

BOSIDENG



INTERIM REPORT
2020/21

波司登
BOSIDENG

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

COMPANY PROFILE

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

With a focus on down apparel business, the Group has developed into an expert in down apparel which has been widely recognized by the consumers and a leader in the development of the industry. Currently, the Group's down apparel brands include *Bosideng*, *Snow Flying*, *Bengen*, etc. These brands have been supporting the Group in meeting the needs of different groups of customers and enhancing its position as a leader in the PRC market. Among them, the down apparel business under the *Bosideng* brand maintained a significant lead in the industry for consecutive 25 years (1995-2019) in terms of sales volume in the PRC.

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

The Group has been proactively implementing its strategies of brand development, which brought it a number of honours, including "China's World Famous Brand" (中國世界名牌產品) and "Leading Textile Clothing Brand in China" (中國紡織服裝領軍品牌). Looking forward, the Group will maintain the focus on its core down apparel business, upgrade its products, channels and terminals under the strategies of brand development, stay true to the mission of warming the world, and strive for the goal of becoming the most respected multi-functional apparel group in the world.

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FINANCIAL HIGHLIGHTS



Revenue increased by **5.1%** to approximately **RMB4,661.1 million**



Gross profit margin increased by **4.3** percentage points to **47.8%**



Profit attributable to equity shareholders of the Company increased by **41.8%** to approximately **RMB486.0 million**



The Board declared payment of an interim dividend of **HKD3.5 cents** per Share

INTERIM RESULTS HIGHLIGHTS

(RMB'000)	Six months ended September 30,		
	2020 Unaudited	2019 Unaudited	Change
Revenue	4,661,116	4,436,283	5.1%
Gross profit	2,227,342	1,929,612	15.4%
Gross profit margin	47.8%	43.5%	4.3ppt
Profit from operation	666,364	477,722	39.5%
Operating profit margin	14.3%	10.8%	3.5ppt
Profit attributable to equity shareholders of the Company	486,031	342,664	41.8%
Profit margin	10.4%	7.7%	2.7ppt
Earnings per share (RMB cents)			
– Basic	4.54	3.23	40.6%
– Diluted	4.51	3.19	41.4%

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MANAGEMENT DISCUSSION AND ANALYSIS

2020 was an extremely difficult year with a great level of uncertainty. Since the beginning of the year, the outbreak and spread of COVID-19 have changed the world economic pattern and profoundly affected the reconstruction of the global industrial value chain. According to the Q3 2020 edition of the China Economic Monitor published by KPMG China, it indicated that COVID-19 has had a major impact on the world economy, which may lead to the worst recession since the Great Depression. Against this backdrop, China's pandemic prevention and control and resumption of production have been at the forefront of the world, and main economic indicators have continued to rebound from a record low in the first quarter. With the potential of domestic demand continuously unleashed, China is set out to foster a new development paradigm in which the domestic economic circulation will be prioritized and facilitated by the domestic and international economic circulations.

On the demand side, however, despite the contribution of investment demand to economic growth, consumer demand was still relatively weak. The consumption and service sectors, owing to its clustering and physical consumption nature, were most hardly hit by the pandemic and still in the process of recovery. Data show that the total retail sales of consumer goods fell by 8.6% between January and August this year, and the total retail sales of apparels nationwide fell by 16.9% period-on-period.

In the face of such pressure and adverse external challenges, the Group's passion and confidence to strive for success remained unshaken. Brand management is essentially to create customer value in response to customer recognition. The management and all employees adhered to the original aspiration and brand leadership, and were determined to develop our entrepreneurial spirit of working arduously and innovatively to pursue excellence and attain the best result under concerted efforts. We continued to innovate customer value, form effective supply, embrace the digital economy, deploy new omni-channel retail and achieved sustained growth amid the adverse market conditions.

REVENUE ANALYSIS

During the first half of FY2020/21, the Group closely focused on "brand, product, channel and terminal" to carry out systematic construction from all angles. While firmly grasping the four core competencies of upgrading brand, upgrading retail, innovating products and adhering to high product quality and quick response, we actively differentiated and established two security systems in relation to an organization, mechanism, culture and talent construction system, and also a digital information system, and achieved progressive results.

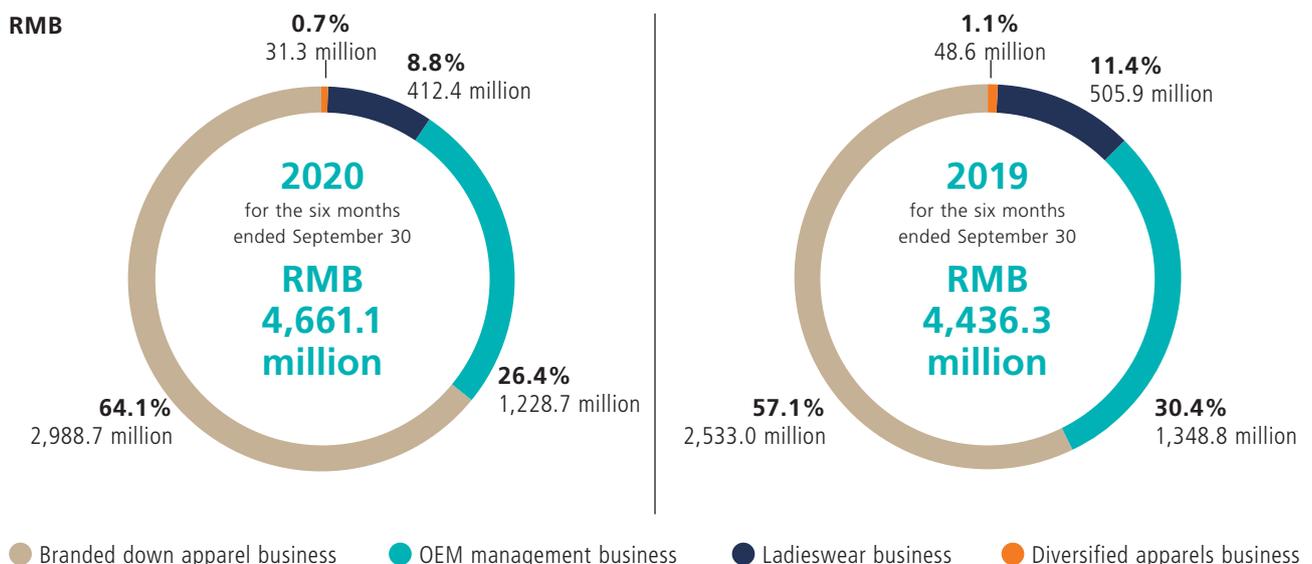


For the six months ended September 30, 2020, revenue of the Group amounted to approximately RMB4,661.1 million, representing an increase of approximately 5.1% as compared to that of the corresponding period of last year. The branded down apparel business, OEM management business, ladieswear business and diversified apparels business are the Group's four main businesses.

The branded down apparel business remained the biggest revenue contributor of the Group, and recorded revenue of approximately RMB2,988.7 million, accounting for 64.1% of the total revenue,

representing a period-on-period increase of 18.0%. The OEM management business recorded revenue of approximately RMB1,228.7 million, accounting for 26.4% of the total revenue, representing a decrease of 8.9% period-on-period. The ladieswear business recorded revenue of approximately RMB412.4 million, accounting for 8.8% of the total revenue, representing a period-on-period decrease of 18.5%. The diversified apparels business recorded revenue of approximately RMB31.3 million, accounting for 0.7% of the total revenue, representing a period-on-period decrease of 35.6%.

Revenue by Business



MANAGEMENT DISCUSSION AND ANALYSIS

Branded Down Apparel Business:

During the first half of FY2020/21, the Group strived to overcome the market changes and adverse effects brought by COVID-19. It continued to forge a branded development model, and pushed forward various efforts in an orderly manner by focusing on its brand positioning of “top-selling down apparel expert in the world”. In terms of customer recognition, *Bosideng*,



as a “down apparel expert”, has continuously gained recognition in the mainstream. In terms of store operation, we have strategically penetrated into Beijing and Shanghai, with qualitative improvement in channel quality and store image. We have also made substantial progress in rent reduction and achieved remarkable results in refining our single store operations. In terms of commodity operations, our product development has become more precise, our product structure has become more reasonable, our product-channel matching has improved and the integrated commodity operation model was effectively implemented. In terms of brand management, brand publicity has strengthened, public relation awareness has improved significantly, production and sales have become more closely integrated and investment benefits have been maximized through cost control. In terms of customer management, community operation and customer quality has continuously improved.

For the six months ended September 30, 2020, the Group’s branded down apparel *Bosideng* brand recorded an increase of 19.7% in revenue to approximately RMB2,725.8 million as compared to that of the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 18.0% to approximately RMB2,988.7 million as compared to that of the corresponding period of last year.



Brand Building

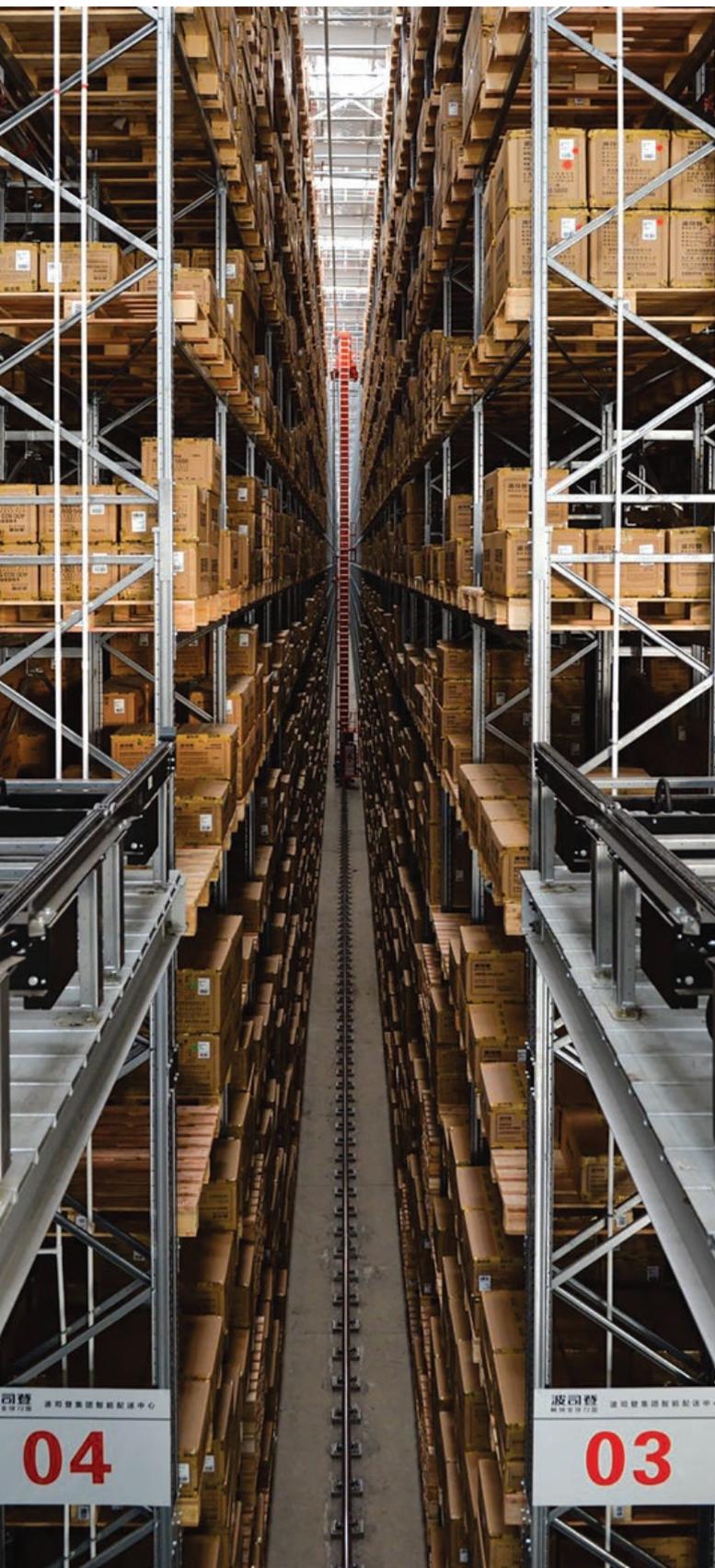
During the first half of FY2020/21, we continued to explore the brand value of *Bosideng* in association with "big brand, good quality and down apparel", adhered to brand leadership, activated brand strength and built sustainable innovation. Further, we also strengthened our brand through combined marketing, public relations, content innovation, media optimization and other means to boost our operating results through brand reputation.

As one of the important strategies of FY2020/21, the production and sales integration in the first half of FY2020/21 achieved remarkable results. Based on this strategy, brand publicity focused more on the display of featured products and the redirection of online and offline sales. Based on the product launch cycle, we created marketing plans and contents to resonate with consumers. The products were fully displayed through celebrity blockbusters, celebrity street shoots, product placement, fashion bloggers and KOLs (Key Opinion Leaders). Meanwhile, we also focused on product review platforms such as Douyin, Little Red Book and other new media platforms to redirect sales to our online and offline stores and promote transaction conversion rate, thus enhancing sales performance.

Overall, the milestones for brand building during the first half of FY2020/21, being the off-season, are summarized as follows:

- in May 2020, *Bosideng* sponsored 2020 China's height measurement activity of Mount Everest, perfectly interpreting the spirit of rock climbing and showing the professional strength of Chinese brands to the world;
- in May 2020, *Bosideng* won the high-end market influence brand in the "2020 "Light of Domestic Products" Chinese Brand List" released by Tmall;
- in August 2020, *Bosideng* won the "Apparel Enterprise of the Year 2020 Anxin Award (2020年安心獎年度服飾企業)" at the 2020 Jiemian Forum on New Spending hosted by Jiemian.com of Shanghai United Media Group; and
- in September 2020, *Bosideng*, as the only textile and apparel brand, showcased at the Chinese Brand Day Gala, to actively implement the strategy of brand power, demonstrate its brand strength and entrepreneurial spirit, and gained recognition of major industry players and consumers for its brand upgrade.

MANAGEMENT DISCUSSION AND ANALYSIS



Commodity Management

In terms of order management, during the first half of FY2020/21, the Group continued to completely separate order placements of direct sales and wholesale. Single-store orders are applied to self-operated stores, which means products for sales in single stores will match the demand for orders, and products will be produced with reference to the actual demand. Meanwhile, distributors adopt different flexible modes of order placement and rebate based on their respective scales of operation. The system has optimized the mix of orders placed at self-operated stores and those placed by distributors, and hence the Group managed to maintain stability in order placement. Since 2018, the Group has managed and controlled the proportion of orders placed at the first winter down trade fair each year. For FY2020/21, the proportion of the first order placed at the trade fair shall continue to decrease in order to not exceed 30%, and the remaining orders shall be replenished based on actual market feedback and demand in the peak seasons. As the Group's peak seasons only last for three to four months, more than 70% of the product replenishment orders require the support of sufficiently efficient supply chains and quick response capabilities.

In terms of inventory management, the Group is committed to optimizing inventory management and maintaining inventory at a healthy level. Through stringent production and product planning, the Group has maintained its demand-pull mechanism in all sales regions to realize the combination of production and marketing. Through enhancement in the real-time capture and analysis of terminal retail data, the Group has continuously adjusted the interactions between channels and terminals, and optimized the overall inventory management based on the data collected, with a view to constantly refine retail management and fundamentally improve the overall operational efficiency.

Supply Chain Management

High product quality and quick response are the core competitive edges of the supply chain for the Group's continued success in the industry, and also a key element in sustaining the Group's efficient, healthy and sustainable development. According to the current strategy on commodity management, each order placed for down apparel products of the Group are replenished with the goal of high product quality and

quick response, while small quantities of new products will be launched to achieve a quick turnaround time. Meanwhile, the Group continued to replenish stock on a rolling basis during the peak season according to the sales data from end consumers, and hence achieved the target of maintaining high product quality and quick response in supply.

COVID-19 served as a test for the supply chain management of the Group. By putting in place all pandemic prevention and control measures, the Group successfully resumed production and work, such as the procurement of raw materials and the production and distribution of isolation gowns, which played an active role in combating COVID-19. Meanwhile, the Group also increased its financial support for upstream suppliers, and leveraged on the strategic cooperation relationship between the Group and financial institutions to provide upstream suppliers with supply chain financial solutions, so as to ensure the stability of the whole supply chain from the source.

In terms of supply chain digital innovation, the data center connects all links of the supply chain based on corporate data. Through the coordination of production and sales, it links up the production and outsourcing process of front-end sales, mid-end inventory and back-end supply chain. On the one hand, the supply chain's ability to quickly respond to front-end sales is improved, and consumer needs can be matched in time. On the other hand, data interchange with core suppliers is realized, thus enabling a more refined operation capability of the raw and auxiliary materials warehouse, which is conducive to the timely supply of raw and auxiliary materials and inventory control.

Logistics and Delivery

Riding on the concept of nationwide inventory management and the integration and sharing of data across online and offline operations, the Group's smart central delivery centre ("CDC") serves all offline direct stores, franchised stores and e-commerce O2O businesses throughout the country. CDC is not only responsible for warehousing, replenishment, returns and transfer, transportation and distribution, but is also responsible for data management. It is able to effectively allocate commodity resources ahead of time based on market changes, so as to respond to



consumers' demand more quickly and accurately. A unique warehouse management system was adopted to manage all the inventories. At the same time, the CDC adopted distributed deployment, and set up nine regional warehouses in Eastern China, Northern China, Qingdao, Central China, Northwest China, Southwest China, Northeast China, Harbin and Urumqi. A top-tier distribution channel has continuously been adopted during the first half of FY2020/21 "where goods are delivered directly from the CDC to the stores", achieving direct distribution of goods to all stores nationwide. Not only does it respond to market demands more quickly, but also allows it to realize sharing of goods across the country. Moreover, by capitalizing on our own smart replenishment system to achieve demand-pull restocking in the stores, we were able to ensure that the best-sellers would not go out of stock. As a result, sales were improved and direct distribution of goods to all stores nationwide was therefore achieved. It is hoped that this would reduce inventory warehousing costs and more effectively manage and control buffer stock.

MANAGEMENT DISCUSSION AND ANALYSIS



Digital Operation

The digital information system is one of the two major security systems of the Group. FY2020/21 marks the first financial year of the implementation of the Group's digital strategy, which has been accelerated by the outbreak of COVID-19.

In the first half of FY2020/21, the Group entered into a strategic cooperation with Alibaba Cloud as a "Digital and Intelligent Transformation Pioneer", to leverage on the technology and experience of Alibaba Data Center to open up omni-channel data, and to innovate and explore, among others, consumer research, precision marketing, integrated commodity operation and shopping guide operations. On the one hand, through accurate crowd selection, we continuously improved the accuracy of online marketing, and generated more insights on consumer behaviors and products. It also enabled us to iterate and optimize through online activities such as Tmall's "618 Mid-year Shopping Festival" and "88 Membership Festival", and supported the continuous improvement of our gross merchandise volume (GMV) in e-commerce. On the other hand, through accurate crowd selection, SMS and social media placement in offline stores, the proportion and quality of consumers attracted to the stores have been significantly improved. At the same time, through big data tag clustering of past sales products and channels, and applying the resulting analysis to the first order of

new products in 2020, it has significantly improved the matching degree between products and store channels, and had a positive impact on the activity rate and marketability of products.

New Retail Operations

In the first half of FY2020/21, the Group used corporate WeChat to build a more convenient communication bridge with customers, and achieved 8 million new corporate WeChat fans. The Group had over 5.5 million followers on its WeChat account, representing an increase of more than 50% as compared with the end of the last financial year. The number of registered members was 19.65 million, an increase of more than 30% as compared with the end of the last financial year. In terms of consumer structure, the number of young consumers under the age of 30 accounted for approximately 20%, a significant increase from the end of the last financial year. Furthermore, member sales have accounted for approximately 63.9% and member repurchase sales have accounted for approximately 36.8% of the total offline sales, respectively.

In terms of new retail digital innovation, we leveraged on the abundant customer assets accumulated by Alibaba Data Center to create customer tags, reach customers with high-quality digital content and generate sales through checkout mini programs. At the same time, it provided marketing assistant for each corporate WeChat shopping guide, and used the data center to match interactive content templates for terminal shopping guides to assist them in maintaining good customer relationships.





R&D of Products

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

In the first half of FY2020/21, the Group placed more attention on combining product design and consumer preferences, and used the consumer perspective thinking model to conduct in-depth research and precise development of series of products for consumers. New product development mainly articulated around four main lines: “sports” represented fashion, “business” represented quality, “outdoor” represented professionalism and “leisure” focused on current fashion trends to create hot-selling products, with designers adding in current fashion elements to complete the whole product design. Through a series of scientific, objective and methodical design processes covering market research, trend analysis, design planning, product development, ordering feedback, sales feedback and summary review, we continuously presented new series of products to consumers.

The key product collections in the first half of FY2020/21 included:

Outdoor City Collection

Led by Italian designers, the design of this collection gives a visual impression of vigor and energy with dazzling and comforting color to create workwear products with brand-new sense by combining the stylish silhouette suitable for young consumers in Asia. Meanwhile, this collection was made of high-quality goose down with 600+ fill power, which provides a warmer and more comfortable wearing experience to consumers. Yang Mi and William Chan were the spokespersons for the theme products, which attracted the attention and love of the young consumer base.

MANAGEMENT DISCUSSION AND ANALYSIS

Stylish Sport Collection

With the dynamic coastline “Protecting the Blue Sea” as the design inspiration, this collection injects young and vigorous elements into the theme products by combining stylish colors and 3D streamline models. Meanwhile, it upgrades the process that tightly locks the down together with craftsmanship spirit to offer downproof and more comfortable apparel to the consumers. Yang Mi and William Chan were also the spokespersons for the theme products, which attracted the attention and love of the young consumer base.



Classic Business Collection

This series adopts neat silhouettes, high-end fabrics, exquisite craftsmanship and versatile styles, which can easily cope with multiple scenes such as urban commuting, social interaction and business travel.

Light Down Apparel Collection

The down apparel of this collection is as light as 330g per piece, making it the lightest down apparel ever in the history of *Bosideng*. In terms of materials, it is made of ultra-soft skin fabric, and the skin-friendly cotton feels smooth and soft. In terms of technology, anti-lint technology is adopted and the fabric was first quilted before down was filled to prevent the down cluster from sticking out of needle holes.



Multi-brand Strategies

Under the strategic direction towards mainly focusing on the development of the key *Bosideng* brands, the Group maintained the strategy of "Down apparel +" to continuously develop and position its branded down apparel business under its mid-end brand *Snow Flying* and cost-effective brand *Bengen*, as part of its efforts in gaining more market share in the industry.



MANAGEMENT DISCUSSION AND ANALYSIS



Snow Flying

During the first half of FY2020/21, the *Snow Flying* brand recorded revenue of approximately RMB102.7 million, representing a period-on-period increase of 5.2%. In recent years, the *Snow Flying* brand has been actively expanding its online channels, focusing on the inclusive down apparel track, innovating and reforming the online sales business, integrating the upstream and downstream resources, constantly launching products with cost-effective and quality services on the market through the upgrading and optimization of the supply mode, and continuously enhancing its brand influence by constantly upgrading its own digital operation capabilities, thereby further promoting sales. While maintaining the steady sales growth of the core platforms at Tmall and Vipshop, the *Snow Flying* brand also actively made arrangements in live-streaming channels and was ranked among the top 5 in terms of apparel sales on Kuaishou and Douyin platforms during the first half of FY2020/21, indicating its popularity among a broad consumer base. With regards to the offline business, the *Snow Flying* brand optimized the operating efficiency of direct sales channels by comprehensively sorting out the offline direct sales channels to enhance the brand and channel match. Meanwhile, it made more efforts in the competition and elimination of offline distributors and strengthened the distributor operation policies, which led to a steady growth in the offline business.

Bengen

During the first half of FY2020/21, the *Bengen* brand recorded revenue of approximately RMB108.6 million, representing a period-on-period increase of 2.1%. During the first half of FY2020/21, the *Bengen* brand focused on destocking and made a breakthrough under the impact of COVID-19 in the down apparel market that focuses on cost-effectiveness by refining retail management of offline stores, launching online channels on Vipshop and strengthening the construction of the live-streaming system, which has laid a solid foundation for sales in the peak season to continuously focus on online channels, reducing the number of agents and refining the terminal operation.



Revenue from branded down apparel business by brand

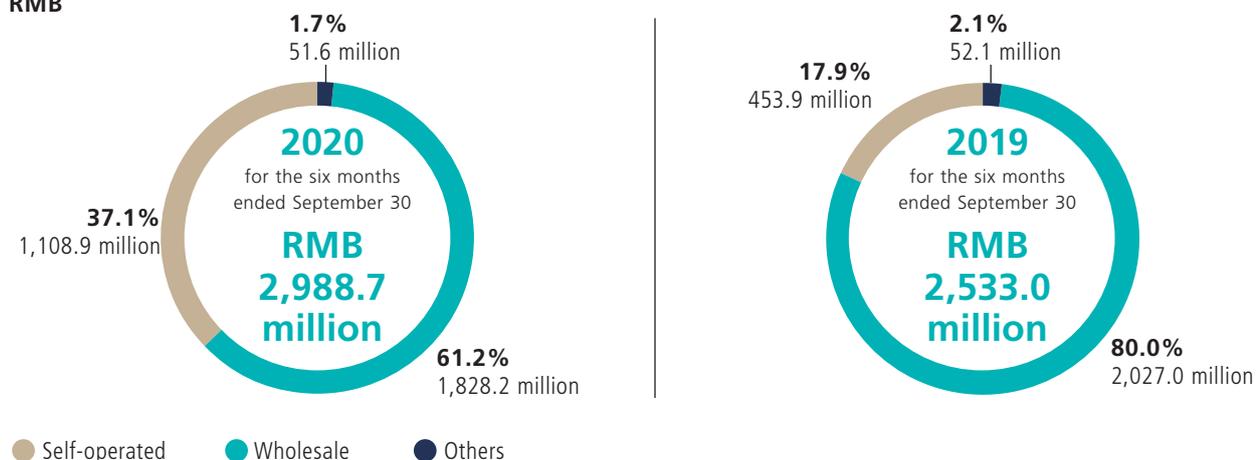
For the six months ended September 30,					
Brands	2020		2019		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Bosideng	2,725.8	91.2%	2,276.7	89.9%	19.7%
Snow Flying	102.7	3.4%	97.6	3.8%	5.2%
Bengen	108.6	3.7%	106.4	4.2%	2.1%
Others	51.6	1.7%	52.3	2.1%	-1.4%
Total revenue from branded down apparel business	2,988.7	100.0%	2,533.0	100.0%	18.0%

Revenue from branded down apparel business by sales category

For the six months ended September 30,					
Sales category	2020		2019		Change
	RMB million	% of branded down apparel revenue	RMB million	% of branded down apparel revenue	
Self-operated	1,108.9	37.1%	453.9	17.9%	144.3%
Wholesale	1,828.2	61.2%	2,027.0	80.0%	-9.8%
Others*	51.6	1.7%	52.1	2.1%	-0.9%
Total revenue from branded down apparel business	2,988.7	100.0%	2,533.0	100.0%	18.0%

* Represents sales of raw materials relating to down apparel products and other licensing fees, etc.

RMB



MANAGEMENT DISCUSSION AND ANALYSIS



In view of the impact of COVID-19 in early 2020, the Group has made corresponding adjustments to its channel strategy during the first half of FY2020/21. "Controlling risks and maintaining growth" has been a main development strategy in the first half of FY2020/21. On the offline front, the Group has maintained a more cautious attitude in optimizing and upgrading channels, and enabled the store structure to continue to migrate towards the direction of mainstream consumption channels by opening new image and large stores in mainstream business circles and closing inefficient stores in less efficient areas. The newly opened stores were mainly self-operated selling points and the focus was placed on improving operating efficiency of self-operated selling points. The specific measures included placing more emphasis on the refined operation of single stores, rent reduction and efficiency enhancement, and the sales ability of the store manager to guide the shopping of consumers. On the online front, the Group actively promoted new retail operations and digital transformation and achieved significant breakthroughs in precision marketing and integrated commodity operations. During the six months

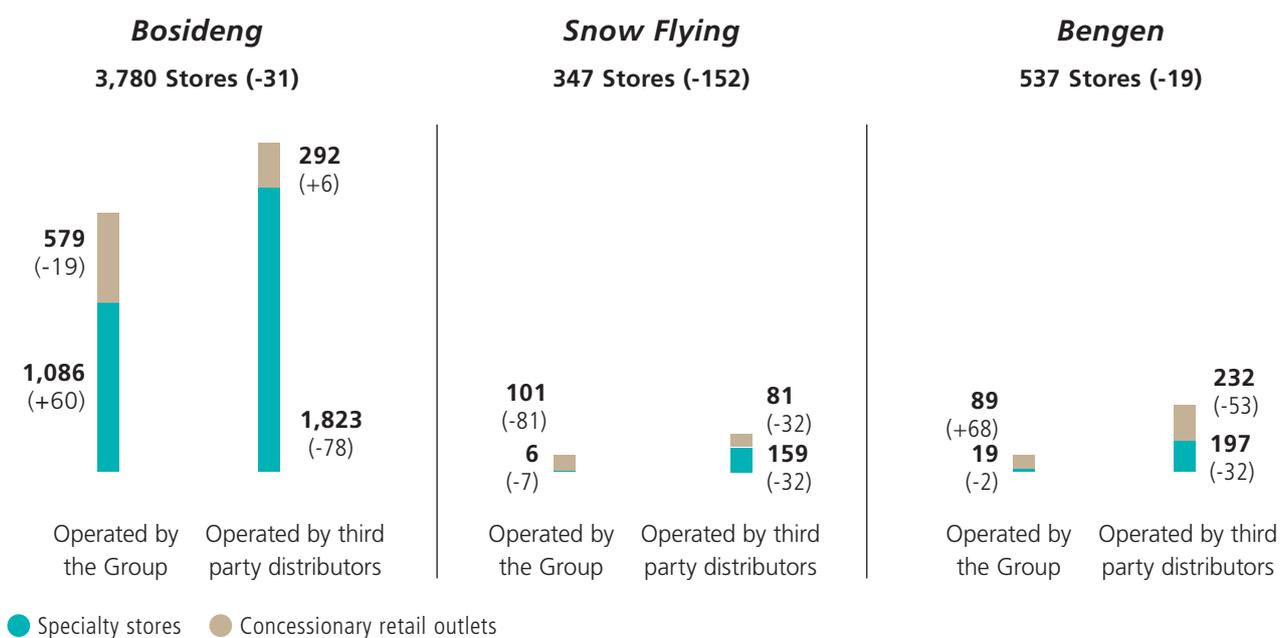
ended September 30, 2020, self-operated sales revenue (including offline and online) significantly increased by 144.3% period-on-period, and its percentage in branded down apparel sales rose from 17.9% in the corresponding period of last year to 37.1%.

As at September 30, 2020, the total number of selling points of the Group's branded down apparel business (net) decreased by 202 to 4,664; self-operated selling points (net) increased by 19 to 1,880 and selling points operated by third party distributors (net) decreased by 221 to 2,784 as compared to that as at March 31, 2020, respectively. The self-operated and third party distributor-operated selling points as a percentage of the overall selling points were approximately 40.3% and 59.7%, respectively. Among the total selling points of the Group's branded down apparel business, approximately 26.9% were located in the first- and second-tier cities (namely, Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 73.1% were located in the third- and lower-tier cities.

Retail network breakdown by down apparel brand

As at September 30, 2020	<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	1,086	+60	6	-7	19	-2	1,111	+51
Operated by third party distributors	1,823	-78	159	-32	197	-32	2,179	-142
Subtotal	2,909	-18	165	-39	216	-34	3,290	-91
Concessionary retail outlets								
Operated by the Group	579	-19	101	-81	89	+68	769	-32
Operated by third party distributors	292	+6	81	-32	232	-53	605	-79
Subtotal	871	-13	182	-113	321	+15	1,374	-111
Total	3,780	-31	347	-152	537	-19	4,664	-202

Change: Compared with that as at March 31, 2020



MANAGEMENT DISCUSSION AND ANALYSIS

Retail network of branded down apparel business by region

	As at September 30, 2020	As at March 31, 2020	Change
Eastern China	1,644	1,708	-64
Central China	971	1,050	-79
Northern China	439	455	-16
Northeast China	535	511	+24
Northwest China	510	561	-51
Southwest China	565	581	-16
Total	4,664	4,866	-202

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



EXCELLENCE



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MANAGEMENT DISCUSSION AND ANALYSIS

OEM Management Business:

During the first half of FY2020/21, revenue from the Group's OEM management business amounted to approximately RMB1,228.7 million, representing 26.4% of the Group's revenue and decreasing by 8.9% as compared to that of the corresponding period of last year. The percentage of revenue for the OEM management business from the top five customers accounted for approximately 85.8% of its total revenue.

During the first half of FY2020/21, the OEM management business faced unprecedented pressure and challenges. Affected by COVID-19 in Europe and the United States, major apparel brand stores have closed since the beginning of the pandemic, which has seriously affected sales and caused some customers to cancel or delay their orders in batches. In the face of such dilemma, the OEM management business team actively improved the stickiness of core customers, effectively expanded new customer resources and increased some orders correspondingly. At the same time, we seized the opportunity arising from the pandemic and exported some anti-pandemic supplies. Therefore, the overall decline in the OEM management business was much better as compared to the overall decline in the industry. Through various measures to strictly control costs and expenses, the gross profit margin of the OEM management business also increased by 3.8 percentage points to approximately 18.1%.

Meanwhile, in order to meet customers' demand for product mix, the OEM management business team continued to expand the production capacity in Vietnam and other Southeast Asian regions, leveraging on the

Group's production management experience as the "top selling down apparel expert in the world", the quality management of the newly added production capacity and the control of the production process of orders were rapidly enhanced to effectively cope with the impact of uncertainties brought about by future policy changes, and to ensure the sustainable growth of the OEM management business in the future.

Ladieswear Business:

The Group operates four mid- to high-end ladieswear brands to cater to customers' dressing needs on different occasions. After 15 to 30 years of brand accumulation, the four brands present a rich product hierarchy and unique differentiated style positioning. *JESSIE* features simple and smooth products, highlighting the self-confidence and independence of intellectual women; *BUOU BUOU* features elegant, romantic and detail-oriented products, showing feminine charm, while each of *KOREANO* and *KLOVA* features artistic and understated-luxury products, bringing characteristic and ultimate wearing experience to customers. In the highly competitive and relatively low-concentration ladieswear market, the Group's ladieswear business, relying on deep brand accumulation, mature marketing strategies and continuous optimization of design and development, has a large loyal and high-quality customer base.

During the first half of FY2020/21, revenue from the Group's ladieswear business was approximately RMB412.4 million, representing a decrease of 18.5% as compared to that of the corresponding period of last year. The contribution from the ladieswear business to the Group's total revenue was 8.8%. Revenue from the ladieswear brands were as follows:



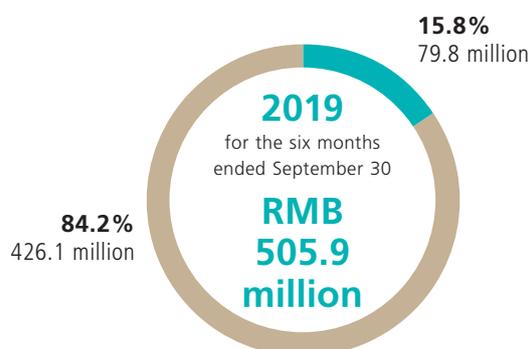
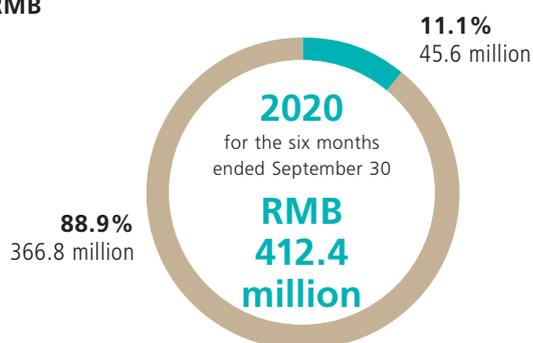
Revenue from ladieswear business by brand

For the six months ended September 30,					
Brands	2020		2019		Change
	RMB million	% of ladieswear revenue	RMB million	% of ladieswear revenue	
JESSIE	133.9	32.5%	184.3	36.4%	-27.3%
BUOU BUOU	107.3	26.0%	151.9	30.0%	-29.4%
KOREANO	78.6	19.1%	76.3	15.1%	3.0%
KLOVA	92.6	22.4%	93.4	18.5%	-0.8%
Total revenue from ladieswear business	412.4	100.0%	505.9	100.0%	-18.5%

Revenue from ladieswear business by sales category

For the six months ended September 30,					
Sales category	2020		2019		Change
	RMB million	% of ladieswear revenue	RMB million	% of ladieswear revenue	
Self-operated	366.8	88.9%	426.1	84.2%	-13.9%
Wholesale	45.6	11.1%	79.8	15.8%	-42.8%
Total revenue from ladieswear business	412.4	100.0%	505.9	100.0%	-18.5%

RMB



● Self-operated ● Wholesale

MANAGEMENT DISCUSSION AND ANALYSIS

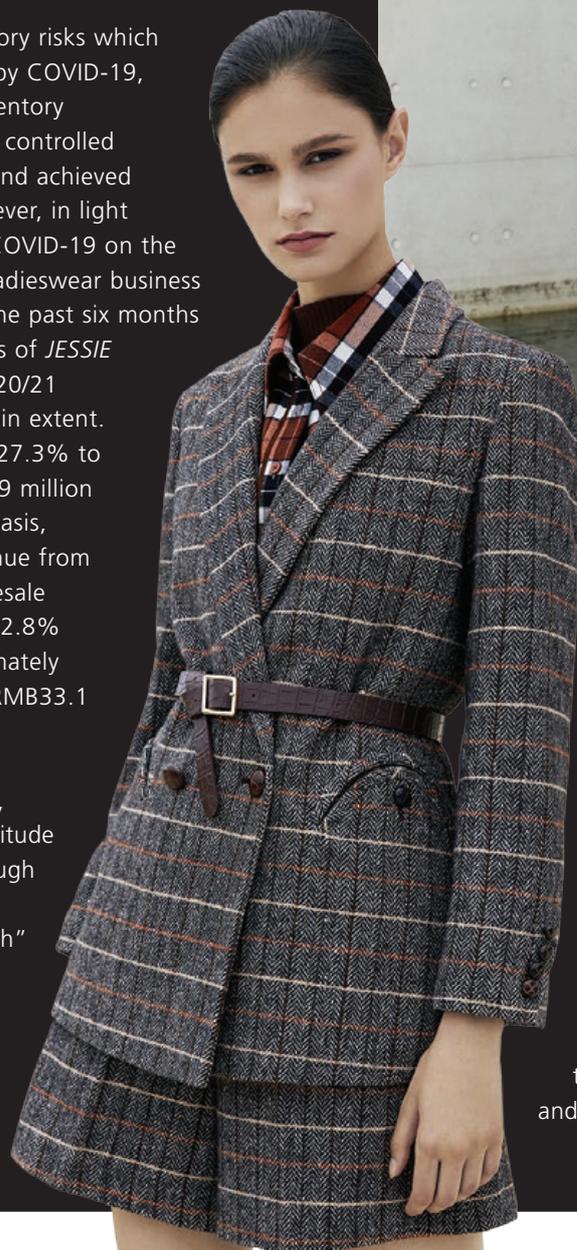
JESSIE

During the first half of FY2020/21, faced with the unexpected COVID-19 and the complicated and volatile economic environment, *JESSIE* strengthened its digital marketing layout by conducting themed live-streaming activities through cooperation with Internet celebrities and applying micro-marketing platform, public membership of our WeChat account, WeChat Moment and other channels to promote multi-dimensional digital marketing, and gradually increased brand-customized private domain traffic pool by promoting effective connection with core customer base through digital information.

To cope with the inventory risks which may have been caused by COVID-19, *JESSIE* strengthened inventory processing while strictly controlled the scale of purchases and achieved significant results. However, in light of the huge impact of COVID-19 on the consumption industry, ladieswear business was relatively weak in the past six months as a whole and the sales of *JESSIE* in the first half of FY2020/21 were affected to a certain extent. *JESSIE*'s revenue fell by 27.3% to approximately RMB133.9 million on a period-on-period basis, among which, the revenue from self-operated and wholesale business decreased by 22.8% and 38.4%, to approximately RMB100.8 million and RMB33.1 million, respectively.

In the face of COVID-19, *JESSIE* maintained an attitude of active response. Through the establishment of the "Enablement and Growth" project team, direct sales, training, planning and promotion, display and other departments were

linked to optimize the operation management system in implementation of sorting assignments with terminals, product reorganization and integration, product value shaping and promotion, etc., and continued to promote the implementation and conversion of terminals. At the same time, *JESSIE* also promoted close collaboration between the design department and marketing department. It is expected that product innovation and marketability will be improved through the full integration of design and marketing.





BUOU BUOU

In the first half of FY2020/21, *BUOU BUOU* was also severely affected by COVID-19. In light of issues such as serious homogenization of competing products and the plunge of customer flow in offline traditional department stores, the team has formulated a series of adjustment and optimization policies and measures, which included the expanding of online channels and the closing of underperforming stores.

On the product R&D front, the *BUOU BUOU* team was actively looking for breakthroughs in design inspiration by introducing new design directors to enhance product competitiveness and explicitly designed products which are exclusively offered online to cater to mainstream online customers through online big data analysis during the first half of FY2020/21. On the new retail front, the *BUOU BUOU* team continued to strengthen the online and offline interactive management by establishing connections with customers and generating customer stickiness through different marketing methods such as micro-marketing platforms, so as to minimize the sales gap

caused by the closures or shortened business hours of offline stores.

However, due to the impact of COVID-19, the sales of *BUOU BUOU* in the past six months were affected to a certain extent. *BUOU BUOU*'s revenue during the first half of FY2020/21 was approximately RMB107.3 million, representing a decrease of 29.4% from the previous year, among which, the revenue from self-operated and wholesale business decreased by 24.7% and 51.8%, to approximately RMB94.8 million and approximately RMB12.5 million, respectively.

In light of COVID-19, *BUOU BUOU* readily responded by negotiating with shopping malls in terms of reduction in concessionaire fees, minimum guarantees and rental expenses to reduce operating costs. In terms of sales strategy, *BUOU BUOU* continued to highlight good models of online and offline sales interactions. While optimizing offline channels, *BUOU BUOU* expects to use more diverse new online retail models, such as live-streaming activities and video clips, to promote the recovery and growth of results in the second half of FY2020/21.

MANAGEMENT DISCUSSION AND ANALYSIS

KOREANO and KLOVA

By virtue of over 30 years of brand accumulation, the stable and mature channel operation capabilities, the loyalty and recognition of a wide range of membership customer base and good product design and development capabilities and other advantages, the results of *KOREANO* and *KLOVA* showed rapid recovery in performance and trend after the outbreak of COVID-19. Revenue from *KOREANO* and *KLOVA* during the first half of FY2020/21 was approximately RMB171.2 million, representing an increase of 0.9% from the previous year.



After the outbreak of COVID-19, the comprehensive management and control capabilities of *KOREANO* and *KLOVA* have also been improved through a variety of ways. In respect of the supply chains of *KOREANO* and *KLOVA*, organization adjustment, standard establishment and efficiency optimization are taken as the core improvement points to ensure the upward quality, improvement on the timeliness of delivery, and implementing a group assessment and incentive mechanism for new product delivery and sell-out rate. In terms of financial management, expenditures were reduced by means of strictly controlling various purchase payments and expenses and closing underperforming and loss-making stores on one hand, while negotiations to reduce or exempt minimum guarantees of most guarantee outlets were conducted for focusing on improving the efficiency of existing outlets on the other hand.

In terms of marketing strategy, *KOREANO* and *KLOVA* still adhered to a stable price strategy and a fully direct sales model, including focusing on product design and quality as well as consumer experience with value-added services and after-sales services; by making use of the live-streaming platforms of various malls, *KOREANO* and *KLOVA* invited old customers and attracted high-quality new customers during the first half of FY2020/21; large-scale activities such as points redemption and purchases with free gifts for a specific month were carried out to increase interaction with membership customer base and facilitate the rapid recovery of sales at various outlets; and at the same time, high-end customized activities were promoted to continue optimizing customized products, processes, delivery dates and after-sales services and enhance the consumer's experience.

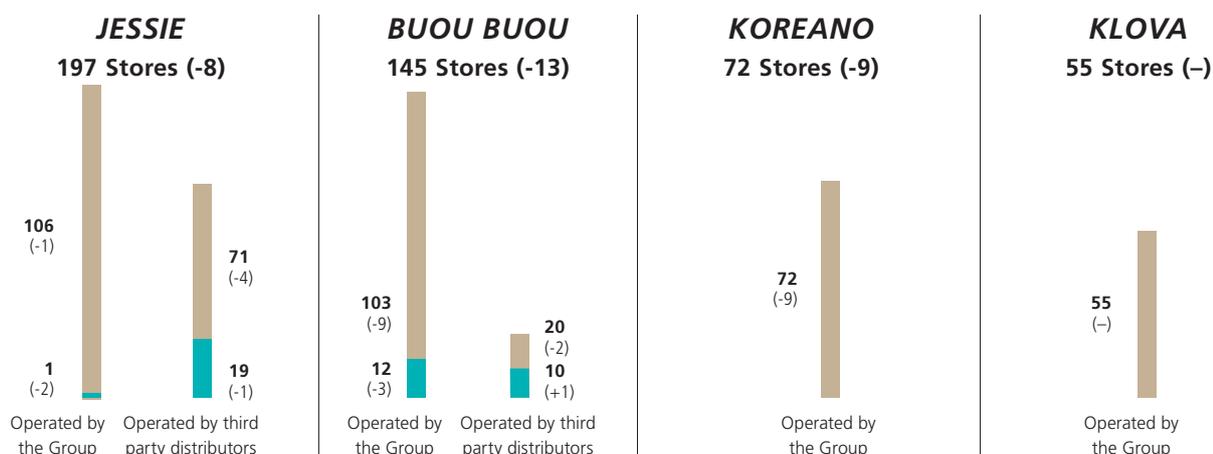
As of September 30, 2020, the total number of retail outlets of the Group's ladieswear business decreased by 30 to 469, self-operated retail outlets decreased by 24 to 349 and net retail outlets operated by third party distributors decreased by 6 to 120 as compared to that as at March 31, 2020, respectively. Self-operated retail outlets and those operated by third party distributors

accounted for 74.4% and 25.6% of the entire retail network, respectively. Of the total retail outlets of the Group's ladieswear business, approximately 66.7% are located in first- and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 33.3% are located in third-tier cities or below.

Retail network breakdown by ladieswear brand

As at September 30, 2020	JESSIE		BUOU BUOU		KOREANO		KLOVA		Total	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores										
Operated by the Group	1	-2	12	-3	–	–	–	–	13	-5
Operated by third party distributors	19	-1	10	+1	–	–	–	–	29	–
Subtotal	20	-3	22	-2	–	–	–	–	42	-5
Concessionary retail outlets										
Operated by the Group	106	-1	103	-9	72	-9	55	–	336	-19
Operated by third party distributors	71	-4	20	-2	–	–	–	–	91	-6
Subtotal	177	-5	123	-11	72	-9	55	–	427	-25
Total	197	-8	145	-13	72	-9	55	–	469	-30

Change: Compared with those as at March 31, 2020



● Specialty stores

● Concessionary retail outlets

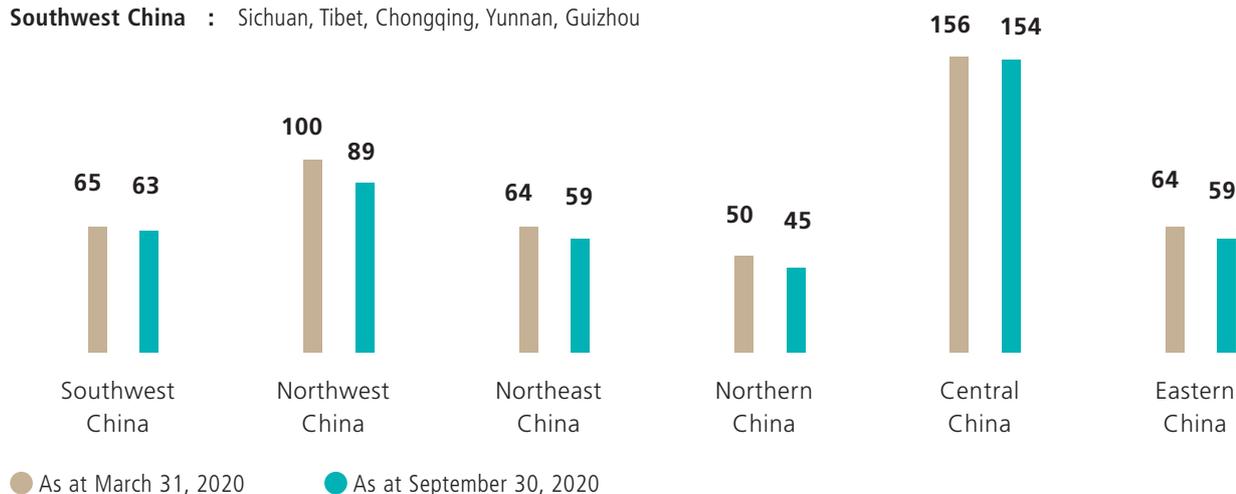
MANAGEMENT DISCUSSION AND ANALYSIS

Retail network of ladieswear business by region

	As at September 30, 2020	As at March 31, 2020	Change
Eastern China	59	64	-5
Central China	154	156	-2
Northern China	45	50	-5
Northeast China	59	64	-5
Northwest China	89	100	-11
Southwest China	63	65	-2
Total	469	499	-30

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



MOMENT



VANTION

MANAGEMENT DISCUSSION AND ANALYSIS

Diversified apparels business:

During the first half of FY2020/21, revenue from our diversified apparels business was approximately RMB31.3 million, representing a decrease of 35.6% as compared to that of the corresponding period of last year. As the Group adhered to the overall strategy of “focusing on

our principal business and shrinking diversification”, the contribution from the diversified apparels business to the Group’s total revenue dropped to 0.7%. Revenue from diversified apparels brands during the first half of FY2020/21 were as follows:

Revenue from diversified apparels business by brands

For the six months ended September 30,					
Brands	2020		2019		Change
	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	
Sameite	12.4	39.6%	7.2	14.8%	72.2%
Other brands and others	18.9	60.4%	41.4	85.2%	-54.3%
Total revenue from diversified apparels business	31.3	100.0%	48.6	100.0%	-35.6%

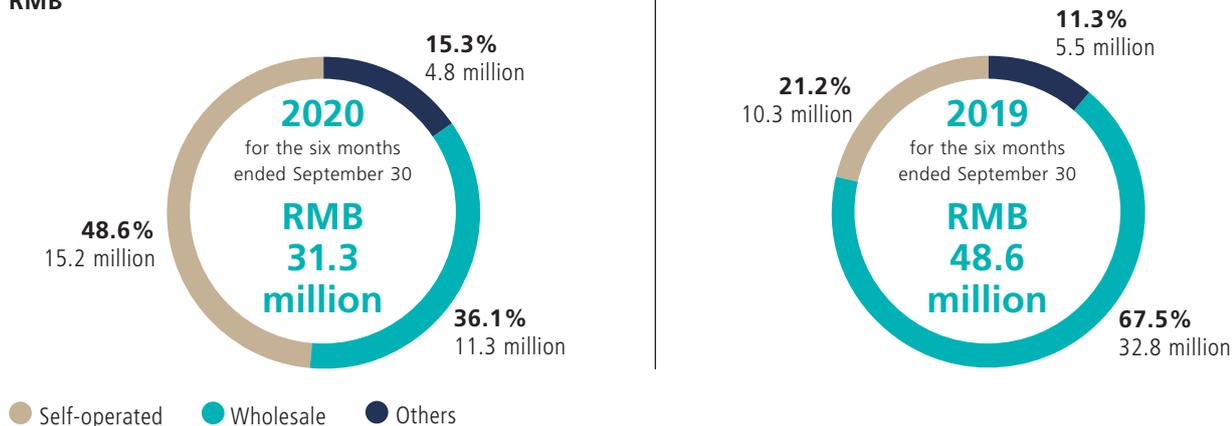
Revenue from diversified apparels business by sales category

For the six months ended September 30,					
Sales category	2020		2019		Change
	RMB million	% of diversified apparels business revenue	RMB million	% of diversified apparels business revenue	
Self-operated	15.2	48.6%	10.3	21.2%	47.6%
Wholesale	11.3	36.1%	32.8	67.5%	-65.5%
Others*	4.8	15.3%	5.5	11.3%	-12.7%
Total revenue from diversified apparels business	31.3	100.0%	48.6	100.0%	-35.6%

* Represents rental income

Revenue from diversified apparels business by sales category

RMB



School uniform business – Sameite

During the first half of FY2020/21, the school uniform business under the diversified business segment remained in operation under *Sameite*. *Sameite* insists on providing students with safe, comfortable, fashionable

and functional school uniform products, and expects to dress every child in the uniform of his or her dream as its mission. Currently, *Sameite* serves more than 300 schools and nearly 300,000 students, with an annual supply of over one million pieces.



MANAGEMENT DISCUSSION AND ANALYSIS

During the pandemic, the *Sameite* brand team took the initiative and made precise strategies to continuously plow into the market through high-quality products and sound after-sales services, and made a breakthrough in the expansion of educational groups and regional benchmarking schools. *Sameite* achieved remarkable performance growth by actively participating in brightening brand focus under the pandemic, strengthening flexible and quick-response capabilities to improve the timing of services, reducing the impact of the pandemic through the use of online sales model and expanding market coverage through differentiated exclusive garden clothing design. During the first half of FY2020/21, contract orders for school uniform business

of *Sameite* represented an increase of 76% as compared to that of the corresponding period of last year, and revenue amounted to approximately RMB12.4 million, representing an increase of 72.2% as compared to that of the corresponding period of last year.

Children's wear business

During the first half of FY2020/21, the Group mainly cooperated with the Japanese brand of *Petit main*. In terms of its business expansion, it will continue to focus on prioritizing the development of online platforms through cooperation with Japanese joint venture companies and product development.



Bosideng MAN and Bosideng HOME

Since FY2018/19, the Group started to downsize the *Bosideng MAN* and *Bosideng HOME* brands under the diversified apparels business segment comprehensively. This resulted in the significant reduction in size of these two business divisions during the past two and a half years.

Retail network of diversified apparels business by region

	As at September 30, 2020	As at March 31, 2020	Change
Eastern China	6	7	-1
Central China	-	-	-
Northern China	-	-	-
Northeast China	-	-	-
Northwest China	-	-	-
Southwest China	-	26	-26
Total	6	33	-27

Region:

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



MANAGEMENT DISCUSSION AND ANALYSIS

ONLINE SALES

During the first half of FY2020/21, the Group's online business expanded significantly and achieved remarkable performances. During the first half of FY2020/21, the online outlet channel made remarkable achievements, in which the performance on the two platforms at Vipshops and Tmall Outlets exhibited a trend of rapid growth.

Meanwhile, during the first half of FY2020/21, the Group strengthened its strategic cooperation with Alibaba. Through cooperation, in terms of consumer development, the high-quality products of the brand had more opportunities to be exhibited to the platforms' high-quality consumers. In terms of data support, through access to multi-dimensional data support and market trend analysis, we could provide more timely and reliable data support for sales decisions. In terms of priority application of innovative tools, through the Tmall brand innovation and marketing centers and live-streaming virtual hosts, the Group's online business development was further diversified and enriched by such application of innovative tools. Meanwhile, the data platform established together with Alibaba also provided assistance and support for precise marketing of online business team.

After a few years of development, the live-streaming channel has become an industry hotspot and a means of online sales growth. On one hand, the Group increased the single-live output by strengthening live-streaming cooperation with top talents, while on the other hand, the Group increased the live broadcast output by improving live-streaming operation capabilities in the live stream of official flagship store at Tmall.

The Group also attached significant emphasis on online brand building, integration between online and offline new retail and the maintenance and expansion of members. In terms of brand building, the Group jointly made online and offline announcements through the brand's significant public relations events. In terms of member maintenance and expansion, the flagship store at Tmall attracted approximately 900,000 new members, with approximately 2.75 million members in total, and had more than 7.35 million fans for the six months ended September 30, 2020, and the proportion of young and new consumer groups under the age of 30 has steadily increased.

During the first half of FY2020/21, revenue from the total online sales of the Group's brands was approximately RMB537.7 million, representing a period-on-period increase of 76.4%. Revenue from the online sales of branded down apparels business and ladieswear business for the period was approximately RMB489.7 million and RMB42.6 million, accounting for 16.4% and 10.3% of the revenue of each business, respectively. By sales categories, revenue from the self-operated and wholesale businesses through the Group's online sales amounted to approximately RMB249.5 million and RMB288.2 million, respectively.

GROSS PROFIT

During the first half of FY2020/21, gross profit of the Group increased by 15.4% as compared to that of the corresponding period of last year, from approximately RMB1,929.6 million to approximately RMB2,227.3 million. The gross profit margin increased by 4.3 percentage points as compared to that of the corresponding period of last year, from 43.5% to 47.8%.

Gross profit margin of the branded down apparel business increased by 3.5 percentage points to 56.4%, mainly because the significantly increased proportion of sales revenue from *Bosideng* brand self-operated retail stores made a relatively significant contribution to the improvement of gross profit margin of the branded down apparel business in the first half of FY2020/21; meanwhile, the Group strengthened the cost control of down and other raw materials. The gross profit margin of the OEM management business recorded an increase of 3.8 percentage points to 18.1% through various measures to strictly control costs and expenses. The gross profit margin of the ladieswear business decreased by 3.2 percentage points to 73.6% as compared to that of the corresponding period of last year, which was mainly due to product sales for destocking during the post-pandemic period.

OPERATING PROFIT

During the first half of FY2020/21, the Group's operating profit increased by 39.5% to approximately RMB666.4 million. Operating profit margin was 14.3%, representing an increase of 3.5 percent points as



MANAGEMENT DISCUSSION AND ANALYSIS

compared to 10.8% of the corresponding period of last year, mainly due to the contribution from the branded down apparel business and the OEM management business.

DISTRIBUTION EXPENSES

During the first half of FY2020/21, the Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to department stores, depreciation charge of right-of-use assets, contingent rents and sales personnel expenses, amounted to approximately RMB1,209.0 million, representing an increase of 8.0% as compared to approximately RMB1,119.0 million of the corresponding period of last year. The Group's distribution expenses accounted for 25.9% of its total revenue, representing a slight increase of 0.7 percentage point as compared to 25.2% of the corresponding period of last year. The increase in distribution expenses was mainly due to the increases in depreciation of right-of-use assets and decoration expenses resulting from the Group's efforts in the construction of direct sales channels for the branded down apparel business, as well as the rise in wages due to the increase in headcounts of sales personnel for direct sales channels during the first half of FY2020/21.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses, mainly comprising of salary and welfare, depreciation and consultancy expenses, amounted to approximately RMB390.3 million in the first half of FY2020/21, representing an increase of 16.2% as compared to approximately RMB335.8 million of last year, mainly due to the share-based payments incurred from the Options newly granted to the employees during the period. The proportion of administrative expenses to the Group's total revenue was 8.4%, representing a slight increase of 0.8 percentage point as compared to 7.6% of the corresponding period of last year.

FINANCE INCOME

During the first half of FY2020/21, the Group's finance income decreased by 5.1% to approximately RMB103.7 million from approximately RMB109.3 million. The decrease was mainly due to the decrease in the Group's

bank interest income and the financial income and fluctuation in foreign currency exchange rate, which led to a decrease in exchange gain during the first half of FY2020/21 as compared to that of the corresponding period of last year.

FINANCE COST

During the first half of FY2020/21, the Group's finance cost was approximately RMB122.3 million, representing an increase of approximately 21.4% as compared to that of the corresponding period of last year. The increase was mainly due to a combination of factors, including (i) the exchange losses on the OEM management business; (ii) the increased interest expense incurred from the leases as a result of the Group's adoption of IFRS (IFRS 16 - Leases) during the first half of FY2020/21; (iii) the interest expense incurred by the issuance of the Convertible Bonds in December 2019; and (iv) the decrease in interest on borrowings resulting from the repayment of portions of bank loans during the first half of FY2020/21.

TAXATION

During the first half of FY2020/21, income tax expenses increased from approximately RMB125.8 million to approximately RMB156.4 million. The effective tax rate was approximately 24.1%, which approximated to the standard PRC income tax rate of 25%.

DIVIDENDS

The Board recommended the payment of an interim dividend of HKD3.5 cents per Share for the six months ended September 30, 2020. The interim dividend will be paid on or around January 12, 2021 to shareholders whose names appear on the register of members of the Company on December 23, 2020.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended September 30, 2020, the Group's net cash used in operating activities amounted to approximately RMB689.5 million. Cash and cash equivalents as at September 30, 2020 amounted to approximately RMB1,717.6 million.

As at September 30, 2020, the distribution of cash and cash equivalents by currency was as follows:

	RMB'000
Renminbi	1,353,278
US dollar	164,750
Pound sterling	7,966
Hong Kong dollar	190,897
Japanese yen	124
European dollar	591
Total	1,717,606

In order to obtain higher returns on the Group's available cash reserves, the Group has invested in the other financial assets, including capital protected or low-risk short-term investments with banks in China and other financial securities. The expected but unguaranteed returns of the capital protected or low-risk short-term investments with banks ranged from 1.8% to 3.9% per annum. The other financial securities referred to the investment in the 17,057,922 non-public shares, representing approximately 6.76% of the total shares of Jinhong Fashion Group Co., Ltd. (a company listed on Shanghai Stock Exchange; SSE, Stock Code: 603518) held by Shuo Ming De Investment Co., Ltd. (an indirect wholly-owned subsidiary of the Company) (the "Investment").

For the six months ended September 30, 2020, the gross losses at fair value through other comprehensive income of the Investment amounted to approximately

RMB8.5 million (for the six months ended September 30, 2019: approximately RMB82.0 million). As at September 30, 2020, the fair value of the Investment amounted to approximately RMB109.7 million (March 31, 2020: approximately RMB118.2 million), which amounted to approximately 1.1% of the net assets of the Group (March 31, 2020: approximately 1.1%). Further details of the Investment are set out in Note 21 to the Financial Statements.

As at September 30, 2020, the bank borrowings of the Group amounted to approximately RMB631.3 million (March 31, 2020: approximately RMB817.8 million) and the carrying amount of liability component of the Convertible Bonds was approximately RMB1,636.7 million (March 31, 2020: approximately RMB1,676.5 million). The gearing ratio (being total borrowings/ total equity) of the Group was 21.9% (March 31, 2020: 24.0%).

As at September 30, 2020, the distribution of borrowings by currency unit and types of interest rate adopted were as follows:

Types of interest rate	US dollars RMB million	Japanese yen RMB million	Renminbi RMB million	Total RMB million
Floating interest rate	238.4	292.9	–	531.3
Fixed interest rate	–	–	100.0	100.0
Total	238.4	292.9	100.0	631.3

MANAGEMENT DISCUSSION AND ANALYSIS

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

SIGNIFICANT ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS ON CAPITAL ASSET ACQUISITIONS

For the six months ended September 30, 2020, the Group had no significant acquisitions or disposals of subsidiaries.

As at September 30, 2020, save for the Acquisition (as defined below) which took place in October 2020, the Group had no future plans for significant investments or capital asset acquisitions.

CONTINGENT LIABILITIES

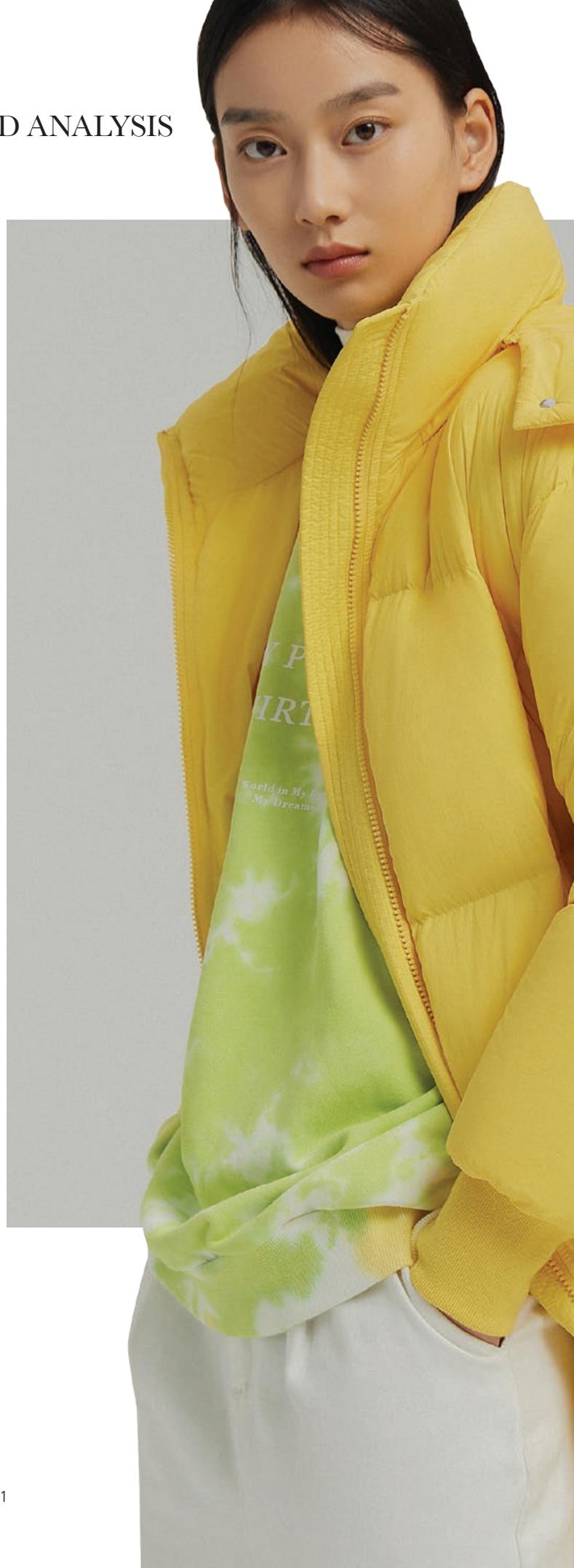
As at September 30, 2020, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

As at September 30, 2020, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB4.8 million (March 31, 2020: approximately RMB32.3 million).

PLEDGE OF ASSETS

As at September 30, 2020, bank deposits amounting to approximately RMB314.8 million had been pledged to banks for the purpose of standby letter of credit, bank borrowings and bills payable and letter of credit financing (March 31, 2020: approximately RMB414.4 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 maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuations in interest rates and foreign currency exchange rates.

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. 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, Japanese yen and Pound sterling or against each entity's respective functional currency may have a material impact on the Group.

In face of the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As of September 30, 2020, the Group had 8,029 full-time employees (September 30, 2019: 6,975 full-time employees), representing a period-on-period increase of 1,054 employees. Staff costs for the six months ended September 30, 2020 (including Directors' remuneration in the form of salaries, other allowances and equity-settled share-based transaction expenses) were approximately RMB600.5 million (for the six months ended September 30, 2019: approximately RMB512.0 million). During the first half of FY2020/21, the Group strengthened its team bonding and increased relevant high caliber personnel in the personnel composition of the marketing team and terminal store of branded down apparel.

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

Details of the movement in the Options during the six months ended September 30, 2020 are included in the table below:



Category of participants	As at March 31, 2020	Number of Options				As at September 30, 2020 (Note 2)	Date of grant of Options	Exercise price of Options per Share (Note 3)
		Granted during the reporting period	Exercised during the reporting period (Note 1)	Cancelled during the reporting period	Lapsed during the reporting period			
Directors								
Rui Jinsong	77,320,000	–	–	–	–	77,320,000	26/10/2018	HKD1.07
	–	30,000,000	–	–	–	30,000,000	23/04/2020	HKD1.94
	77,320,000	30,000,000	–	–	–	107,320,000		
Huang Qiaolian	2,300,000	–	2,300,000	–	–	–	05/08/2016	HKD0.71
	3,000,000	–	–	–	–	3,000,000	05/03/2018	HKD0.69
	–	8,000,000	–	–	–	8,000,000	23/04/2020	HKD1.94
	5,300,000	8,000,000	2,300,000	–	–	11,000,000		
Others								
Others	27,288,000	–	27,288,000	–	–	–	05/08/2016	HKD0.71
	43,832,000	–	4,228,000	–	300,000	39,304,000	05/03/2018	HKD0.69
	169,250,000	–	260,000	–	–	168,990,000	26/10/2018	HKD1.07
	–	292,000,000	–	–	–	292,000,000	23/04/2020	HKD1.94
	240,370,000	292,000,000	31,776,000	–	300,000	500,294,000		
Total	322,990,000	330,000,000	34,076,000	–	300,000	618,614,000		

Notes:

- The weighted average closing price of the Shares immediately before the dates on which the Options were exercised was approximately HKD2.50 (for Options exercised by Huang Qiaolian (an executive Director)) and approximately HKD2.28 (for Options exercised by others).
- As at September 30, 2020, the Company had a total of 618,614,000 outstanding Options, of which:
 - 42,304,000 Options were granted on March 5, 2018 under the Share Option Scheme, of which:
 - 25,864,000 Options had been vested and are exercisable; and
 - 16,440,000 Options shall be vested and are exercisable during the period commencing from March 5, 2021 and ending on March 4, 2022;
 - 246,310,000 Options were granted on October 26, 2018 under the Share Option Scheme, of which:
 - 4,453,333 Options had been vested and are exercisable;
 - 17,763,333 Options shall be vested and are exercisable during the period commencing from October 26, 2020 and ending on October 25, 2021;
 - each of the 32,013,333 Options shall be vested and are exercisable during each of the year ending on October 25, 2022, 2023, 2024, 2025, 2026 and 2027, respectively; and
 - 32,013,336 Options shall be vested and are exercisable during the period commencing from October 26, 2027 and ending on October 25, 2028;
 - 330,000,000 Options were granted on April 23, 2020 under the Share Option Scheme, of which:
 - 99,000,000 Options shall be vested and are exercisable during the period commencing from July 23, 2021 and ending on July 22, 2024;
 - 99,000,000 Options shall be vested and are exercisable during the period commencing from July 23, 2022 and ending on July 22, 2024; and
 - 132,000,000 Options shall be vested and are exercisable during the period commencing from July 23, 2023 and ending on July 22, 2024.
- The closing price of the Shares immediately before the respective dates of grant (being August 5, 2016, March 5, 2018, October 26, 2018 and April 23, 2020) was HKD0.69, HKD0.68, HKD1.08 and HKD1.97 per Share, respectively.
- The value of Options granted on April 23, 2020 is not disclosed for the six months ended September 30, 2020 since the valuation of such Options would merely be based on management's judgement and would be subjective. The value of such Options will be disclosed in the forthcoming annual report instead, which will be valued by an independent third party.

MANAGEMENT DISCUSSION AND ANALYSIS

Further, details of the movement in the awarded Shares which remained outstanding under the Share Award Schemes during the six months ended September 30, 2020 are included in the table below:

Category of participants	Number of awarded Shares				
	Outstanding as at March 31, 2020	Granted during the reporting period	Vested during the reporting period	Lapsed during the reporting period	Outstanding as at September 30, 2020
Directors					
Rui Jinsong	–	30,000,000	–	–	30,000,000
Huang Qiaolian	–	8,000,000	–	–	8,000,000
Others					
Others	16,740,000	49,000,000	–	300,000	65,440,000
Total	16,740,000	87,000,000	–	300,000	103,440,000



CONVERTIBLE BONDS

On December 4, 2019, the Company, as issuer, and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers, entered into the Subscription Agreement in relation to the Subscription.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HKD4.91 per Share (the “**Conversion Price**”), the Convertible Bonds would be convertible into 438,470,977 Conversion Shares, representing approximately 4.05% of the total issued Shares as at December 5, 2019 (the date of the Company’s announcement), and approximately 3.89% of the total issued Shares as enlarged by the issue of the Conversion Shares resulting from the full conversion of the Convertible Bonds. The aggregate nominal value of the Conversion Shares is approximately USD4,384.7 and a market price of the Shares on the date when the issuance terms were determined was HKD3.85. The Conversion Shares would be issued under the general mandate granted to the Directors pursuant to ordinary resolutions passed by the shareholders of the Company on August 26, 2019. Subject to the terms and conditions of the Convertible Bonds, the interests of the Convertible Bonds would be payable semi-annually in arrear in equal instalments on June 17 and December 17 of each year, beginning on June 17, 2020.

The Subscription was completed on December 17, 2019. The aggregate issuance amount of the Convertible Bonds was USD275,000,000, and the net proceeds from the Subscription was approximately USD271,000,000. As a result, the net price per Conversion Share was approximately USD0.62. The Directors were of the view that the issue of the Convertible Bonds can provide the Company with additional funds at lower funding cost to repay its existing short-term debts in order to optimize its financing structure and to fund the Company's general corporate and business purposes.

On August 21, 2020, the Company announced that the Conversion Price would be adjusted from HKD4.91 per Share to HKD4.73 per Share (the "**First Adjusted Conversion Price**") and the First Adjusted Conversion Price became effective from August 27, 2020 (Hong Kong time), being the day immediately after the record date for the determination of the entitlement to the final dividend for the year ended March 31, 2020. Based on the total outstanding principal amount of the Convertible Bonds of USD275,000,000 as at August 21, 2020 (being the date of the Company's announcement), the maximum number of Conversion Shares that would be issued upon full conversion of the Convertible Bonds at the First Adjusted Conversion Price is 455,156,976 Conversion Shares, representing approximately 4.23% of the total issued Shares as at August 21, 2020 (being the date of the Company's announcement in relation to the First Adjusted Conversion Price) and approximately 4.06% of the total issued Shares as enlarged by the issue of such Conversion Shares resulting from the full conversion of the Convertible Bonds.

On December 3, 2020, the Company further announced that the First Adjusted Conversion Price would be

adjusted from HKD4.73 per Share to HKD4.67 per Share (the "**Second Adjusted Conversion Price**") and the Second Adjusted Conversion Price will become effective from December 19, 2020 (Hong Kong time), being the day immediately after the record date for the determination of the entitlement to the interim dividend for the six months ended September 30, 2020. Based on the total outstanding principal amount of the Convertible Bonds of USD275,000,000 as at December 3, 2020 (being the date of the Company's announcement), the maximum number of Conversion Shares that would be issued upon full conversion of the Convertible Bonds at the Second Adjusted Conversion Price is 461,004,817 Conversion Shares, representing approximately 4.28% of the total issued Shares as at December 3, 2020 (being the date of the Company's announcement in relation to the Second Adjusted Conversion Price) and approximately 4.10% of the total issued Shares as enlarged by the issue of such Conversion Shares resulting from the full conversion of the Convertible Bonds.

As at September 30, 2020, no Convertible Bonds had been converted into new Conversion Shares.

For further details of the Convertible Bonds, please refer to the Company's announcements dated December 5, 2019, December 17, 2019, August 21, 2020 and December 3, 2020, respectively.

The proceeds were intended to be used in accordance with the intended purposes as disclosed in the Company's announcement dated December 5, 2019 and the actual use of proceeds from the Subscription up to September 30, 2020 is set out as follows:

Net proceeds raised	Proposed use of proceeds	Actual use of proceeds up to September 30, 2020	Unutilised proceeds	Expected timeline for use of unutilised proceeds
Approximately USD271 million	(i) Repayment of existing debt	Approximately USD164.41 million had been applied towards repayment of existing debt	N/A	N/A
	(ii) Funding general corporate and business purposes	Approximately USD83.34 million had been applied towards funding general corporate and business purposes, such as payment of dividends to shareholders of the Company	Approximately USD23.25 million will be applied as intended	By 2021



SUBSEQUENT EVENTS

Acquisition of the entire equity interest in Suzhou Bosideng Logistics Co., Limited

On October 23, 2020, Bosideng Down Wear Limited (a wholly-owned subsidiary of the Company), as the purchaser (the “**Purchaser**”), and Bosideng Corporation Limited (a company solely ultimately beneficially owned by Mr. Gao Dekang (the Chairman, the CEO and controlling shareholder of the Company)), as the vendor (the “**Vendor**”), entered into an equity transfer agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire equity interest in Suzhou Bosideng Logistics Co., Limited* (蘇州波司登物流有限公司) (the “**Target Company**”) at the consideration of RMB559,817,100 (the “**Acquisition**”). As at the date of this report, the Acquisition has been completed and the Target Company is wholly owned by the Group.

For further details of the Acquisition, please refer to the Company’s announcements dated October 23, 2020 and November 2, 2020, respectively.

Grant of Options

On October 23, 2020, the Company had granted 100,000,000 Options to Wise Triumph Group Limited, an eligible independent consultant of the Group. For further details of the grant of Options, please refer to the Company’s announcement dated October 23, 2020.

Adjustment to the Conversion Price

On December 3, 2020, the Company had announced that the Conversion Price would be further adjusted to HKD4.67 per Share (being the Second Adjusted Conversion Price). For further details of the Second Adjusted Conversion Price, please refer to the Company’s announcement dated December 3, 2020.

Save as disclosed above, no material events happened subsequent to September 30, 2020 and up to the date of this report.

* For identification purposes only

FUTURE OUTLOOK

Since early 2020, the outbreak and spread of COVID-19 has caused a huge impact on the global economic situation. Sino-U.S. relations and the U.S. election have also put a veil of uncertainty on the originally turbulent environment, intensifying the trend of economic regionalization. Under this context, total retail sales of consumer goods in China fell by 8.6% from January to August this year, and apparel retail sales in China fell by 16.9% period-on-period. However, China has turned crises into opportunities and sought opportunities in crises, effectively controlling the pandemic, quickly adjusting the status and promoting economic recovery and international cooperation, thereby opening a new chapter of economic development in a new dual-cycle development pattern. At the same time, although the pandemic has brought some trauma to certain small and medium-sized enterprises, the recovery and rise of industry leaders have become more prominent. In the post-pandemic period, top brands with strong brand value have faster recovery and stronger competitiveness.

Branded down apparel business: By focusing on positioning itself as the “best-selling expert in down apparel in the world”, the Group took its customer-value-oriented approach and used its brand power to lead products, retail, supply chain and other aspects to work together to create a beneficial year for the brand. Through upgrading channel structures, focusing on quality and efficiency improvements in stores and driving the boom in peak season sales, the Group enabled *Bosideng* to win the love of mainstream consumers of the era and continued to maintain its brand-leading position. At the same time, we deployed our mid-end brand *Snow Flying* and cost-effective brand *Bengen*, and took the initiative to strive for growth and stabilized the basic market to expand market share.

On the brand building front, the Group will continue to speak out to the market through major brand events during the peak season, consolidate and enhance the brand potential of *Bosideng*, and strengthen the benefits of brand building through publicity, promotion of content and the combination of quality and sales.

On the channel and store building front, the Group will continue to improve the store operating efficiency by improving the integration of online and offline operations, developing strategic markets, expanding strategic channels, refining store operations and improving store managers’ shopping guides. On the product development front, the Group will continue to improve the product operating efficiency by strengthening the organic combination of product development and market demand and reinforcing the matching of channels and products etc. In terms of customer relationship management, the Group will continue to broadly expand the membership base through innovative live streaming and other methods and strengthen the exploration of new models such as expanding and attracting new customers and offline sales through the collection of accurate portraits and consumption habits of members.

OEM management business: The Group will continue to expand the customer base of the OEM management business, and evenly distribute the customer market resources in North America, Europe and the Asia-Pacific region to effectively reduce risks. Through continuous deployment in Southeast Asia, the Group will develop more price-competitive production resources to deal with uncertainty risks. The Group will also improve the overall efficiency by continuously improving the automation level and technical capabilities of domestic and Southeast Asian factories.

Fashionable ladieswear business: Looking into the future, the Group will reshape team thinking and actively encourage various ladieswear brands to take advantage of their unique advantages to expand their businesses. The Group also intends to expand synergy among brands through resource sharing among the ladieswear brands. Through the gradual improvement of the product, channel and brand power and other aspects of the ladieswear brands, the operational and management efficiency of the ladieswear business unit will be boosted, thereby achieving the recovery and healthy growth of the ladieswear business.

UNGEN



ITY

INDEPENDENT REVIEW REPORT



Review report to the board of directors of Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 46 to 82 which comprises the condensed consolidated statement of financial position of Bosideng International Holdings Limited as of September 30, 2020, and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at September 30, 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

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

November 26, 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2020 – unaudited
(Expressed in Renminbi)

	Note	Six months ended September 30,	
		2020 RMB'000	2019 RMB'000
Revenue	6	4,661,116	4,436,283
Cost of sales		(2,433,774)	(2,506,671)
Gross profit		2,227,342	1,929,612
Other income	7	46,235	50,885
Selling and distribution expenses		(1,208,974)	(1,119,010)
Administrative expenses		(390,342)	(335,755)
Impairment losses on goodwill and intangible assets		–	(48,000)
Other expenses		(7,897)	(10)
Profit from operations		666,364	477,722
Finance income		103,701	109,333
Finance costs		(122,349)	(100,814)
Net finance (costs)/income	10	(18,648)	8,519
Profit before taxation		647,716	486,241
Income tax	11(a)	(156,361)	(125,772)
Profit for the period		491,355	360,469
Other comprehensive income for the period:			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		(6,397)	(61,463)
		(6,397)	(61,463)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		37,360	(29,932)
Other financial assets: net movement in fair value reserve (recycling)		–	11,332
		37,360	(18,600)
Other comprehensive income for the period, net of tax		30,963	(80,063)
Total comprehensive income for the period		522,318	280,406

The notes on pages 53 to 82 form part of this interim financial report.

	Note	Six months ended September 30,	
		2020 RMB'000	2019 RMB'000
Profit attributable to:			
Equity shareholders of the Company		486,031	342,664
Non-controlling interests		5,324	17,805
Profit for the period		491,355	360,469
Total comprehensive income attributable to:			
Equity shareholders of the Company		516,994	262,601
Non-controlling interests		5,324	17,805
Total comprehensive income for the period		522,318	280,406
Earnings per share	12		
– basic (RMB cents)		4.54	3.23
– diluted (RMB cents)		4.51	3.19

The notes on pages 53 to 82 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 29(a).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At September 30, 2020 – unaudited

(Expressed in Renminbi)

	Note	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Non-current assets			
Property, plant and equipment	13	1,426,680	1,390,404
Right-of-use assets	14	688,246	782,686
Intangible assets and goodwill	15	1,635,981	1,654,290
Investment properties	16	262,761	271,203
Prepayments	17	95,822	99,152
Other financial assets	21	140,030	148,868
Deferred tax assets	11(b)	565,161	562,512
		4,814,681	4,909,115
Current assets			
Inventories	18	2,604,951	2,725,914
Trade and bills receivables	19	3,816,916	1,196,743
Deposits, prepayments and other receivables	20	1,477,975	970,827
Receivables due from related parties	33(b)	34,719	96,824
Other financial assets	21	3,204,488	3,272,759
Pledged bank deposits	22	314,804	414,391
Time deposits with maturity over three months	23	554,500	153,500
Cash and cash equivalents	24	1,717,606	3,638,680
		13,725,959	12,469,638
Current liabilities			
Current income tax liabilities		473,267	364,803
Interest-bearing borrowings	25	631,283	817,841
Lease liabilities		239,792	260,825
Trade, bills and other payables	26	4,546,210	3,241,306
Payables due to related parties	33(b)	47,180	4,831
Derivative financial liabilities	27	533	533
		5,938,265	4,690,139
Net current assets		7,787,694	7,779,499
Total assets less current liabilities		12,602,375	12,688,614

The notes on pages 53 to 82 form part of this interim financial report.

	Note	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Non-current liabilities			
Deferred tax liabilities	11(b)	139,458	139,807
Lease liabilities		394,134	475,287
Convertible bonds		1,631,355	1,670,895
Non-current other payables	28	69,687	–
		2,234,634	2,285,989
Net assets			
		10,367,741	10,402,625
Capital and reserves			
Share capital		808	806
Reserves		10,189,000	10,212,707
Equity attributable to equity shareholders of the Company			
		10,189,808	10,213,513
Non-controlling interests			
		177,933	189,112
Total equity			
		10,367,741	10,402,625

Approved and authorized for issue by the board of directors on November 26, 2020.

Gao Dekang
Chairman of the Board of Directors

Gao Xiaodong
Director

The notes on pages 53 to 82 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2020 – unaudited

(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company										
	Share capital RMB '000	Share premium RMB '000	Award Scheme RMB '000	Capital reserves RMB '000	Statutory reserves RMB '000	Translation reserves RMB '000	Other reserves RMB '000	Retained earnings RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at April 1, 2020	806	1,665,495	(62,200)	61,483	857,610	(588,685)	127,564	8,151,440	10,213,513	189,112	10,402,625
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	486,031	486,031	5,324	491,355
Foreign currency translation differences – foreign operations	-	-	-	-	-	37,360	-	-	37,360	-	37,360
Net change in fair value of equity investment at FVOCI, net of tax (non-recycling)	-	-	-	-	-	-	(6,397)	-	(6,397)	-	(6,397)
Total comprehensive income for the period	-	-	-	-	-	37,360	(6,397)	486,031	516,994	5,324	522,318
Transactions with owners, recorded directly in equity											
Equity settled share-based transactions (note 30)	2	26,672	-	33,220	-	-	-	-	59,894	-	59,894
Disposal of subsidiaries	-	-	-	-	(1,287)	-	-	1,287	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	2,984	2,984	(2,984)	-
Treasury shares held for Share Award Scheme	-	-	(38,373)	-	-	-	-	-	(38,373)	-	(38,373)
Dividends (note 29(a))	-	-	-	-	-	-	-	(565,204)	(565,204)	(13,519)	(578,723)
	2	26,672	(38,373)	33,220	(1,287)	-	-	(560,933)	(540,699)	(16,503)	(557,202)
Balance at September 30, 2020	808	1,692,167	(100,573)	94,703	856,323	(551,325)	121,167	8,076,538	10,189,808	177,933	10,367,741

The notes on pages 53 to 82 form part of this interim financial report.

Attributable to the equity shareholders of the Company											
	Share capital	Share premium	Treasury shares held for the Share Award Scheme	Capital reserves	Statutory reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance at March 31, 2019	803	1,532,813	(76,863)	102,143	853,073	(550,786)	(87,256)	8,125,274	9,899,201	209,685	10,108,886
Impact on initial application of IFRS 16	-	-	-	-	-	-	-	(6,632)	(6,632)	(24)	(6,656)
Balance at April 1, 2019	803	1,532,813	(76,863)	102,143	853,073	(550,786)	(87,256)	8,118,642	9,892,569	209,661	10,102,230
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	342,664	342,664	17,805	360,469
Foreign currency translation differences – foreign operations	-	-	-	-	-	(29,932)	-	-	(29,932)	-	(29,932)
Net change in fair value of debt instruments at FVOCI, net of tax (recycling)	-	-	-	-	-	-	11,332	-	11,332	-	11,332
Net change in fair value of equity investment at FVOCI, net of tax (non-recycling)	-	-	-	-	-	-	(61,463)	-	(61,463)	-	(61,463)
Total comprehensive income for the period	-	-	-	-	-	(29,932)	(50,131)	342,664	262,601	17,805	280,406
Transactions with owners, recorded directly in equity											
Equity settled share-based transactions (note 30)	6	61,171	-	(3,181)	-	-	-	-	57,996	-	57,996
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	757	757
Treasury shares held for Share Award Scheme	-	-	36,851	(22,983)	-	-	-	-	13,868	-	13,868
Written put option to non-controlling interests (note 27)	-	-	-	-	-	-	5,124	-	5,124	-	5,124
Dividends (note 29(a))	-	-	-	-	-	-	-	(559,759)	(559,759)	-	(559,759)
	6	61,171	36,851	(26,164)	-	-	5,124	(559,759)	(482,771)	757	(482,014)
Balance at September 30, 2019	809	1,593,984	(40,012)	75,979	853,073	(580,718)	(132,263)	7,901,547	9,672,399	228,223	9,900,622

The notes on pages 53 to 82 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended September 30, 2020 – unaudited
(Expressed in Renminbi)

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000 (Note 35)
Operating activities		
Cash used in operations	(581,423)	(2,680,464)
Interest paid	(59,298)	(37,813)
Income tax paid	(48,763)	(188,717)
Net cash used in operating activities	(689,484)	(2,906,994)
Investing activities		
Acquisition of property, plant and equipment	(245,497)	(262,266)
Acquisition of other financial assets	(7,069,090)	(3,480,776)
Proceeds from disposal of other financial assets	7,137,670	5,791,980
Proceeds from disposal of investment properties	7,000	7,000
(Increase)/decrease in time deposits with maturity over three months	(401,000)	188,402
Interest received	63,282	84,150
Net cash (used in)/generated from investing activities	(507,635)	2,328,490
Financing activities		
Proceeds from interest-bearing borrowings	411,875	1,453,509
Repayment of interest-bearing borrowings	(577,193)	(812,432)
Decrease in pledged bank deposits pledged for bank borrowing and standby letters of credit	100,293	147,599
Proceeds of upfront payments received from employees in connection with Share Award Scheme	78,729	–
Payments for purchase of shares in connection with Share Award Scheme	(38,373)	–
Proceeds from exercise of share options	20,658	41,333
Dividends paid	(569,914)	(574,599)
Capital element of lease rentals paid	(106,250)	(76,473)
Net cash (used in)/generated from financing activities	(680,175)	178,937
Net decrease in cash and cash equivalents	(1,877,294)	(399,567)
Cash and cash equivalents at the beginning of the period	3,638,680	1,754,267
Effect of foreign currency exchange rate changes	(43,780)	36,520
Cash and cash equivalents at the end of the period	1,717,606	1,391,220

The notes on pages 53 to 82 form part of this interim financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(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 26, 2020.

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, 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending March 31, 2021. 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, 2020. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors is included on page 45.

The financial information relating to the financial year ended March 31, 2020 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, 2020 are available in the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 23, 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendment to IFRS 3, *Definition of a Business*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

Amendment to IFRS 3 did not have 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 information. Impacts of the adoption of the amendment to IFRS 16 are discussed below:

Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognized in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 14). There is no impact on the opening balance of equity at April 1, 2020.

4 SEASONALITY OF OPERATIONS

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

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2019/20 annual financial statements.

6 REVENUE AND SEGMENT REPORTING

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

- Down apparels – The down apparel segment carries on the business of sourcing and distributing branded down apparels.
- 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 menswear, school uniform and children's wear.

(a) Disaggregation of revenue

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

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines – Sales of apparels	4,656,376	4,430,786
Revenue from other sources		
Gross rentals from investment properties	4,740	5,497
Consolidated revenue	4,661,116	4,436,283

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 6(b).

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

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(Expressed in Renminbi unless otherwise indicated)

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition as well as 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 are set out below:

	For the six months ended September 30, 2020				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	2,988,665	1,228,688	412,446	31,317	4,661,116
Inter-segment revenue	9,242	3,651	–	5,920	18,813
Reportable segment revenue	2,997,907	1,232,339	412,446	37,237	4,679,929
Reportable segment profit	474,216	174,040	74,993	(13,629)	709,620
Amortization of intangible assets	–	–	(18,309)	–	(18,309)
Impairment losses on goodwill	–	–	–	–	–

	For the six months ended September 30, 2019				
	Down apparels RMB'000	OEM management RMB'000	Ladieswear apparels RMB'000	Diversified apparels RMB'000	Group RMB'000
Revenue from external customers	2,532,984	1,348,837	505,903	48,559	4,436,283
Inter-segment revenue	–	24,765	–	107,164	131,929
Reportable segment revenue	2,532,984	1,373,602	505,903	155,723	4,568,212
Reportable segment profit	307,444	165,085	56,777	68,238	597,544
Amortization of intangible assets	–	–	(26,726)	–	(26,726)
Impairment losses on goodwill	–	–	(48,000)	–	(48,000)

6 REVENUE AND SEGMENT REPORTING (CONTINUED)

(c) Reconciliations of reportable segment revenue, profit before income tax

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Revenue		
Reportable segment revenue	4,679,929	4,568,212
Elimination of inter-segment revenue	(18,813)	(131,929)
Consolidated revenue	4,661,116	4,436,283

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Profit before income tax		
Reportable segment profit	709,620	597,544
Amortization expenses	(18,309)	(26,726)
Government grants	25,344	36,224
Impairment losses	–	(48,000)
Finance income	103,701	109,333
Finance costs	(122,349)	(100,814)
Unallocated expenses	(50,291)	(81,320)
Consolidated profit before income tax	647,716	486,241

7 OTHER INCOME

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Royalty income (i)	20,891	14,661
Government grants (ii)	25,344	36,224
Other income	46,235	50,885

- (i) Royalty income arises from the use by other entities of the Group's brands.
- (ii) The Group received unconditional discretionary grants amounting to RMB25,344,000 during the six months ended September 30, 2020 (six months ended September 30, 2019: RMB36,224,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

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(Expressed in Renminbi unless otherwise indicated)

8 PERSONNEL EXPENSES

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	533,847	432,643
Contributions to defined contribution plans	27,410	62,651
Equity settled share-based payments (note 30)	39,236	16,665
	600,493	511,959

Contributions made by the Group to pension funds are dealt with in profit or loss when incurred. The Group contributes to pension funds based on certain percentages of the average salary level according to the pension fund requirements of the various provinces in the PRC in which its operations are located. The Group remits all pension fund contributions to the respective social security offices, which are responsible for the payment and liabilities relating to the pension funds.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the laws of Hong Kong) and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of 30,000 Hong Kong Dollars ("HKD"). Contributions to the plan vest immediately.

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

9 EXPENSES BY NATURE

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

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Cost of inventories recognized as expenses included in cost of sales	2,433,774	2,506,671
Depreciation		
– assets leased out	978	2,740
– owned property, plant and equipment	192,956	150,773
– right-of-use assets	146,084	80,253
Amortization charge		
– intangible assets	18,309	26,726
Impairment losses on goodwill and intangible assets	–	48,000
Lease charge of short-term leases exempt from capitalization under IFRS 16	25,482	18,364
Variable lease payments	109,796	190,608
Provision for impairment of bad and doubtful debts	16,542	18,913

10 NET FINANCE (COSTS)/INCOME

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	24,240	11,874
Interest income on financial assets measured at amortized cost	53,197	52,627
Interest income on debt instruments classified as FVOCI (recycling)	–	11,869
Total interest income on financial assets not at fair value through profit or loss ("FVPL")	77,437	76,370
Realized/unrealized net gain in financial assets classified as FVPL	26,264	26,970
Net foreign exchange gain	–	5,993
Finance income	103,701	109,333
Interest on interest-bearing borrowings and discounted bills	(32,493)	(29,276)
Interest on convertible bonds	(35,378)	–
Disposal loss of debt instruments classified as FVOCI (recycling)	–	(57,471)
Bank charges	(5,141)	(5,530)
Interest expenses on lease liabilities	(17,060)	(8,537)
Net foreign exchange loss	(32,277)	–
Finance costs	(122,349)	(100,814)
Net finance (costs)/income recognized in profit or loss	(18,648)	8,519

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11 INCOME TAX

(a) Income tax in profit or loss represents:

	For the six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Current tax expenses		
Provision for income tax	157,227	158,161
Deferred tax benefit		
Origination of temporary differences (note 11(b))	(866)	(32,389)
	156,361	125,772

- (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 assessable profits subject to any income tax in the United Kingdom during the period.
- (iii) The provision includes provision for PRC income tax and provision for HK income tax. Provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group’s subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. Provision for HK income tax is calculated at Hong Kong Profits Tax rate of 16.5% on the estimated assessable Hong Kong profits for the period (six months ended September 30, 2019: 16.5%).

For the six months ended September 30, 2020, 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 Jiangsu Bosideng Supply Chain Co., Ltd., an enterprise in the PRC, which provides services for procurement, production planning, order management, storage and logistics management and services to the companies of the Group. Each of the companies was granted a preferential rate of 15% for high-tech enterprises for three years starting from 2019.

- (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 Administration Region, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest of a PRC resident enterprise is entitled to a reduced dividend withholding tax rate of 5%.

11 INCOME TAX (CONTINUED)

(b) Deferred tax assets and liabilities:

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

	Write-down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and trademark RMB'000	Property, plant and equipment RMB'000	Profits arising from intra-group transactions RMB'000	Tax losses RMB'000	Depreciation charge of right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At April 1, 2020	134,674	41,018	(125,216)	(5,959)	83,869	250,869	5,883	37,567	422,705
(Charged)/credited to profit or loss	(9,237)	5,152	4,577	421	(17,409)	13,081	1,262	3,019	866
Credited to other comprehensive income	-	-	-	-	-	-	-	2,132	2,132
At September 30, 2020	125,437	46,170	(120,639)	(5,538)	66,460	263,950	7,145	42,718	425,703

Reconciliation to the condensed consolidated statement of financial position:

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Net deferred tax assets	565,161	562,512
Net deferred tax liabilities	(139,458)	(139,807)
	425,703	422,705

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended September 30, 2020 is based on the profit attributable to ordinary equity shareholders of the Company of RMB486,031,000 (six months ended September 30, 2019: RMB342,664,000) and the weighted average number of ordinary shares of 10,694,446,000 (six months ended September 30, 2019: 10,621,882,000 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, 2020 is based on the profit attributable to equity shareholders of the Company of RMB486,031,000 (six months ended September 30, 2019: RMB342,664,000) and the weighted average number of ordinary shares of 10,774,424,000 (six months ended September 30, 2019: 10,746,896,000), after adjusting for the effect of the Company's share-based payment arrangements (note 30). The potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 27) and convertible bonds issued on December 17, 2019 were anti-dilutive.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At March 31, 2020	641,917	59,497	367,298	1,084,760	188,236	2,341,708
Additions during the period	214	6,029	21,711	105,711	96,804	230,469
Transfer from construction in progress during the period	88,830	86,058	1,181	–	(176,069)	–
Disposals during the period	–	(30)	(4,683)	–	–	(4,713)
Movement of exchange rate	(17)	–	(112)	–	–	(129)
At September 30, 2020	730,944	151,554	385,395	1,190,471	108,971	2,567,335
Accumulated depreciation						
At March 31, 2020	(214,561)	(30,740)	(232,911)	(473,092)	–	(951,304)
Depreciation charge for the period	(17,473)	(2,355)	(24,132)	(148,996)	–	(192,956)
Disposals during the period	–	27	3,468	–	–	3,495
Movement of exchange rate	5	–	105	–	–	110
At September 30, 2020	(232,029)	(33,068)	(253,470)	(622,088)	–	(1,140,655)
Net book value						
At September 30, 2020	498,915	118,486	131,925	568,383	108,971	1,426,680
At March 31, 2020	427,356	28,757	134,387	611,668	188,236	1,390,404

Except for freehold land and buildings with the carrying amount of RMB41,155,000 (March 31, 2020: RMB45,455,000) which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2020. The properties located in the United Kingdom were acquired by the Group in June 2011.

As at September 30, 2020, no interest expense was capitalized as there were no material borrowing costs directly attributable to the acquisition of qualifying assets.

14 RIGHT-OF-USE ASSETS

During the six months ended September 30, 2020, the Group entered into a number of lease agreements for use of warehouses and retail stores, and therefore recognized the additions to right-of-use assets of RMB73,013,000.

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

	For six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Variable lease payments not included in the measurement of lease liabilities (i)	139,546	190,608
COVID-19-related rent concessions in the form of a discount on fixed lease payments	(29,750)	–
	109,796	190,608

- (i) During the six months ended September 30, 2020, the Group received rent concessions in the form of waiver of variable lease payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of rent concessions on variable lease payments was RMB97,470,000.

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

15 INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At March 31, 2020 and September 30, 2020	1,708,151	648,822	633,795	2,990,768
Amortization and impairment losses:				
At March 31, 2020	(554,741)	(626,101)	(155,636)	(1,336,478)
Amortization charge for the period	–	(2,463)	(15,846)	(18,309)
Impairment losses	–	–	–	–
At September 30, 2020	(554,741)	(628,564)	(171,482)	(1,354,787)
Net book value:				
At September 30, 2020	1,153,410	20,258	462,313	1,635,981
At March 31, 2020	1,153,410	22,721	478,159	1,654,290

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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15 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing for cash-generating unit containing goodwill

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

	At September 30, 2020 RMB'000	At March 31, 2020 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
	1,708,151	1,708,151
Accumulated impairment losses		
Menswear	(292,741)	(292,741)
Ladieswear – JESSIE brand	(141,000)	(141,000)
Ladieswear – BUOU BUOU brand	(106,000)	(106,000)
Ladieswear – Tianjin Ladieswear	(15,000)	(15,000)
	(554,741)	(554,741)
Net value		
Menswear	–	–
Ladieswear – JESSIE brand	343,312	343,312
Ladieswear – BUOU BUOU brand	419,137	419,137
Ladieswear – Tianjin Ladieswear	390,961	390,961
	1,153,410	1,153,410

The management of the Group engaged an external valuer to conduct an impairment test to determine the recoverable amount of each of the above CGUs as at September 30, 2020, with the result that no additional impairment loss of goodwill was recognized.

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. Cashflows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect specific risks relating to the CGU. The estimates of value in use of JESSIE brand Ladieswear CGU, BUOU BUOU brand Ladieswear CGU and Tianjin Ladieswear CGU, respectively, were determined using a discount rate with a range from 17.8% to 18.2%.

Based on assessments using the discounted cashflow forecast method, all the recoverable amounts of BUOU BUOU brand ladieswear CGU, JESSIE brand ladieswear CGU and Tianjin brand ladieswear CGU were higher than the carrying amounts. Therefore, no additional impairment loss has been recognized in the profit or loss account for the period ended September 30, 2020.

16 INVESTMENT PROPERTIES

	2020 RMB'000
Cost:	
At March 31	313,644
Disposals during the period	(8,712)
Effect of movements in exchange rates	(50)
At September 30	304,882
Accumulated depreciation:	
At March 31	(42,441)
Charge for the period	(978)
Disposals during the period	1,296
Effect of movement in exchange rates	2
At September 30	(42,121)
Net book value:	
At September 30	262,761
At March 31	271,203

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2020, freehold investment properties with the carrying amount of RMB208,207,000 (March 31, 2020: RMB209,079,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB54,554,000 (March 31, 2020: RMB62,124,000) represented buildings located in mainland China. The Group leases out investment properties under operating lease. The leases carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at September 30, 2020, the estimated fair value of the investment properties had not significantly changed as compared to their respective fair value as at March 31, 2020, because having considered the latest property market condition and the market data on comparable properties, the directors were of the view that there were no indications of significant changes in the fair value since the previous annual reporting date.

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17 PREPAYMENTS

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Prepayments for investments (i)	6,810	6,976
Prepayments for right-of-use assets (ii)	80,840	80,840
Prepayments for expenses	8,172	11,336
	95,822	99,152

- (i) On December 30, 2019, prepayment of USD1,000,000 was made for acquiring 11.43% equity interest of BAC Giang BGG Garment Corporation, for a total consideration of USD2,000,000. As at September 30, 2020, the prepayment was equivalent to RMB6,810,000 (March 31, 2020: equivalent to RMB6,976,000).
- (ii) Prepayments for right-of-use assets represent prepaid rental fees for a flagship store in Hangzhou for a five-year rental period from October 2020 to November 2025.

18 INVENTORIES

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Raw materials	657,290	446,180
Work in progress	22,887	15,946
Finished goods	1,924,774	2,263,788
	2,604,951	2,725,914

19 TRADE AND BILLS RECEIVABLES

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Trade receivables	3,937,119	1,254,898
Bills receivable	69,083	114,589
Less: Allowance for doubtful debts	(189,286)	(172,744)
	3,816,916	1,196,743

The gross carrying amount of trade and bills receivables from contract with customers amounted to RMB4,006,202,000 as at September 30, 2020 (March 31, 2020: RMB1,369,487,000).

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

19 TRADE AND BILLS RECEIVABLES (CONTINUED)

As at September 30, 2020, the Group endorsed certain bank acceptance bills totaling RMB106,950,000 (March 31, 2020: RMB167,299,000) to suppliers for settling trade payables of the same amount on a full recourse basis. Among these, the Group has derecognized RMB87,598,000 (March 31, 2020: RMB87,927,000) of bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The maximum exposure arising from the Group's continuing involvement in the endorsed bills and the undiscounted cash flows to repurchase these endorsed bills equal to their carrying amounts. The Group considers that the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Ageing analysis

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

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Within credit terms	3,533,068	841,114
1 to 3 months past due	109,420	270,393
Over 3 months but less than 6 months past due	95,129	58,161
Over 6 months but less than 12 months past due	67,850	14,818
Over 1 year past due	11,449	12,257
	3,816,916	1,196,743

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Deposits	660,859	597,210
Prepayments for materials and processing fee	424,805	208,840
Prepayments for other services	161,856	22,077
	586,661	230,917
Third party other receivables:		
– VAT recoverable	140,314	96,252
– Advances to employees	79,086	34,786
– Others	11,055	11,662
	230,455	142,700
Total	1,477,975	970,827

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21 OTHER FINANCIAL ASSETS

	Note	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Non-current			
Equity securities designated as FVOCI (non-recycling)	(b)	109,682	118,211
Financial assets measured at amortized cost	(a)	30,348	30,657
		140,030	148,868
Current			
Financial assets measured at amortized cost	(a)	1,532,468	2,713,161
Financial assets classified as FVPL	(c)	1,672,020	559,598
		3,204,488	3,272,759
Total		3,344,518	3,421,627

- (a) Financial assets measured at amortized cost are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 1.82% to 3.9% per annum (March 31, 2020: 1.3% to 6.12%).

During the period, the interest income of investments with banks of RMB53,197,000 was recognized in finance income (six months ended September 30, 2019: RMB52,627,000).

- (b) On February 9, 2018, Shuo Ming De Investment Co., Ltd. ("Shuo Ming De"), a subsidiary of the Group, subscribed for 12,184,230 non-public issued shares of Jinhong Fashion Group Co., Ltd. (formerly known as V-GRASS Fashion Co., Ltd.) (Shanghai Stock Exchange stock code: 603518) ("Jinhong Group") for RMB224,921,000. On May 31, 2019, the shares held by Shuo Ming De increased to 17,057,922 due to the bonus issue of shares made by Jinhong Group. 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. No dividends were received on this investment during the six months ended September 30, 2020 (six months ended September 30, 2019: Nil).

During the period, the changes in fair value of this investment, after tax effect of RMB6,397,000 was recognized as a loss in other comprehensive income (six months ended September 30, 2019: RMB61,463,000).

21 OTHER FINANCIAL ASSETS (CONTINUED)

- (c) Financial assets classified as FVPL represent listed equity investments and short-term investments with banks.

(i) Listed equity investments

The listed equity investments held by the Group, other than investment in Jinhong Group, were classified as FVPL, as the Group plans not to elect option to irrevocably designate as FVOCI (without recycling) under IFRS 9 and these investments have been classified as FVPL.

During the period, the Group did not hold any listed equity investments other than investments in Jinhong Group, therefore, no changes in fair value has been recognized in profit or loss (six months ended September 30, 2019: gain of RMB13,653,000).

(ii) Short-term investments with banks

Short-term investments with banks with no guarantee of principal and interest were classified as FVPL. During the period, the net realized/unrealized gain in these investments of RMB26,264,000 was recognized as a gain in finance income (six months ended September 30, 2019: net realized/unrealized gain of RMB16,776,000).

22 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as securities for the following activities:

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Standby letters of credit	–	162,003
Bank borrowings (note 25)	202,348	140,638
Bills payable and letter of credit facilities	112,456	111,750
Total	314,804	414,391

The pledged bank deposits will be released upon the settlement of the relevant standby letters of credit, bills payable and other bank facilities.

23 TIME DEPOSITS WITH MATURITY OVER THREE MONTHS

The Group's time deposits of RMB554,500,000 as at September 30, 2020 (March 31, 2020: RMB153,500,000) were deposited in banks for a period of over three months but within one year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 CASH AND CASH EQUIVALENTS

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Cash at bank and on hand	2,586,910	4,206,571
Less: Pledged bank deposits	(314,804)	(414,391)
Time deposits with maturity over three months	(554,500)	(153,500)
Cash and cash equivalents	1,717,606	3,638,680

25 INTEREST-BEARING BORROWINGS

At September 30, 2020, the interest-bearing borrowings were repayable as follows:

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Within 1 year or on demand	631,283	817,841

At September 30, 2020, the interest-bearing borrowings comprised:

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Bank loans		
– Secured	631,283	817,841

Bank borrowings of RMB531,283,000 as at September 30, 2020 (March 31, 2020: RMB298,133,000) were secured by pledged bank deposits of RMB202,348,000 (March 31, 2020: RMB137,248,000) (note 22).

A bank borrowing of RMB100,000,000 as at September 30, 2020 (March 31, 2020: RMB519,708,000) was secured by intra-group guarantee arrangement and standby letters of credit.

26 TRADE, BILLS AND OTHER PAYABLES

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Trade payables	677,558	519,489
Bills payable	2,500,296	1,310,192
	3,177,854	1,829,681
Other payables and accrued expenses		
– Deposits from customers	223,690	234,898
– Contract liabilities	171,911	237,584
– Construction payables	184,948	170,015
– Accrued advertising expenses	91,151	122,981
– Accrued payroll, welfare and bonus	213,536	203,285
– Cash-settled written put option (note 27)	42,798	42,798
– VAT and other tax payable	263,742	195,914
– Dividends payable	5,000	5,000
– Dividends payable to the former controlling shareholder of a subsidiary, Buou Buou International Holdings Ltd.	40,261	41,840
– Dividends payable to the former controlling shareholder of the subsidiaries, Joy Smile and You Nuo	–	4,402
– Payables in relation to unvested restricted shares (note 30(a))	12,405	4,662
– Interest payable in relation to convertible bonds	5,373	5,590
– Others	113,541	142,656
	4,546,210	3,241,306

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

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

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Within 1 month	2,962,776	1,677,174
1 to 3 months	215,078	152,507
	3,177,854	1,829,681

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27 DERIVATIVE FINANCIAL LIABILITIES

Written put option

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Jessie") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement, the Group granted a written put option to Talent Shine International Limited, the non-controlling shareholder of Jessie, giving it the right to sell its entire 30% interest in Jessie after March 31, 2015 at a consideration which comprises cash and a variable number of shares of the Company. The consideration for exercising the put option depends on Jessie's adjusted net profit for the previous financial year and in total shall not exceed RMB900,000,000. The put option was not yet exercised by Talent Shine International Limited as at September 30, 2020.

As at September 30, 2020, the present value of the redemption price of the cash settled portion of the written put option of RMB42,798,000 was recorded as a current payable (March 31, 2020: RMB42,798,000).

As at September 30, 2020, the fair value of the share settled portion of the written put option was RMB533,000 (March 31, 2020: RMB533,000). Fair value change was recognized in profit or loss.

28 NON-CURRENT OTHER PAYABLES

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Payables in relation to equity share-based transactions (note 30(a)(iii))	69,687	–

29 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,	
	2020 RMB'000	2019 RMB'000
Interim dividend declared after the interim period of HKD3.5 cents per ordinary share (2019: interim dividend of HKD3.0 cents per ordinary share)	320,169	292,151

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,	
	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HKD6.0 cents per ordinary share (2019: final dividend of HKD6.0 cents per ordinary share)	569,914	562,764

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

(b) Purchase of own shares

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

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30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme (the “2007 Share Option Scheme”) was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the board of directors of the Company on September 15, 2007. As the 2007 Share Option Scheme expired in October 2017, the adoption of a new share option scheme (the “Share Option Scheme”) was proposed by the board of directors of the Company on July 26, 2017 and approved by the shareholders on August 25, 2017. The terms of each of the 2007 Share Option Scheme and the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

On September 23, 2011, the Company adopted a share award scheme (the “2011 Share Award Scheme”), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company’s shares.

On August 5, 2016, the Company amended the 2011 Share Award Scheme so that (i) directors of the Company shall also be eligible to participate in the 2011 Share Award Scheme, subject to the terms of their service agreements or other agreements with the Company or any member of the Company; and (ii) the relevant scheme limits under the 2011 Share Award Scheme can be increased, with effect from that date.

On April 23, 2020, as the 2011 Share Award Scheme expired in March 31, 2018, the Company adopted a new share award scheme (the “Share Award Scheme”), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees (including the directors and core management team of the Group) and to incentivize them for the growth and development of the Group through an award of the Company’s shares.

As at September 30, 2020, the Company had the following share-based payment arrangements.

(a) Restricted shares

- (i) On August 5, 2016, the Group granted an aggregate number of 180,900,000 restricted shares to 66 eligible persons who are directors and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.33 per share.

These restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees’ performance and the Group’s performance for each of the three years ended March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ended March 31, 2018 and 2019, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.33 per share, which shall be refunded if the restricted shares are not vested.

Up to September 30, 2020, a total number of 165,700,000 restricted shares had been vested to 61 persons, and a total number of 15,200,000 restricted shares for 5 persons had been forfeited due to unqualified performance or resignation, but none of which were vested or forfeited during the period ended September 30, 2020. As at September 30, 2020, no more restricted shares were outstanding for vesting (March 31, 2020: Nil).

30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) Restricted shares (continued)

- (ii) On March 5, 2018, the Group granted an aggregate number of 80,600,000 restricted shares to 55 eligible persons who are directors and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.34 per share.

57,800,000 of these restricted shares vest for a period up to three years, with 40%, 30% and 30% of the shares to be vested each year. The remaining 22,800,000 restricted shares vest for a period up to two years, with 50% and 50% of the shares to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2019, 2020 and ending March 31, 2021 as well as the cumulative performance for the two years ended March 31, 2020 and three years ending March 31, 2021, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.34 per share, which shall be refunded if the restricted shares are not vested. As of September 30, 2020, upfront payment for all restricted shares were received by the Group and such payments were recorded as current other payables of RMB4,662,000.

Up to September 30, 2020, 61,860,000 restricted shares had been vested, none of which were vested during the period ended September 30, 2020, and as at September 30, 2020, 2,300,000 restricted shares had been forfeited due to unqualified performance or resignation, of which 300,000 restricted shares were forfeited during the period ended September 30, 2020. As at September 30, 2020, the remaining number of restricted shares outstanding for vesting was 16,440,000 (March 31, 2020: 16,740,000).

- (iii) On April 23, 2020, the Group granted a number of 87,000,000 restricted shares to eligible persons who were directors, senior management and employees of the Group. The holders are entitled to purchase restricted shares at HKD0.97 per share.

These restricted shares vest for a period up to three years, with 30% of the restricted shares to be vested evenly in 3 years commencing from 15 months after April 23, 2020, 30% to be vested evenly in 2 years commencing from 27 months after April 23, 2020, and the remaining 40% to be vested in 1 year commencing from 39 months after April 23, 2020, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ending March 31, 2021, 2022 and 2023 as well as the cumulative performance for the two years and three years ending March 31, 2022 and 2023, respectively. These restricted shares also have a lock-up period of 12 months from the dates of vesting. Employees are required to make the upfront payment of HKD0.97 per share, which shall be refunded if the restricted shares are not vested. As of September 30, 2020, upfront payment for all restricted shares were received by the Group and such payments were recorded as other current payables of RMB7,743,000 and non-current other payables of RMB69,687,000, respectively.

Up to September 30, 2020, no restricted shares have been vested or forfeited. As at September 30, 2020, the number of restricted shares outstanding for vesting was 87,000,000.

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30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share options

- (i) On August 5, 2016, the Group granted 180,900,000 share options to 66 selected persons who were directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.71 per share.

These share options are valid for four years, and vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2017, 2018 and 2019 as well as the cumulative performance for the two years and three years ended March 31, 2018 and 2019.

Up to September 30, 2020, 165,100,000 share options had been exercised, of which 29,588,000 were exercised during the period ended September 30, 2020, and as at September 30, 2020, 15,800,000 share options had been forfeited due to unqualified performance or resignation, but none of which were forfeited during the period ended September 30, 2020. As at September 30, 2020, no share options were outstanding (March 31, 2020: Nil).

- (ii) On March 5, 2018, the Group granted 80,600,000 share options to 55 selected persons who were directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD0.69 per share.

These share options are valid for four years, and of which 57,800,000 vest for a period up to three years, with 40%, 30% and 30% of the share options to be vested each year, the remaining 22,800,000 vest for a period up to two years, with 50% and 50% of the share options to be vested each year. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the three years ended March 31, 2019, 2020 and ending March 31, 2021 as well as the cumulative performance for the two years ended March 31, 2020 and three years ending March 31, 2021.

Up to September 30, 2020, 35,996,000 share options had been exercised, of which 4,228,000 were exercised during the period ended September 30, 2020, and as at September 30, 2020, 2,300,000 share options had been forfeited due to unqualified performance or resignation, of which 300,000 were forfeited during the period ended September 30, 2020. As at September 30, 2020, the remaining number of exercisable share options was 25,864,000 (March 31, 2020: 30,092,000) and the number of share options outstanding was 16,440,000 (March 31, 2020: 16,740,000).

30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Share options (continued)

- (iii) On October 26, 2018, the board of directors of the Company resolved to grant 260,000,000 share options to eligible persons who were directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD1.07 per share.

These share options are valid for ten years, with 30% of the share options to be vested evenly in 9 years commencing from 12 months after October 26, 2018, 30% to be vested evenly in 8 years commencing from 24 months after October 26, 2018, and the remaining 40% to be vested evenly 7 years commencing from 36 months after October 26, 2018, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the 3 years ended March 31, 2019, 2020 and ending March 31, 2021.

Up to September 30, 2020, 3,940,000 share options had been exercised, of which 260,000 were exercised during the period ended September 30, 2020, and 9,750,000 share options had been forfeited due to resignation, none of which were forfeited during the period ended September 30, 2020. As at September 30, 2020, the remaining number of exercisable share options was 71,660,000 (March 31, 2020: 71,920,000), and the number of share options outstanding was 174,350,000 (March 31, 2020: 174,650,000).

- (iv) On April 23, 2020, the board of directors of the Company resolved to grant 330,000,000 share options to eligible persons who were directors, senior management or employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is HKD1.94 per share.

These share options are valid for 51 months, with 30% of the share options to be vested evenly in 3 years commencing from 15 months after April 23, 2020, 30% to be vested evenly in 2 years commencing from 27 months after April 23, 2020, and the remaining 40% to be vested in 1 year commencing from 39 months after April 23, 2020, respectively. In addition to the service condition, there are other vesting conditions related to the employees' performance and the Group's performance for each of the 3 years ending March 31, 2021, 2022 and 2023 as well as the cumulative performance for the two years ending March 31, 2022 and three years ending March 31, 2023, respectively.

Up to September 30, 2020, no restricted shares have been vested or forfeited. As at September 30, 2020, the number of share options outstanding was 330,000,000.

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31 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements as at September 30, 2020 categorized into			
	Fair value at September 30, 2020 RMB'000	Unadjusted quoted prices (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated as FVOCI (non-recycling)	109,682	109,682	-	-
Financial assets classified as FVPL	1,672,020	1,343	512,455	1,158,222
Financial liabilities:				
Derivative financial liabilities (note 27)	533	-	-	533

	Fair value measurements as at March 31, 2020 categorized into			
	Fair value at March 31, 2020 RMB'000	Unadjusted quoted prices (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements				
Financial assets:				
Equity securities designated at FVOCI (non-recycling)	118,211	118,211	-	-
Financial assets classified as FVPL	559,598	10	559,588	-
Financial liabilities:				
Derivative financial liabilities (note 27)	533	-	-	533

31 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

During the six months ended September 30, 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended September 30, 2019: Nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets measured at amortized cost and financial assets classified as FVPL in Level 2 is determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

(iii) Information about Level 3 fair value measurements

The fair value of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of reporting period.

Below is a summary of significant unobservable inputs to the valuation of the wealth management products together with a quantitative sensitivity analysis at the end of reporting period:

September 30, 2020

	Valuation techniques	Significant unobservable inputs	At September 30, 2020
Wealth management products	Discounted cash flow method	Interest return rate	1.82% to 5.00%

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2020 and September 30, 2020.

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32 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment and long-term equity investment outstanding at September 30, 2020 not provided for in the condensed consolidated financial statements were as follows:

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Contracted for	4,829	32,275
Authorized but not contracted for	–	7,085
	4,829	39,360

(b) Contingent liabilities

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

33 RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2020 and 2019, transactions with the following parties are considered as related party transactions.

Name of parties	Relationship
Bosideng Corporation Limited ("Bosideng Corporation") 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family (the "Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Property Co., Ltd. ("Shandong Kangbo Property") 山東康博置業有限公司("山東康博置業")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Shandong Kangbo Industrial Co., Ltd. ("Shandong Kangbo Industrial") 山東康博實業有限公司("山東康博實業")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司("江蘇蘇甬")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣製衣有限公司("江蘇康欣")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Changshu Kangbo Landscaping Co., Ltd. ("Changshu Kangbo") 常熟市康博園林綠化有限公司("常熟康博")	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group and one of the shareholders since April 1, 2014

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Six months ended September 30,	
	2020 RMB'000	2019 RMB'000
Purchase of raw materials:		
Bosideng Corporation	398	454
Lease and service charges under lease agreements		
Bosideng Corporation	12,219	8,722
Jiangsu Suyong	469	938
	12,688	9,660
Processing fee costs:		
Bosideng Corporation	755,309	832,916
Jiangsu Kangxin	15,354	22,063
Shandong Kangbo Industrial	6,352	4,772
	777,015	859,751
Integrated service fees:		
Bosideng Corporation	1,943	3,168
Changshu Kangbo	–	39
Jiangsu Suyong	–	1,366
	1,943	4,573

Rental expenses for lease of properties

Based on IFRS 16, for the lease of properties from Bosideng Corporation, the Group had recognized a lease liability with the balance of RMB23,995,000, and a right-of-use asset with the balance of RMB23,192,000 as at September 30, 2020. In addition, the Group recorded depreciation of right-of-use asset of RMB3,247,000, interest expense of RMB597,000, short-term lease expenses of RMB5,255,000 and other service charges of RMB2,960,000 for the six months ended September 30, 2020.

The total amounts of lease payments and service charges paid and payable under the lease arrangement by the Group to Bosideng Corporation for the six months ended September 30, 2020 were RMB12,219,000 (for the six months ended September 30, 2019: RMB8,722,000).

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33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	At September 30, 2020 RMB'000	At March 31, 2020 RMB'000
Trade and other receivables due from:		
Bosideng Corporation	32,438	90,898
Jiangsu Kangxin	2,069	3,458
Shandong Kangbo Industrial	212	2,468
Receivables due from related parties	34,719	96,824
Trade and other payables due to:		
Bosideng Corporation	46,711	4,793
Changshu Kangbo	–	38
Jiangsu Suyong	469	–
Payables due to related parties	47,180	4,831

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to September 30, 2020, the board of directors of the Company proposed an interim dividend of HKD377,135,000 (approximately RMB320,169,000), representing HKD3.5 cents per ordinary share to the equity shareholders of the Company.
- (b) On October 23, 2020, the board of directors of the Company has resolved to grant 100,000,000 share options to Wise Triumph Group Limited, an eligible independent consultant of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price for share options is HKD3.41 per share. These share options are valid for 48 months and vest for a period up to three years.
- (c) On October 23, 2020, Bosideng Down Wear Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Bosideng Corporation Limited, a company ultimately controlled by Mr. Gao Dekang, to acquire Suzhou Bosideng Logistics Co., Ltd., which is established for the sole purpose of holding certain properties of the land use rights and the building erected thereon, with a total consideration of RMB559,817,000 after taking into account the valuation made by AVISTA Asset Valuation (Beijing) Co., Ltd..

35 COMPARATIVE FIGURES

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

GENERAL INFORMATION

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

As at September 30, 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the

Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long position in Shares of the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company (Note 1)
Mr. Gao Dekang	Controlled corporation (Note 2)	3,198,791,201	29.72%
	Deemed interest (Note 3)	2,763,697	0.03%
	Founder of discretionary trust (Note 4)	3,844,862,385	35.72%
	Founder of discretionary trust (Note 5)	611,656,857	5.68%
Ms. Mei Dong	Deemed interest (Note 2)	3,198,791,201	29.72%
	Beneficial owner (Note 3)	2,763,697	0.03%
	Beneficiary of discretionary trust (Note 4)	3,844,862,385	35.72%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.68%
Ms. Huang Qiaolian	Beneficial owner (Note 6)	30,763,697	0.29%
Mr. Rui Jinsong	Beneficial owner (Note 6)	148,520,242	1.38%
Mr. Gao Xiaodong	Beneficiary of discretionary trust (Note 4)	3,844,862,385	35.72%
	Beneficiary of discretionary trust (Note 5)	611,656,857	5.68%

GENERAL INFORMATION

Notes:

1. The percentage represents the number of the Shares interested divided by the total number of the issued Shares as at September 30, 2020 of 10,764,596,385.
2. These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn is owned as to 67.54% by Bosideng Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd. (a company wholly owned by Mr. Gao Dekang). Bosideng Holdings Group Co., Ltd. is owned as to 81.56% by Jiangsu Kangbo Investment Co., Ltd. and 18.44% by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.
3. Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
4. These Shares were directly held by New Surplus, the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by ITC SPC. Topping Wealth Limited is wholly owned by Kova Group Limited, which is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO. Further, Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited, which is wholly owned by Bosideng Corporation Limited which in turn is controlled by Bosideng Holdings Group Co., Ltd. Bosideng Holdings Group Co., Ltd is controlled by Mr. Gao Dekang. Accordingly, each of Mr. Gao Dekang, Kova Group Limited, Topping Wealth Limited, Bo Flying Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. is deemed to be interested in the 3,844,862,385 Shares held by New Surplus under the SFO. Mr. Gao Dekang is a director of each of New Surplus, Topping Wealth Limited, Bo Flying Limited, Kong Bo Investment Limited, Jiangsu Kangbo Investment Co., Ltd., Honway Enterprises Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. Mr. Gao Xiaodong is a director of Bosideng Corporation Limited and a general manager of Jiangsu Kangbo Investment Co., Ltd.

5. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.
6. As at September 30, 2020, Mr. Rui Jinsong was interested in 107,320,000 Options and 30,000,000 awarded Shares and directly held 11,200,242 Shares, respectively, and Ms. Huang Qiaolian was interested in 11,000,000 Options and 8,000,000 awarded Shares and directly held 11,763,697 Shares, respectively. Details of the Options granted under the Share Options Schemes and awarded Shares granted under the Share Award Schemes as at September 30, 2020 are set out in the announcements dated August 5, 2016, March 5, 2018, October 26, 2018 and April 23, 2020, respectively, and in the section headed "Human Resources" under "Management Discussion and Analysis" of this report.

(ii) Long position in debentures of the Company

Name of Director	Nature of interest	Number of debentures held (USD) (Note 2)
Mr. Gao Dekang	Founder of discretionary trust (Note 1)	31,500,000
Ms. Mei Dong	Beneficiary of discretionary trust (Note 1)	31,500,000
Mr. Gao Xiaodong	Beneficiary of discretionary trust (Note 1)	31,500,000

Notes:

1. These debentures of the Company represent the purchase of the Convertible Bonds in an aggregate principal amount of USD31,500,000 (representing approximately 11.45% of the total outstanding Convertible Bonds) by New Surplus, which is indirectly held under a discretionary trust as disclosed in note (4) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures – (i) Long position in Shares of the Company" above. Mr. Gao Dekang, as founder, had undertaken to the Company not to, and will not procure New Surplus to exercise the conversion rights attached to the Convertible Bonds.
2. The total outstanding amount of Convertible Bonds as at September 30, 2020 was USD275,000,000.
- Save as disclosed above, as at September 30, 2020, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

GENERAL INFORMATION

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

As at September 30, 2020, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other

than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the number of the Shares carrying rights to vote in all circumstances at the general meetings of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company (Note 9)
Jiangsu Kangbo Investment Co., Ltd. (Note 8)	Interest of controlled corporation (Note 1)	3,198,791,201	29.72%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.72%
Bosideng Holdings Group Co., Ltd. (Note 8)	Interest of controlled corporation (Note 1)	3,198,791,201	29.72%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.72%
Bosideng Corporation Limited (Note 8)	Interest of controlled corporation (Note 1)	3,198,791,201	29.72%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.72%
Bo Flying Limited (Note 8)	Interest of controlled corporation (Note 1)	3,198,791,201	29.72%
	Interest of controlled corporation (Note 2)	3,844,862,385	35.72%
Kong Bo Investment Limited (Note 8)	Beneficial interest (Note 1)	3,146,219,202	29.23%
Cititrust Private Trust (Cayman) Limited	Trustee (Note 3)	611,656,857	5.68%
	Trustee (Note 2)	3,844,862,385	35.72%
Kova Group Limited	Interest of controlled corporation (Note 2)	3,844,862,385	35.72%
Topping Wealth Limited (Note 8)	Interest of controlled corporation (Note 2)	3,844,862,385	35.72%
	Party to section 317 agreement (Note 4)	3,813,211,755	35.42%
New Surplus (Note 8)	Beneficial interest (Note 2)	3,844,862,385	35.72%
	Party to section 317 agreement (Note 4)	3,813,211,755	35.42%
First-Win Enterprises Limited	Interest of controlled corporation (Note 3)	611,656,857	5.68%

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company <i>(Note 9)</i>
Honway Enterprises Limited <i>(Note 8)</i>	Beneficial interest <i>(Note 3)</i>	611,656,857	5.68%
ITC SPC	Party to section 317 agreement <i>(Note 5)</i>	7,658,074,140	71.14%
ITOCHU Corporation	Interest of controlled corporation <i>(Note 5)</i>	7,658,074,140	71.14%
	Party to section 317 agreement <i>(Note 5)</i>	7,658,074,140	71.14%
ITOCHU Hong Kong Limited	Interest of controlled corporation <i>(Note 5)</i>	7,658,074,140	71.14%
	Party to section 317 agreement <i>(Note 5)</i>	7,658,074,140	71.14%
CITIC Group Corporation	Interest of controlled corporation <i>(Notes 6 & 7)</i>	7,658,074,140	71.14%
CITIC Limited	Interest of controlled corporation <i>(Notes 6 & 7)</i>	7,658,074,140	71.14%
CITIC International Financial Holdings Limited	Interest of controlled corporation <i>(Notes 6 & 7)</i>	7,658,074,140	71.14%
China CITIC Bank Corporation Limited	Interest of controlled corporation <i>(Notes 6 & 7)</i>	7,658,074,140	71.14%
CIAM	Party to section 317 agreement <i>(Notes 6 & 7)</i>	7,658,074,140	71.14%

- Notes:
- Same as the interests as disclosed in note (2) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures – (i) Long position in Shares of the Company" above.
 - Same as the interests as disclosed in note (4) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures – (i) Long position in Shares of the Company" above.
 - Same as the interests as disclosed in note (5) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures – (i) Long position in Shares of the Company" above.
 - New Surplus and Topping Wealth Limited were parties acting in concert with Mr. Gao Dekang and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, New Surplus and Topping Wealth Limited were deemed to be interested in the 3,813,211,755 Shares, in addition to the 3,844,862,385 Shares interested by them.

GENERAL INFORMATION

5. ITOCHU Corporation was deemed to be interested in a total of the 7,658,074,140 Shares by virtue of its control over ITOCHU Hong Kong Limited, which controlled ITC SPC, a party acting in concert with Mr. Gao Dekang, Topping Wealth Limited and New Surplus under section 317(a) of the SFO. By virtue of the SFO, each of ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC was deemed to be interested in the 7,658,074,140 Shares.
6. CIAM and Feather Shade Limited are parties acting in concert with ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, CIAM and Feather Shade Limited were deemed to be interested in the 7,658,074,140 Shares.
7. Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited and CIAM was deemed to be interested in a total of the 7,658,074,140 Shares by virtue of its control over several corporations, according to the disclosure forms filed by them on March 27, 2020, as the case may be, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC Polaris Limited	CITIC Group Corporation	100.00	N	7,658,074,140
CITIC Limited	CITIC Polaris Limited	32.53	N	7,658,074,140
CITIC Glory Limited	CITIC Group Corporation	100.00	N	7,658,074,140
CITIC Limited	CITIC Glory Limited	25.60	N	7,658,074,140
CITIC Corporation Limited	CITIC Limited	100.00	N	7,658,074,140
China CITIC Bank Corporation Limited	CITIC Corporation Limited	65.37	N	7,658,074,140
CITIC Investment (HK) Limited	CITIC Corporation Limited	100.00	N	7,658,074,140
Fortune Class Investments Limited	CITIC Investment (HK) Limited	100.00	N	7,658,074,140
China CITIC Bank Corporation Limited	Fortune Class Investments Limited	0.02	N	7,658,074,140
Metal Link Limited	CITIC Limited	100.00	N	7,658,074,140
China CITIC Bank Corporation Limited	Metal Link Limited	0.58	N	7,658,074,140
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	N	7,658,074,140
CIAM	CITIC International Financial Holdings Limited	46.00	N	7,658,074,140
Feather Shade Limited	CIAM	100.00	N	7,046,417,283

8. Same as the directorships and/or positions as disclosed in note (4) in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures - (i) Long position in Shares of the Company" above.
9. The percentage represents the number of the Shares interested divided by the total number of the issued Shares as at September 30, 2020 of 10,764,596,385.
- Save as disclosed above, as at September 30, 2020, none of the shareholders of the Company had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 5% or more of the Shares carrying rights to vote in all circumstances at the general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from December 21, 2020 to December 23, 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 12, 2021, all duly completed transfer forms must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on December 18, 2020.

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

During the six months ended September 30, 2020, pursuant to the terms of the rules and deed of settlement of the Share Award Schemes, the trustee under the Share Award Schemes purchased a total of 19,340,000 Shares at an aggregate consideration of approximately HKD43.7 million on the Stock Exchange.

Save as disclosed above, the Company and its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company during the six months ended September 30, 2020.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company had complied with the code provisions of the Code, as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2020, except for code provision A.2.1 of the Code, which provides that the roles of chairman and CEO should be separated and should not be performed by the same individual.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2020 and up to the date of this report. No incident of non-compliance in relation to the guidelines of the Model Code by the Directors and relevant employees was noted by the Company during the six months ended September 30, 2020.

GENERAL INFORMATION

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process, risk management and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The Financial Statements have been reviewed by the Audit Committee and KPMG, the Company's external auditor. The independent review report issued by KPMG is set out on page 45 of this report. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely, Dr. Ngai Wai Fung (chairman), Mr. Dong Binggen and Mr. Wang Yao.

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.25 and 3.26 of the Listing Rules, whose primary duties are to determine the remuneration packages of individual executive Directors and the senior management based on the Company's operating results, individual performance and comparable market statistics. Please refer to the terms of reference of the Remuneration Committee published on the websites of the Stock Exchange and the Company for the principal roles and functions of the Remuneration Committee. As at the date of this report, the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (chairman), Mr. Gao Dekang and Mr. Dong Binggen.

NOMINATION COMMITTEE

The Nomination Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Code provisions A.5.1 and A.5.2, whose primary functions are to review the structure, size and composition of the Board, identify individuals suitably qualified to become Board members with reference to the candidates' experience and qualifications and the Company's corporate strategy and diversity policy, assess the independence of independent non-executive Directors and make recommendations to the Board regarding candidates to fill vacancies on the Board. Please refer to the terms of reference of the Nomination Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Nomination Committee. As at the date of this report, the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Gao Dekang (chairman), Mr. Dong Binggen and Mr. Wang Yao.

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

Below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2019/20 annual report:

- Mr. Wang Yao, an independent non-executive Director, had been appointed as a committee member of the National Development and Reform Commission of the PRC (中國國家發展和改革委員會) and a vice president of The Commerce Economy Association of China (中國商業經濟學會) on September 16, 2020, respectively.
- Dr. Ngai Wai Fung, an independent non-executive Director, had resigned as an independent non-executive director of SITC International Holdings Company Limited (SEHK, Stock Code: 01308) with effect from October 27, 2020.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Ms. Liang Shuang

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Ms. Liang Shuang

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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

WEBSITES

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

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shop 1712-1716, 17 Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers

AUDITORS

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

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Changshu
Sub-branch
Bank of China Limited, Changshu Sub-branch
China Construction Bank Corporation, Changshu
Sub-branch
China Minsheng Banking Corp., Ltd., Suzhou
Sub-branch
Standard Chartered Bank (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Bank of Communications Co., Ltd., Hong Kong Branch

Notes:

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

SHAREHOLDER INFORMATION

IMPORTANT DATES

Closure of Register of Members

December 21, 2020 to December 23, 2020
(both days inclusive)

Dividends

Interim Dividend : HKD3.5 cents per Share
Payable : On or around January 12, 2021

Interim Period End

September 30

Board Lot

2,000 Shares

DEFINITIONS

Terms	Definitions
"2007 Share Option Scheme"	the share option scheme adopted by the Company on September 15, 2007, which expired in October 2017
"2011 Share Award Scheme"	the share award scheme adopted by the Company on September 23, 2011, which expired on March 31, 2018
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CEO"	the chief executive officer of the Company
"Chairman"	the chairman of the Board
"CIAM"	CITIC International Assets Management Limited
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Bosideng International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 10, 2006
"Conversion Share(s)"	the Share(s) to be issued by the Company upon conversion of the Convertible Bonds
"Convertible Bond(s)"	the convertible bonds with an initial aggregate principal amount of USD275,000,000 with a coupon of 1.00 per cent. due 2024 issued by the Company on December 17, 2019, which are listed on the Stock Exchange (Stock Code: 40107)
"Directors"	the director(s) of the Company
"European dollar(s)"	European dollar(s), the lawful currency of the European Union
"Financial Statements"	the unaudited condensed consolidated interim financial statements for the six months ended September 30, 2020 set out in the Independent Review Report in this report

Terms

"FY2020/21"

"Group"

"HKD" or "HK dollar(s)"

"Hong Kong"

"ITC SPC"

"Japanese yen"

"Listing Rules"

"Model Code"

"New Surplus"

"Nomination Committee"

"OEM"

"Options"

"Pound sterling"

"PRC" or "China"

"Remuneration Committee"

"RMB" or "Renminbi"

"SFO"

"Share(s)"

"Share Award Scheme"

"Share Award Schemes"

"Share Option Scheme"

"Share Option Schemes"

Definitions

the year ending March 31, 2021

the Company and its subsidiaries

the lawful currency of Hong Kong

the Hong Kong Special Administrative Region of the PRC

IC International Company Limited

Japanese yen, the lawful currency of Japan

the Rules Governing the Listing of Securities on the Stock Exchange

the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

New Surplus International Investment Limited

the nomination committee of the Company

original equipment manufacturing

share options granted under the Share Option Schemes

the lawful currency of the United Kingdom

the People's Republic of China

the remuneration committee of the Company

the lawful currency of the PRC

the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time

ordinary share(s) in the share capital of the Company with nominal value of USD0.00001 each

the share award scheme adopted by the Company on April 23, 2020

the 2011 Share Award Scheme and the Share Award Scheme

the share option scheme adopted by the Company on August 25, 2017

the 2007 Share Option Scheme and the Share Option Scheme

DEFINITIONS

Terms

“Stock Exchange”

“Subscription”

“Subscription Agreement”

“USD” or “US dollar(s)”

“%”

Definitions

The Stock Exchange of Hong Kong Limited

the subscription and issue of the Convertible Bonds pursuant to the Subscription Agreement

the subscription agreement dated December 4, 2019 entered into between the Company and Citigroup Global Markets Limited and China International Capital Corporation Hong Kong Securities Limited, as managers, in relation to, among other things, the Subscription

US dollar(s), the lawful currency of the United States of America

percentage

BOST

波司登
BOSIDENG

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

company.bosideng.com
www.bosideng.com

DENG