<u>100.0%</u>	<u>4,939.7</u>	<u>100.0%</u>	<u>22.7%</u>

Revenue from branded down apparel business by sales category

Sales categories	For the six months ended September 30, 2024		2023		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	2,262.4	37.3%	1,654.8	33.5%	36.7%
Wholesale	3,428.6	56.6%	3,044.4	61.6%	12.6%
Others*	371.7	6.1%	240.5	4.9%	54.5%
Total revenue from branded down apparel business	<u>6,062.7</u>	<u>100.0%</u>	<u>4,939.7</u>	<u>100.0%</u>	<u>22.7%</u>

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

In the first half of FY2024/25, the Group continued to optimize the quality of sales channels and increase their efficiency. On the one hand, the Group further consolidated and expanded its Top Stores system by customizing strategies for each store based on different customer needs, thereby to effectively communicate the brand story. Meanwhile, the Group engaged in deep collaboration with key Top Stores managers, forming clear implementation plans to steadily improve channel management capabilities and operational efficiency. By developing important leading Top Stores, the Group aims to create replicable and scalable models. On the other hand, the Group iterated its channel stratification management system by reconstructing and refining the standards for channel stratification based on user needs. The Group strengthened the differentiated matching of resources among different store levels to better meet diverse customer needs, significantly improving refined store operations.

In terms of solidifying single-store operations, the Group optimized resources allocation based on customer needs to enhance operational efficiency, focusing on core events, key projects and major holidays. By assigning responsibilities to various individuals at different levels, the Group established a comprehensive and effective high-frequency planning and inspection closed-loop mechanism and constructed a three-tier organizational management methodology with high targets as the driving force and customer demand as the origin and forged ahead with its “store-centric and customer value-oriented” business process transformation, thereby achieving an effective implementation of a closed-loop single-store operational strategy.

As of September 30, 2024, the total number of regular retail stores of the Group’s down apparel business (excluding peak-season stores) (net) decreased by 29 to 3,188 as compared to that as at March 31, 2024; self-operated retail stores (net) increased by 18 to 1,154; and retail stores operated by third party distributors (net) decreased by 47 to 2,034. The self-operated retail stores and those operated by third-party distributors accounted for 36.2% and 63.8% of the entire retail network, respectively. Among the total retail stores of the Group’s branded down apparel business, approximately 26.3% were located in first- and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 73.7% were located in third-tier cities or below.

Retail network by down apparel brand

As at September 30, 2024	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	648	-21	17	7	-	-	665	-14
Operated by third party distributors	1,503	-114	103	-5	-	-	1,606	-119
Subtotal	2,151	-135	120	2	-	-	2,271	-133
Concessionary retail outlets								
Operated by the Group	404	11	85	21	-	-	489	32
Operated by third party distributors	318	-	110	72	-	-	428	72
Subtotal	722	11	195	93	-	-	917	104
Total	2,873	-124	315	95	-	-	3,188	-29

Change: Compared with that as at March 31, 2024

Retail network of down apparel business by region

	As at September 30, 2024	As at March 31, 2024	Change
Eastern China	1,048	1,050	-2
Central China	687	702	-15
Northern China	270	259	11
Northeast China	371	336	35
Northwest China	348	360	-12
Southwest China	464	510	-46
Total	3,188	3,217	-29

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

In the first half of FY2024/25, in addition to a number of regular types of stores as mentioned above (e.g. flagship stores, high-end stores, mainstream stores and mass stores, etc.), the Group also had nearly 700 peak-season stores (peak-season stores mainly refer to stores that are operated during peak seasons for one week to three months, mainly in provincial capital cities, with popular seasonal Top Sellers as the mainstay products for sale, and mainly located in core business districts and sports venues).

OEM Management Business:

In the first half of FY2024/25, the Group's revenue from OEM management business amounted to approximately RMB2,316.4 million, representing 26.3% of the Group's total revenue and an increase of 13.4% as compared to that of the same period of last year. Revenue for the OEM management business from the top five customers accounted for approximately 90.3% of its total revenue.

In the first half of FY2024/25, despite the impact of multiple challenges such as geopolitical risks and downturn in some regional consumer markets, the OEM management business maintained stable and healthy development. It was mainly attributable to the following: firstly, the Group focused on its core customers, built a core competitive edge in Original Equipment Manufacturer (OEM)/Original Design Manufacturer (ODM) management business, developed new product categories, and conducted technological innovation, thereby achieving a steady increase in orders from existing core customers. Secondly, the Group cultivated more new, high-quality customers to continuously supplement the incrementally high-quality orders for the OEM management business. Thirdly, the Group responded quickly to orders from OEM management customers so as to match the adjusted pace of the customers' order placement and align with the customers' need to satisfy the consumer demand. Fourthly, the Group continued to strengthen its efficient and open management mechanism, expanding production capacity overseas to align with the trend of supply chain globalization and effectively boost customer confidence.

The gross profit margin of the OEM management business reached approximately 20.1%, representing a decrease of 0.3 percentage point as compared to the same period of the previous financial year.

Ladieswear Business:

The Group operates four mid-range and high-end ladieswear brands. After 20 to over 30 years of brand development, the four brands present a rich, multi-tiered product portfolio with unique, differentiated styles. JESSIE focuses on the internal search for self, leisurely self-adaptation, and embodies the elegance, relaxation, and wit of women; BUOU BUOU embodies the gentleness, confidence, and self-appreciation of women, and is designed to be more delicate, elegant, and romantic; KOREANO highlights simplicity, smoothness, and comfort, allowing customers to have the ultimate wearing experience, with a style that is more casual, cool, and conveys a sense of the wearer's astuteness; KLOVA is positioned as a brand for a simple and classic style, targeted at women who are pursuing understated luxury, advocating for self-expression, and have a taste for individuality. Through innovation in fabrics, styles, colors, and cuts, it creates a uniquely characteristic product series. In the highly competitive ladieswear market in China, the Group has won the favor of Chinese female consumers through the distinctive images of its rich, multi-tiered product portfolio and brand positioning.

In terms of brand management, the four ladieswear brands, based on different characteristics and attributes, leveraged membership operations and content promotion. Firstly, the Group focused on creating differentiated brand styles, strengthening brand recognition, upgrading the visual system and iterating the store image. Secondly, through cross-over collaboration and cooperating with celebrities and key opinion leaders, the Group enhanced its brand influence and created a diversified brand culture. Thirdly, by enhancing innovation in content creation output and promotion methods, and implementing multi-platform collaborative promotion, the Group attracted new customers via online platforms such as the brand's WeChat official accounts, WeChat Channel, Xiaohongshu, WeChat and other media platforms, enhanced and iterated store image to refresh consumers' perception and accelerate brand building at its physical stores. Fourthly, the Group further integrated brand building into the development of its membership operation system. Through members' consumption cycle management, the Group increased its interaction with consumers and developed the repurchasing cycle management.

In terms of product development, the Group adopted the following measures. Firstly, by upholding the market and customer-oriented concept, the Group improved the design and development process. Secondly, the reserve and utilization of key fabric resources were upgraded. Thirdly, the Group integrated external resources and carried out joint cooperation, thus further diversifying and enriching product offering. Fourthly, the Group focused on the core product categories and attached great importance to the development and management of Top Sellers. Fifthly, the Group was committed to aligning its merchandise management with its multi-tiered store operations, satisfied consumers' diverse needs and improved its merchandise management efficiency with methods such as style classification, and price-range stratification.

In terms of sales channel development, the Group redefined existing stores and gradually realized multi-tiered management of stores on the one hand, based on the principle of “matching sales channels with merchandise” and, on the other hand, the Group clarified its channel expansion strategies and plans for each brand through in-depth analysis of the core region and key markets. Also, the Group empowered new retail for the ladieswear brands, adopted private domain store operation strategies to draw in and increase traffic, thus boosting the capabilities of single stores' operation. In terms of driving business development with regional model stores, the Group optimized resources allocation across sales channels to ensure stable and long-term growth. This optimization involved refining the operating models based on successful experience of its stores in regional markets, facilitating the replication of its model stores in new regional market models. Policy-driven initiatives supported core franchisees in establishing a presence in shopping malls and outlet stores, with a focus on creating direct-operated model stores and high-performing stores with annual sales exceeding RMB10 million.

In the first half of FY2024/25, affected by the persistently sluggish market environment, the revenue from the Group's ladieswear business was approximately RMB308.1 million, representing a decrease of 21.5% as compared to that of the same period of last year. The contribution from the ladieswear business to the Group's total revenue was 3.5%, with the proportion continuing to decline along with a sustained drop in profitability. The revenue breakdown for each ladieswear brand was as follows:

Revenue from ladieswear business by brand

Brands	For the six months ended September 30, 2024		2023		Change
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	
JESSIE	116.3	37.7%	138.7	35.3%	-16.1%
BUOU BUOU	70.8	23.0%	103.0	26.2%	-31.3%
KOREANO and KLOVA	121.0	39.3%	151.0	38.5%	-19.9%
Total revenue from ladieswear business	308.1	100.0%	392.7	100.0%	-21.5%

Revenue from ladieswear business by sales category

Sales categories	For the six months ended September 30, 2024		2023		Change
	RMB million	% of ladieswear business revenue	RMB million	% of ladieswear business revenue	
Self-operated	284.6	92.4%	364.2	92.8%	-21.9%
Wholesale	23.5	7.6%	28.5	7.2%	-17.4%
Total revenue from ladieswear business	308.1	100.0%	392.7	100.0%	-21.5%

Fashion Ladieswear – JESSIE

In the first half of FY2024/25, JESSIE ladieswear launched the “Winning Leader Plan” to start a new phrase of brand transformation and development. In August, the JESSIE brand successfully hosted the “Light Weaving Words (光織覓語)” fashion show, embodying the pursuit of light and communicating the brand’s value to external partners and consumers, thereby “weaving” a brighter future. Regarding brand positioning, we adopted a high-level strategic approach to revitalize the brand’s core essence and strengthen its core competitiveness through in-depth exploration of its inherent meaning. In terms of brand promotion, we continued to explore the brand’s heritage, optimizing promotional content and communication methods to enhance the visual experience and add value. In terms of products, adhering to the design philosophy of “Elegance, Relaxation, and Wit” and with precise positioning, meticulous craftsmanship and comfortable silhouettes, we provided contemporary oriental women with a refined, intellectual, effortlessly elegant, practical, and high-quality apparel experience. In terms of channels, we optimized the channel layout with a focus on core regions by increasing the proportion of high-potential channels such as fashionable shopping centers. Within the distribution segment, we prioritized the development of key customers tiers, implementing strategic policies and fostering win-win collaborations to cultivate a sustainable incremental market. In retail operations, we reinforced standardized terminal services and management through the implementation of differentiated store operation strategies and the establishment of benchmark stores, driving growth in membership and new retail operations. In supply chain, we integrated internal and external resources to strengthen quality management and cost control, thereby enhancing overall supply chain collaboration.

Fashion Ladieswear – BUOU BUOU

In the first half of FY2024/25, with turnaround as its first core priority, BUOU BUOU ladieswear has made systematic adjustments and upgrades across branding, channels, product development and marketing, striving to improve the operation efficiency of the brand's single store and the overall business operation performance. In terms of brand rebranding, BUOU BUOU ladieswear cooperated with Wuhan SKP to host a fashion show for the 20th anniversary, making a strong statement that the BUOU BUOU brand has returned to the mainstream of large-scale ladieswear and resonated strongly with customers. In terms of channel upgrading, BUOU BUOU ladieswear restructured its channel layout by closing underperforming traditional department stores which have gradually stepped out of the public eye, while strengthening collaborations with leading commercial entities. For product innovation, leveraging its 20-year legacy of specializing in exquisite dresses, BUOU BUOU developed four classic collections: Ballet, Hepburn, Magic, Lace, all of which garnered widespread consumers acclaim. Meanwhile, combined with the mainstream elements of ladieswear, we actively explored new categories and introduced “Luxury Two Kilometers (奢華兩公里)” comfortable suit collection to offer customers more wardrobe options and an enhanced wearing experience. To improve operational efficiency, BUOU BUOU focused on marketing activities and upgrading its membership program. We established a dedicated membership system to strengthen the interaction with its members and enhance the member adhesion, thereby providing superior service and enhanced consumers outreach.

Fashion ladieswear – KOREANO and KLOVA

In the first half of FY2024/25, through collection expansion, the KOREANO E line and BETWEEN lines were introduced to complement the existing KOREANO and KLOVA brand styles. This strategic expansion facilitates a gradual shift of KOREANO and KLOVA brands towards a younger generation, while continuing to cater to the diverse daily wear needs of customers across all age groups.

In terms of business models, both KOREANO and KLOVA have consistently focused on member interaction and member services and planned member activities centering around mall anniversaries, major holidays and customization salons. By building a membership operation system, implementing regular invitations, hosting designer-led “customization salons” activities, and promoting in-store livestreaming, we communicated brand culture, design concepts, new product styling insights, and product recommendations, continuously enhancing the member experience. In brand promotion, we leveraged leading online content platforms to attract new customers, thereby boosting brand visibility and traffic. For sales channel expansion, the brands have concentrated on the strategy of “increasing market penetration in core regions, closing down small stores while opening larger flagship ones”. This approach, coupled with renovations of key stores while expanding into new sales channels, enabled us to cultivate key markets. In terms of product upgrades, we implemented innovative R&D processes, introducing a 3-month short-cycle production timeline in addition to the existing 9-month long-cycle process. This diversified product styles, designs, and color palettes. Furthermore, we optimized product lifecycle management and strengthened product R&D reviews and market testing to gradually enhance overall product competitiveness.

As at September 30, 2024, the total number of retail outlets of the Group's ladieswear apparel business decreased by 29 (net) to 396, self-operated retail outlets decreased by 24 (net) to 305 and the number of retail outlets operated by third party distributors decreased by 5 to 91, as compared with the figures as at the end of last year. Self-operated retail outlets and those operated by third party distributors accounted for 77.0% and 23.0% of the entire retail network, respectively. Approximately 63.1% of the total retail outlets of the Group's ladieswear apparel business were located in first- and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and other provincial capital cities in China) and approximately 36.9% were located in third-tier cities or lower-tiered ones.

Retail network by ladieswear brand

As at September 30, 2024	<i>JESSIE</i>		<i>BUOU BUOU</i>		<i>KOREANO</i>		<i>KLOVA</i>		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores										
Operated by the Group	1	-	5	-3	-	-	-	-	6	-3
Operated by third party distributors	9	-1	4	-	-	-	-	-	13	-1
Subtotal	10	-1	9	-3	-	-	-	-	19	-4
Concessionary retail outlets										
Operated by the Group	108	-2	71	-21	66	2	54	-	299	-21
Operated by third party distributors	64	1	14	-5	-	-	-	-	78	-4
Subtotal	172	-1	85	-26	66	2	54	-	377	-25
Total	182	-2	94	-29	66	2	54	-	396	-29

Change: Compared with those as at March 31, 2024

Retail network of ladieswear apparel business by region

	As at September 30, 2024	As at March 31, 2024	Change
Eastern China	46	54	-8
Central China	130	139	-9
Northern China	35	38	-3
Northeast China	44	48	-4
Northwest China	81	84	-3
Southwest China	60	62	-2
Total	396	425	-29

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

Diversified Apparels Business

In the first half of FY2024/25, revenue from the Group's diversified apparels business segment was approximately RMB116.9 million, representing an increase of 21.3% compared with that of the same period of last year. Notably, the school uniform business developed by the Group in 2016 recorded an increase of 30.4% in revenue in the first half of FY2024/25. Revenue from that business segment in the first half of FY2024/25 was as follows:

Revenue from diversified apparels business by brands

Brands	For the six months ended September 30,		2024		2023		Change
	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	
Sameite	111.0	94.9%	85.1	88.3%	30.4%		
Other brands and others	5.9	5.1%	11.3	11.7%	-47.3%		
Total revenue from diversified apparels business	116.9	100.0%	96.4	100.0%	21.3%		

Revenue from diversified apparels business by sales category

Sales categories	For the six months ended September 30,		2024		2023		Change
	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	
Self-operated	111.0	94.9%	85.1	88.3%	30.4%		
Wholesale	5.5	4.7%	10.3	10.7%	-46.0%		
Others*	0.4	0.4%	1.0	1.0%	-59.7%		
Total revenue from diversified apparels business	116.9	100.0%	96.4	100.0%	21.3%		

* Represents rental income

School Uniform Business – Sameite

In the first half of FY2024/25, the school uniform business within the diversified apparels business segment continued to operate under the Sameite brand. Adhering to the design concept of “carrying education with clothes and inheriting culture through apparel”, the Sameite brand insists on providing students with safe, comfortable, fashionable and functional school uniforms, and committed to equipping every child for their educational journey. Currently, Sameite serves over 500 schools, with an annual supply of over one million pieces.

In the first half of FY2024/25, the Sameite brand focused on enhancing brand building through a user centric approach. Leveraging visual marketing and brand exhibitions, coupled with the integration of campus culture, Sameite reinforced its position as a high-value industry. In terms of channel upgrades, the Sameite established high-end school uniform business regions in key markets like Beijing and Shanghai to enhance the stability and adhesion of customer partnerships. Additionally, the development of benchmark regional franchise agents expanded brand coverage and drove steady growth in franchise operations. In product development, the Sameite brand continued to solidify its warm brand identity in the winter school uniform category, winning customer loyalty through customized offerings. The winter category experienced consistent growth, becoming a core product benchmark within the industry and leading transformative changes within the sector.

In the first half of FY2024/25, the Sameite brand was honored with several prestigious awards in the Chinese school uniform industry, including the Outstanding Enterprise of the Year in the Annual Brand Selection, the Most Influential Brand of the Year, and the Grand Prize in the High School Sports Series at the Chinese School Uniform Design Competition. The Sameite brand also won the First Prize in the Junior High School Formal Series, the First Prize in the High School Formal Series, the First Prize in the Kindergarten Uniform Series, and the First Prize in the Elementary School Formal Series. Furthermore, the Sameite brand was recognized as a Leading Brand in Quality in the National School Uniform Industry and as a National Product and Service Quality Integrity Model Enterprise.

In the first half of FY2024/25, the revenue of the school uniform business of the Sameite brand was approximately RMB111.0 million, representing an increase of 30.4%, as compared to that of the same period of last year.

MAN, HOME and Children’s Wear Business

Since FY2018/19, under the diversified apparels business segment, the Group had started to downsize the MAN and HOME businesses, and the project company of children’s wear with the Japanese brand Petit main was significantly downsized.

ONLINE SALES

Online sales channels have been a key focus of the Group for vigorous development. Since the Group's strategic transformation in 2018, online sales have consistently demonstrated strong performance. In the first half of FY2024/25, consumer behavior trended towards increased rationality, with the traditional e-commerce platform market entering into a phase characterized by market share competition. Brand competition dynamics and strategies continued to evolve, with leading brands further solidifying their market dominance. Meanwhile, content-driven e-commerce platforms experienced shifts in traffic patterns, achieving rapid growth through content, e-commerce, and advertising traffic streams. The Group focused on enhancing online platforms capabilities and operational efficiency through strategies including prioritizing core product categories, executing integrated brand campaigns, focusing on content innovation, implementing cross-category marketing initiatives and refining operational processes to achieve high-quality growth.

In terms of brand building, the Group mainly focused on creating functional outerwear categories such as sun-protective clothing in the first half of FY2024/25. Through a series of breakthrough activities, including a limited-time pop-up store in collaboration with the fashion magazine Harper's Bazaar, a sun-protection showcase at Beijing Film Festival, a partnership with the Strawberry Music Festival, integration with the trendy-focus IP of different platforms to promote ultralight down jackets, and the "Metamorphosis" extravaganza in Shanghai, culminating in the illumination of the Shanghai Tower, the Group successfully captured market attention and consumer interest in functional outerwear.

In terms of customer membership operation, the Group continued to expand its customer base in an effective way on the one hand — it attracted high-value users by conducting cross-category marketing and collaborating with brands in various categories, while increasing the number of members and enhancing fan loyalty; on the other hand, the Group focused on the accumulation of high-quality members by refining the membership management through market segmentation and activities such as members' day exclusive to high-quality members organized on a regular basis, with the aim of increasing the proportion of members with high values among members, thus increasing the members' contribution to revenue.

In the process of the expansion of emerging platforms, the Group has always insisted on the development of online platforms to keep pace with the times, mainly including the construction and development of emerging platforms such as Douyin. In the first half of FY2024/25, the Group restructured its online content platform organization, with particular emphasis on its self-operation development and content upgrading. In terms of content innovation and platform marketing, the Group integrated with the trendy-focus IP of Douyin to promote ultralight down jackets, held the "Metamorphosis" extravaganza and the illumination of the Shanghai Tower in Shanghai, driving strong sales of ultralight down jackets in September 2024. Meanwhile, the Group spearheaded industry development through self-operated professional livestream content production. In terms of store operations, the Group continued to consolidate its single stores by categorizing them into and operating sub-category stores and regional Top Stores. This approach resulted in the formation of a "rocket-type" sales channel matrix, with the official flagship store as the bellwether and the sub-category stores and regional Top Stores as cornerstones, achieving three-dimensional high-quality growth. As of September 30, 2024, approximately 85% of the Bosideng brand's revenue from Douyin was generated from live-stream sales.

In the first half of FY2024/25, revenue from the total online sales conducted by the Group's brands was RMB1,395.8 million, representing a period-on-period increase of 23.2%. Revenue from the online sales of the branded down apparel business and ladieswear business were approximately RMB1,350.6 million and RMB45.2 million, respectively, accounting for 22.3% and 14.7% of the revenue of the branded down apparel business and ladieswear apparel business, respectively. By sales category, revenue from the self-operated and wholesale businesses through online sales amounted to approximately RMB1,014.9 million and RMB380.9 million, respectively.

OPERATION OF JOINT VENTURES AND ASSOCIATES

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

As of September 30, 2024, the Bogner Joint Venture actively expanded its business in the Greater China Region. In terms of brand building, it focused on online content platforms to establish a high-end luxury ski brand image and to penetrate into the professional ski category, winning over luxury and fashionable audiences, thereby effectively enhancing brand visibility and driving the development of popular products. Meanwhile, by exploring opportunities in depth in high-end sports for all seasons, it created urban light outdoor and golf scenes to expand the content of social media among consumers. In terms of product promotion, the Company adjusted the terminal presentation in the Chinese market based on Germany’s sports and fashion product lines for the 2024 Spring/Summer collection to suit Chinese consumers’ cognition of scenes by distinguishing scenarios of classic skiing, urban outdoor and business sports. The 2024 snow season products primarily feature high-end fashion skiwear, further solidifying the brand position for luxury and professional ski sports. The holiday ski series had been well-received by consumers as soon as it was introduced.

In addition, to enhance overseas production capacity and strengthen the integration of upstream resources, the Group has also invested in joint ventures and associates, including factories in Vietnam and Indonesia, as well as raw material suppliers in China, which operated smoothly in the first half of FY2024/25.

During the first half of FY2024/25, the Group recorded a loss attributable to its proportionate shareholding in joint ventures and associates of approximately RMB5.2 million.

GROSS PROFIT

Gross profit of the Group increased by 17.6% to RMB4,391.3 million in the first half of FY2024/25 from approximately RMB3,733.5 million in the same period of last year.

Specifically, gross profit margin at the branded down apparel business decreased by 0.1 percentage point to 61.1%, mainly because of (i) the launch of the sun-protective clothing of the Bosideng brand, which has a lower gross profit margin compared to the down jacket products, (ii) the revenue growth of the Snow Flying brand outpaced that of the Bosideng brand, but the former had slightly lower gross profit margins, and (iii) the cost of core materials such as down has increased since 2024. Accordingly, these changes in product mix, revenue structure of the various brands and the cost of raw materials led to the slight decrease in the gross profit margin of the branded down apparel business segment. As to the OEM management business, the gross profit margin of that segment decreased by 0.3 percentage point to 20.1% because of increased freight costs during the first half of the financial year. In the ladieswear business, the fierce market competition and adjustment of product structure led to a decrease in the gross profit margin by 5.9 percentage points to 61.8% as compared to that in the same period of last year.

Given the abovementioned, the overall gross profit margin of the Group decreased slightly by 0.1 percentage point to 49.9% as compared with last year.

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

Brands	For the six months ended September 30,		Change (percentage point)
	2024	2023	
Bosideng	66.3%	65.4%	+0.9
Snow Flying	50.1%	44.1%	+6.0
Bengen	19.1%	26.7%	-7.6
Branded down apparel business	61.1%	61.2%	-0.1
OEM Management Business	20.1%	20.4%	-0.3
JESSIE	59.4%	66.5%	-7.1
BUOU BUOU	52.5%	61.2%	-8.7
KOREANO and KLOVA	69.6%	73.3%	-3.7
Ladieswear Business	61.8%	67.7%	-5.9
Diversified apparels business	27.6%	26.3%	+1.3
The Group	49.9%	50.0%	-0.1

OPERATING PROFIT

In the first half of FY2024/25, the Group's operating profit increased by 19.6% to approximately RMB1,471.8 million. The operating profit margin increased to 16.7%. The increase in operating profit was mainly due to the Group's focus on efficiency regarding the selling and distribution expenses in daily operations as well as the steady and fast growth in revenue and excluding the impairment of the ladieswear business, the operating profit increased steadily and with high quality. In summary, the Group's operating profit margin remained at a similar level as that of the same period of last year.

DISTRIBUTION EXPENSES

In the first half of FY2024/25, the Group's distribution expenses, mainly comprising advertising and promotion expenses, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB2,274.9 million, representing an increase of 12.1% as compared with that of the same period of last year. The distribution expenses as a percentage of the Group's total revenue decreased by 1.4 percentage points to 25.8% from 27.2% in the first half of FY2023/24. The percentage of distribution expenses in the Group's total revenue decreased mainly due to the improvement of operational efficiency.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses, mainly comprising salary and welfare, amortization of fees for share options, depreciation and consultancy expenses, amounted to approximately RMB768.6 million in the first half of FY2024/25, representing an increase of 32.0% as compared with that of the same period of last year. Administrative expenses as a percentage of the Group's total revenue increased by 0.9 percentage point to 8.7% from 7.8% in the first half of FY2023/24, mainly due to the increase in the amortization of fees for share options granted to employees by the Group in November 2023.

FINANCE INCOME

The Group's finance income increased by 10.8% to approximately RMB197.3 million in the first half of FY2024/25 from approximately RMB178.0 million of the same period of last year, mainly due to the increase in the interest income from wealth management products and deposits during the first half of the financial year.

FINANCE COSTS

In the first half of FY2024/25, the Group's finance costs increased to approximately RMB105.5 million, representing an increase of 9.3% compared with that in the same period of last year. The increase in finance costs was mainly due to the increase in foreign exchange loss and interest on bank borrowings.

TAXATION

In the first half of FY2024/25, the income tax expenses increased from approximately RMB384.3 million to approximately RMB416.4 million, and the effective tax rate was approximately 26.7%. The period-on-period decrease in income tax rate was mainly due to the decrease in PRC dividend withholding tax provided during the first half of FY2024/25 against the dividend to be distributed in the foreseeable future out of earnings of the PRC subsidiaries for offshore subsidiaries as compared with the same period of last year, considering the Group's abundant overseas funds so far.

DIVIDENDS

The Board recommended the payment of an interim dividend of HKD6.0 cents (equivalent to approximately RMB5.5 cents) per ordinary share for the six months ended September 30, 2024. The proposed dividend will be paid on or around January 13, 2025 to shareholders whose names appear on the register of members of the Company on December 17, 2024.

LIQUIDITY AND FINANCIAL RESOURCES

In the first half of FY2024/25, the Group's net cash used in operating activities amounted to approximately RMB3,483.1 million, net cash generated from investing activities amounted to approximately RMB1,084.4 million and net cash used in financing activities amounted to approximately RMB1,877.4 million. Cash and cash equivalents as of September 30, 2024 amounted to approximately RMB1,962.7 million.

As at September 30, 2024, the distribution of cash and cash equivalents by currency was as follows:

	<i>RMB million</i>
RMB	1,471.8
US dollar	221.8
Pound sterling	2.7
Hong Kong dollar	266.1
Japanese yen	0.3
	<hr/>
Total	1,962.7
	<hr/> <hr/>

In order to obtain reasonable returns on the Group’s available cash reserves, the Group appropriately increased the amounts placed in time deposits in order to obtain stable returns against the background of the consistently decreasing deposit interest rates at financial institutions. In addition, under the general trend of net value management of financial institutions’ treasury market, the market share of capital guaranteed treasury has been significantly reduced. Other financial assets placed in this financial year include a small amount of capital guaranteed short-term investments with banks in China. The vast majority of other financial assets are capital non-guaranteed short-term investments at medium and low risks in wealth management subsidiaries of banks in the PRC. The expected but unguaranteed returns of capital guaranteed short-term investments with banks ranged from 2.90% to 2.95% 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 shares of Jinhong Fashion Group Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 603518) (“**Jinhong Group**”) through a private placement at a subscription price of RMB18.46 per share. Due to the bonus issue of shares by Jinhong Group in May 2019, the number of shares held by Shuo Ming De Investment increased to 17,057,922, and the investment cost was adjusted to RMB13.19 per share. In July 2021, Shuo Ming De Investment reduced its shareholding in Jinhong Group by 2,787,223 shares by way of centralized bidding, at an average price of RMB24.60 per share, and the current shareholding held by it in Jinhong Group is less than 5%.

As at September 30, 2024, the bank borrowings of the Group amounted to approximately RMB995.5 million (March 31, 2024: RMB768.4 million) and the carrying amount of liability component of the convertible bonds was approximately RMB1,721.1 million (March 31, 2024: approximately RMB1,714.5 million). The gearing ratio (being total borrowings/total equity) of the Group was 20.4% (March 31, 2024: 18.0%).

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

As of September 30, 2024, two major international authoritative credit rating agencies, namely Moody’s Investors Service (“**Moody’s**”) and S&P Global Ratings (“**S&P**”), have respectively assigned long-term credit ratings of the Group as “Baa3 (stable outlook)” and “BBB- (stable outlook)”. The Group has attained the “double investment grades” from both Moody’s and S&P.

SUSTAINABLE DEVELOPMENT

In active response to quality development, common prosperity and “dual-carbon” objective and other important strategies in China, the Group has integrated Environmental, Social and Governance (“ESG”) concepts into all aspects of its operations and management, while tackling various uncertain and unpredictable factors and changes in the market, to facilitate the high-quality development of corporates in a sustainable manner.

Selected into the Sustainability Yearbook (China Edition) 2024 published by S&P Global for the first time

On July 16, 2024, the globally renowned credit rating agency S&P Global published the *Sustainability Yearbook (China Edition) 2024*. The Group stood out from 1,735 assessed companies across 60 industries for its excellent performance in the ESG criteria, and was selected into the *Sustainability Yearbook (China Edition) 2024* for the first time, making it one of the two selected companies in the Chinese brand apparel industry and placing it at a leading level in China’s textile and apparel sector.

In terms of the establishment and improvement of the ESG system, the board of directors of the Group unanimously approved the “1+3+X” ESG strategy at a board meeting held in June 2024. Guided by the ESG vision of “leading sustainable fashion with a consumer-oriented approach”, the strategy clearly defines three objectives for the short, medium and long term, and implements them through X initiatives focused on “Nature positive, Product positive and People positive”.

ESG strategic framework of “1+3+X”

1 Vision

Leading sustainable fashion with a consumer-oriented approach

3 Goals

Short-term: integrate ESG concepts and core initiatives into the entire business operation process and 80% of core stakeholders

Medium term: net-zero emissions from operations by 2038

Long-term: lead the development of sustainable fashion along the entire value chain, and facilitate the realization of net-zero emissions in the industry

X Initiatives

Through the three key areas of Nature positive, Product positive, and People positive, as well as X Initiatives under several major issues, we provide effective action directions and foundational support for our ESG strategy and goals.



In terms of carbon pathway planning, the Group has proactively carried out carbon emission accounting for the corporate value chain, covering the entire chain of the Group itself, suppliers, distributors, transport and sale of products, and completed independent carbon verification. On the basis of such complete carbon data system, the Group has formulated practical and comprehensive carbon pathway planning in accordance with the its medium-term strategic targets. The carbon pathway planning as above has been approved by the Board of the Group.



Under the guidance of the Group’s ESG strategies and carbon pathway planning, the Group has implemented a number of initiatives for sustainable supply chain, chemical safety, zero-carbon products and sustainable consumer connection in 2024. For example, the Group has established the “Policy for Responsible Procurement”, requiring suppliers to comply with environmental and social responsibility standards to the greatest extent; sorted out relevant standards, provided training and conducted regular audits with suppliers to ensure that leather products and cotton products in the value chain meet environmental and social responsibility requirements; developed the “Supplier Chemicals Control Manual” to enhance the requirements for chemical control by suppliers; conducted supplier trainings to promote the implementation of sustainable development projects of suppliers; formulated and issued the “Chemicals Control Manual”, setting the goal of achieving zero discharge of toxic and harmful chemicals throughout the supply chain in 2030; developed the “Restricted Substances List Requirements for Chemicals of Bosideng”, expressly setting out restricted substances and limit requirements of chemicals; and joined the Zero Discharge of Hazardous Chemicals (ZDHC) to promote chemicals safety management. At the same time, the Group continues to focus on building up new business formats and new experiences for consumers, while also attaching great importance to promoting sustainable development among its upstream and downstream partners. Through long-term and unremitting efforts, the Group is committed to creating a “symbiotic community of product positive”, an “innovative community of industry-academy cooperation” and a “consumer community of sustainable fashion”, in order to lead the sustainable development of textile and apparel in China.

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

In the first half of the financial year 2024/25, the Group completed its strategic investment in Moose Knuckles, a Canadian luxury down apparel brand. This investment is an important move for the Group to focus on its core business of down apparel, build a three-dimensional brand matrix and expand its international business coverage. Through this strategic investment, the Group has become a key investor in Moose Knuckles, with a shareholding of approximately 31.6%, and Cathay Capital, the world-renowned private equity investment institution, remains the controlling shareholder of Moose Knuckles.

This strategic investment is of positive significance to the Group's exploration of international market operations and the Group will provide full support to Moose Knuckles. This is a strategic cooperation with complementary advantages, which will inject new momentum into the medium and long-term development of both the Group and Moose Knuckles. Through this investment, the Group will further optimize its brand matrix. The key brands of Bosideng, centering around the brand positioning of becoming the "world's leading expert in down apparel", have made efforts to develop the mid-to-high-end down apparel market. The Snow Flying brand focuses on expanding its market share of the highly cost-effective down jackets for the general public; the BOGNER brand introduced and operated by Bosideng in China, is positioned to become the "world's No.1 high luxury and professional ski suit" in the PRC market, focusing on high-end skiing and fashion sports people; and the Moose Knuckles brand will be positioned in the high-end luxury fashionista. On this basis, the Group has thus established a more comprehensive and complete brand matrix to strengthen its core business of down apparel, thereby becoming a leader in the global down apparel industry.

Saved as disclosed above, the Group did not hold any other significant investments, nor have any material acquisitions or disposals of subsidiaries, associates or joint ventures. There were also no other material investments or capital assets acquisitions authorized by the Board as at September 30, 2024.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at September 30, 2024.

COMMITMENTS

As at September 30, 2024, the Group had outstanding commitments in respect of plant, property and equipment, consultant, advertising and promotional expenses amounting to approximately RMB333.2 million (March 31, 2024: RMB156.0 million).

PLEDGE OF ASSETS

As at September 30, 2024, bank deposits amounting to approximately RMB1,313.6 million had been pledged to banks as security for issuance of bills payable (March 31, 2024: approximately RMB671.4 million).

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES

As of September 30, 2024, the Group had 13,082 full-time employees (March 31, 2024: 11,831 full-time employees), representing a year-on-year increase of 1,251 employees. Staff costs for the six months ended September 30, 2024 (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB952.7 million (for the same period of last financial year: approximately RMB780.3 million).

Based on the strategic deployment of the Group to become the "world's leading expert in down apparel", the Group focuses on the value creation that customers explicitly perceive, linking the requirement for the Group's strategic core capabilities. To perform well now and look ahead to the future, the Group establishes an organizational talent development plan that meets the strategic requirements, steps up its efforts to identify and develop strategically significant employees, and actively reserves and fosters a new generation of young talents. Based on the above, the Group has systematically established Bosideng's "Eagle" talent development system. On the one hand, this system operates professionally to build dual development pathways for core in-service management (M) and professional (P) talent, addressing the current organizational development needs and ensuring the achievement of short/medium-term strategic objectives. At the same time, in parallel with the strategic future development, the Group conducts regular training for "Young Eagle" talents, treating college students as cornerstones of the internal talent generation system of the Group. Maintaining sufficient, high-quality reserve graduates is the key part and the foundation of building a system for fostering talents internally. The 2024 campus recruitment was carried out under three programs, namely the Millions Annual Salary Plan, Young Eagle Plan and Leading Action, and ensured employment of high-quality graduates through such initiatives as the "High Energy Cup" campus innovation design competition and university-enterprise cooperation, with the aim of attracting outstanding graduates from target universities with cultural and character traits that align with the Group. This will allow the Group to continuously build and consolidate its brand image as a preferred employer for textile and garment colleges, and expand Bosideng brand's influence as an employer.

The Group's remuneration and bonus policy is primarily based on the duties, performance, outstanding contribution and length of service of each employee with reference to prevailing market conditions. Based on this, the Company has built a value creation-oriented remuneration incentive system, determined a remuneration structure combining fixed salaries and floating incentives and a value distribution mechanism linking overall organizational performance with employee performance, and established a fair and equitable employee remuneration incentive distribution standard, which always drives the development of talents within the organization in a positive way.

At the same time, the Company has established a welfare system that meets the needs of talents of the times, and continues to meet the living needs of young talents joining the Company. On the one hand, on the basis of regular medical check-ups, the Company established high-end medical projects for core management talents and created high-quality dining and office conditions. On the other hand, the Group provided a comfortable and harmonious living environment to employees of the Group, and 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 places of residence in Changshu once they were employed by the Group.

CORPORATE CULTURE

The Group attaches great importance to the construction and inheritance of corporate culture. We firmly believe that culture is the foundation for the Group to achieve the development goal of "creating a 100-year brand, building a 100-year enterprise", and the Group's core impetus for leading development and sustainability, the gene and essence of the corporation and brand in the entrepreneurial process, the soul and bloodline that run through the development of the corporation, and the driving force, philosophical pillar and guiding direction of development. In the course of the development of the Group, the excellent corporate culture with Bosideng's characteristics has been crystallized, and a large number of key talents and outstanding backbones with Bosideng genes have emerged. It is precisely because of the strong cultural traction that the Group has successfully completed the previous strategic transformation and laid the foundation for future strategic implementation.

The Group respects and supports workers' freedom of association. In addition to stating in the *Employee Handbook* that employees' freedom of association and the right to collective bargaining shall be respected, the Group has also made it clear in the "Supplier Management Policy" and "Supplier Handbook" that suppliers are required to uphold these rights in accordance with International Labor Organization (ILO) standards.

The Group advocates the practice of corporate culture, and focuses on the strategic core tasks and organizes a series of activities such as explaining outstanding case studies, fostering model employees, learning from the organizational experience, creating an atmosphere for the promotion and implementation of cultural concepts and cultural development, to form a closed loop that encompasses "identification with the corporate culture and values, understanding of the essence of the corporate culture, making the corporate culture and values ingrained in behavior and ultimately the practices and actions that yield value and results" to create "a user-first orientation, a cultural soil for open-mindedness, evaluation and motivation of value results, benchmarking demonstration for cadres role models, and the spirit of unyielding pursuit of excellence", and to form a cohesive team that has the same ideas and concepts and actions that align with goals, and makes its teams unite their efforts so as to ensure efficient achievement of strategic goals.

TALENT DEVELOPMENT

Guided by the talent philosophy of “Providing Opportunities for Those Who Aspire, a Platform for Those Who Can Deliver, and Rewards for Those Who Achieve”, the Group has implemented a comprehensive talent development strategy aligned with its overall corporate strategy, focusing on the “selection, utilization, education and retention” of talents, resulting in a strong talent pipeline that supports the enterprise’s growth.

To effectively execute its 1-3 year strategic plan, the Group attaches great importance to talents cultivation, recognizing employees as its most valuable resources. Building upon years of experience, the Group has established a scientific system for talent-training, namely from strategic interpretation, organizational capacity assessment, to talent identification and development, and talent-role alignment. This system undergoes continuous refinement to ensure alignment with strategic objectives and talent cultivation goals. The Group insists on recruiting top-tier talents from outside to match market changes, lead industry development, and establish leading advantages. The Group will also continue to develop an outstanding management cadre of professionals, experts, and medium- to long-term strategic talents reserve with operation abilities internally so as to continuously develop talent echelon, upgrade organizational capabilities, stimulate organizational vitality, and guarantee strategic implementation.

The core operation and management team plays a crucial role in upholding the corporate culture, which is also the key force to lead the team to capture the core of strategic objectives and the results of the overall business value. In 2024, the Group fostered alignment among senior executives to enhance synergy and achieve strategic goals. Each business unit’s core management team engaged in targeted internal and external learning initiatives focused on key operational objectives and potential challenges, driving positive transformation and improving operational and decision-making quality.

Stores are the key places for customers to explicitly perceive value. Therefore, the Group affirms a retail model with stores at the core in its past and future strategic deployment and development, establishes a retail talent cultivation mechanism and continuously strengthens the store talent development by setting clear leadership profiles and high benchmark standards in order to cultivate a younger, highly adaptable store team capable of delivering exceptional customer experiences. Meanwhile, to better empower the regions and stores to challenge high targets and improve the quality and efficiency of their operations, the Group particularly strengthens the cultivation of retail departments and personnel. Currently, the Group has continued to formulate a plan for fostering the talents’ capabilities for retail operations, merchandise management, display operation, marketing, etc., and invested resources in enhancing the operation ability of in-service management staff of the retail company, so as to integrate the supply chain for retail talents and constantly provide the talent echelon of the retail operations with a better understanding of customers and operations. In addition, the Group also focuses on developing high-potential store managers and staff at its top-performing national stores, instilling a customer-centric culture and emphasizing the core values of “User First, Value Results”. As of September 30, 2024, the Top Stores demonstrated significant year-on-year improvements in their store efficiency, employee productivity and Top Sellers sales performance. The full completion of practical training and closed-loop cultivation of competencies before the peak season has laid a strong and solid foundation for achieving annual objectives and enhancing customer experience.

The Group's three-year strategic business plan emphasizes the importance of strategic talent reserves. As of September 30, 2024, the "Eagle" programme has cultivated 892 outstanding university graduates, 183 excellent reserve managers, 50 excellent reserve directors, and 23 high-performing retail company general managers, providing a strong talent pipeline to support the Group's strategic goal of becoming "the world's leading expert in down apparel".

OUTLOOK

As a leading industry player, the Group is oriented to people's new demands and expectations for a better life, maintaining a long-term vision and prioritizing value creation. "Focusing on the mainstay business of down jackets as well as fashionable and functional apparel enhanced with technology" is the way forward for the Group's development. We are enhancing our core capabilities for strategic planning, research, development and innovation, collaborative supply, and management system. We also have enhanced our brand leadership, product category management, sales channel operation, and customer experience. Guided by high standards and a commitment to innovation, we are embarking on a new journey of sustainable, high-quality development.

Down apparel business: The Group has always focused on the core business of down jackets, concentrating advantageous resources on the development of the core competitiveness of the down jacket business and striving to become a leader in the global down jacket industry. Building on the strengthening of the core business of down jackets, the Group is focusing on the track of "fashionable and functional apparel enhanced with technology", and steadily strengthens its core business through organic and healthy growth of existing brands, categories expansion and strategic brand matrix, etc.

In terms of branding, the Group will enhance brand-led development by clarifying its brand strategic positioning and strategy to convey the Bosideng brand's core belief in warming the world and its expertise, creating consistency in brand building. Meanwhile, the Group will comprehensively build a brand matrix and strengthen its capabilities for operating its various brands to unlock the brand value in fashionable and functional apparel enhanced with technology.

In terms of products, the Group will focus on enhancing its products' core competitiveness. Through innovation-driven approaches, the Group will convey the essence of its brands through original design and enhance the products' value through technological innovation to continuously meet the growing and evolving needs of a better life. Additionally, the Group will try to understand consumer demand with precision, innovate and extend the core product categories of "fashionable and functional apparel enhanced with technology", unlock the value of new product categories, and create opportunities for growth.

In terms of sales channels, the Group will further enhance the single stores' operation to improve quality and efficiency. By leveraging insights on consumers, the Group will develop strategic incremental markets while strengthening its operation modes specific to different types of stores, and enhancing the capability of refined operation of sales channels. Moreover, the Group will strengthen customer management by building a fine-tuned operating system throughout the customer's lifecycle and establishing a user-value-driven business growth model.

OEM business: Building on its global leadership in the field of down jackets, the Group will leverage its professional expertise to drive continued growth. Firstly, it will deepen existing good and stable partnerships with key clients, cultivate new customers relationships, and continuously improve operational quality and profitability. Secondly, the Group will further enhance its ODM design and technological innovation capabilities to develop its differentiated core competencies. Lastly, the Group will increase production resources investments in Southeast Asia (e.g., Vietnam and Indonesia) and domestic markets to establish a foundation for sustainable and high-quality growth.

Ladieswear business: The high-end ladieswear market has faced headwinds and increased competition since 2024. In response to the challenging market conditions, the Group will prioritize operational improvements and sustainable growth within the ladieswear business by defining clear target demographics for each ladieswear brand and developing differentiated development models, operational capabilities and management systems. In addition, the Group will also re-evaluate the strategic positioning of the ladieswear business within its overall portfolio. The Group has adopted a “dual-focus” development strategy, which emphasizes refraining from significant investments in non-core businesses area while resources will be allocated to core businesses and strategic opportunities to establish and enhance its competitive edges.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 18, 2024 to December 20, 2024, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 13, 2025, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on December 17, 2024.

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

The Company and its subsidiaries had not purchased, sold or redeemed any of the Company’s listed securities during the six months ended September 30, 2024.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Directors are of the opinion that the Company had complied with the code provisions of the Corporate Governance Code (the “Code”), as set out in Appendix C1 to the Listing Rules for the six months ended September 30, 2024, except for the following deviations:

Code provision C.2.1 of the Code, which provides that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Gao Dekang is the Chairman and CEO of the Company, as well as the founder of the Group. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang’s experience and established market reputation in China’s down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical to efficient business planning and decision-making of the Company. As all major decisions of the Group are made in consultation with members of the Board and the relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that adequate safeguards are in place to ensure sufficient balance of powers within the Board.

Code provision B.2.4 of the Code provides that where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at its forthcoming annual general meeting. The Company has not yet appointed a new independent non-executive Director at the annual general meeting held on August 20, 2024, due to the time required to identify a suitable candidate. The Company is confident that the existing independent non-executive Directors will continue to provide independent and objective judgement and advice to the Board to safeguard the interests of the Group and the Shareholders. The Company undertakes to take practical steps to appoint a new independent non-executive Director as soon as practicable.

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

This announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://company.bosideng.com>). The interim report for the six months ended September 30, 2024 containing all the information required by Appendix D2 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, November 28, 2024

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.