波 司 登 國 際 控 股 有 限 公 司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012

HIGHLIGHTS

- Revenue increased by 12.4% to approximately RMB3,080.0 million
- Gross profit margin increased by 6.2 percentage points to 45.6%
- Profit from operation increased by 54.6% to approximately RMB426.5 million
- Net profit attributable to equity shareholders of the Company decreased by 3.4% to approximately RMB316.4 million
- Interim dividend of HKD6.0 cents per ordinary share was declared by the Board

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Bosideng International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended September 30, 2012, together with the unaudited comparative figures for the corresponding period in 2011. These interim financial statements have not been audited, but have been reviewed by the auditors, KPMG, and the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	Note	**Six months ended September 30, 2012** **RMB'000**	Six months ended September 30, 2011 *(unaudited)* *RMB'000*
Revenue	4	**3,080,018**	2,739,114
Cost of sales		**(1,676,815)**	(1,659,808)
Gross profit		**1,403,203**	1,079,306
Other income	5	**23,690**	28,040
Distribution expenses		**(790,094)**	(644,495)
Administrative expenses		**(210,070)**	(179,000)
Other expenses	5	**(192)**	(7,981)
Profit from operations		**426,537**	275,870
Finance income		**90,699**	99,908
Finance costs		**(57,960)**	(21,457)
Net finance income	7	**32,739**	78,451
Profit before income tax		**459,276**	354,321
Income tax expense	8	**(142,059)**	(27,772)
Profit for the period		**317,217**	326,549
Other comprehensive income for the period:			
Foreign translation differences - foreign operations		**(3,126)**	11,495
Net change in fair value of available-for-sale financial assets		**9,758**	(17,923)
Income tax on other comprehensive income		**(2,440)**	2,118
Other comprehensive income for the period, net of income tax		**4,192**	(4,310)
Total comprehensive income for the period		**321,409**	322,239
Profit attributable to:			
Equity shareholders of the Company		**316,398**	327,398
Non-controlling interests		**819**	(849)
Profit for the period		**317,217**	326,549
Total comprehensive income attributable to:			
Equity shareholders of the Company		**320,647**	323,088
Non-controlling interests		**762**	(849)
Total comprehensive income for the period		**321,409**	322,239
Earnings per share			
– basic and diluted (RMB cents)	10	**3.97**	4.21

CONSOLIDATED BALANCE SHEET
AT SEPTEMBER 30, 2012 (UNAUDITED)

	Note	**At September 30, 2012** *RMB'000*	At March 31, 2012 *RMB'000* *(audited)*
Non-current assets			
Property, plant and equipment		**830,735**	734,803
Investment properties		**17,796**	17,821
Lease prepayments		**33,483**	33,853
Intangible assets		**1,383,453**	1,412,130
Prepayments for purchase of properties		**118,502**	118,502
Deferred tax assets		**240,781**	200,708
		2,624,750	2,517,817
Current assets			
Inventories	11	**2,278,490**	1,398,861
Trade, bills and other receivables	12	**2,414,547**	1,251,657
Receivables due from related parties		**27,295**	88,275
Prepayments for materials and service suppliers		**608,620**	517,871
Other financial assets		**—**	755,000
Available-for-sale financial assets		**1,291,067**	1,467,550
Pledged bank deposits		**1,510,696**	862,738
Time deposits with maturity over 3 months		**443,642**	471,021
Cash and cash equivalents		**1,440,567**	1,906,951
		10,014,924	8,719,924
Current liabilities			
Current income tax liabilities		**308,982**	215,462
Interest-bearing borrowings		**1,668,985**	1,740,662
Trade and other payables	13	**2,263,592**	1,329,913
Payables due to related parties		**4,064**	604
		4,245,623	3,286,641
Net current assets		**5,769,301**	5,433,283
Total assets less current liabilities		**8,394,051**	7,951,100
Non-current liabilities			
Interest-bearing borrowings		**951,150**	—
Non-current other payables	14	**307,350**	330,439
Derivative financial liabilities	15	**12,029**	14,230
Deferred tax liabilities		**251,088**	254,729
		1,521,617	599,398
Net assets		**6,872,434**	7,351,702
Equity			
Share capital		**622**	622
Reserves		**6,657,589**	7,137,619
Equity attributable to equity shareholders of the Company		**6,658,211**	7,138,241
Non-controlling interests		**214,223**	213,461
Total equity		**6,872,434**	7,351,702

Notes:

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").

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 of Hong Kong Limited ("the Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB").

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 the condensed interim consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to understanding the changes in the financial position and performance of the Group since the annual financial statements for the year ended March 31, 2012 were issued on June 28, 2012 (the "2011/12 Annual Financial Statements"). The condensed interim consolidated 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"), and should be read in conjunction with the 2011/12 Annual Financial Statements.

The interim financial report for the six-month period ended September 30, 2012 is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board on November 28, 2012. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial information relating to the financial year ended March 31, 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. The 2011/12 Annual Financial Statements are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated June 28, 2012.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the 2011/12 Annual Financial Statements and should be read in conjunction with the 2011/12 Annual Financial Statements.

The IASB has issued a few amendments to International Financial Reporting Standards ("IFRSs") that are first effective for the current accounting period of the Group. None of the developments are relevant to the Group's interim financial report and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. **REVENUE AND SEGMENT INFORMATION**

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 three major operating 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.

- Non-down apparels - The non-down apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded apparels of menswear, womenswear and casual wear.

(a) Segment results

	For the six months ended September 30, 2012 *(unaudited)*			
	Down apparels *RMB'000*	**OEM management** *RMB'000*	**Non-down apparels** *RMB'000*	**Group** *RMB'000*
Revenue from external customers	**1,842,452**	**749,782**	**487,784**	**3,080,018**
Inter-segment revenue	**—**	**—**	**10,506**	**10,506**
Reportable segment revenues	**1,842,452**	**749,782**	**498,290**	**3,090,524**
Reportable segment profit/(loss) from operations	**366,440**	**125,443**	**(9,828)**	**482,055**

	For the six months ended September 30, 2011 *(unaudited)*			
	Down apparels	OEM management	Non-down apparels	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,775,381	631,099	332,634	2,739,114
Inter-segment revenue	—	—	4,829	4,829
Reportable segment revenues	1,775,381	631,099	337,463	2,743,943
Reportable segment profit from operations	126,490	104,185	73,074	303,749

(b) Reconciliations of reportable segment revenues and profit before income tax

	For the six months ended September 30	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue		
Reportable segment revenues	**3,090,524**	2,743,943
Elimination of inter-segment revenue	**(10,506)**	(4,829)
Consolidated revenue	**3,080,018**	2,739,114

	For the six months ended September 30	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**482,055**	303,749
Amortization expenses	**(29,047)**	(8,564)
Government grants	**16,980**	19,640
Unallocated expenses	**(43,451)**	(38,955)
Finance income	**90,699**	99,908
Finance costs	**(57,960)**	(21,457)
Consolidated profit before income tax	**459,276**	354,321

5. OTHER INCOME AND EXPENSES

	Note	**Six months ended September 30, 2012**	Six months ended September 30, 2011
		RMB'000	*RMB'000*
		(unaudited)	*(unaudited)*
Royalty income	(i)	**6,710**	7,800
Government grants	(ii)	**16,980**	19,640
Others		**—**	600
Other income		**23,690**	28,040
Other expenses - Donations		**(192)**	(7,981)

(i) Royalty income arises from the use by other entities of the Group's brands.

(ii) The Group received unconditional discretionary grants amounting to RMB16,980,000 during the six month period ended September 30, 2012 (2011: RMB19,640,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

6. EXPENSES BY NATURE

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

	Six months ended September 30, 2012 ***RMB'000*** ***(unaudited)***	Six months ended September 30, 2011 *RMB'000* *(unaudited)*
Cost of inventories recognized as expenses included in cost of sales	**1,667,296**	1,618,405
Write-down of inventories to net realizable value	**9,519**	41,403
Depreciation		
– Assets leased out under operating leases	**447**	125
– Other assets	**49,067**	27,091
Amortization	**29,047**	8,564
Operating lease charges	**91,723**	79,215
Provision of impairment of bad and doubtful debts	**516**	3,713

7. NET FINANCE INCOME

	Six months ended September 30, 2012 *RMB'000* *(unaudited)*	Six months ended September 30, 2011 *RMB'000* *(unaudited)*
Recognized in profit or loss:		
Interest income on bank deposits	**32,395**	36,272
Interest income on available-for-sale financial assets	**51,269**	43,027
Interest income on other financial assets	**203**	—
Change in fair value of contingent considerations	**4,631**	—
Change in fair value of derivative financial liabilities	**2,201**	—
Net foreign exchange gain	**—**	20,609
Finance income	**90,699**	99,908
Interest on interest-bearing borrowings	**(23,401)**	(6,365)
Bank charges	**(32,878)**	(15,092)
Net foreign exchange loss	**(1,681)**	—
Finance costs	**(57,960)**	(21,457)
Net finance income recognized in profit or loss	**32,739**	78,451
Recognized in other comprehensive income:		
Foreign translation differences - foreign operations	**(3,126)**	11,495
Net change in fair value of available-for-sale financial assets	**9,758**	(17,923)
Income tax on finance income recognized in other comprehensive income	**(2,440)**	2,118
Net finance income/(cost) recognized in other comprehensive income, net of tax	**4,192**	(4,310)

No interest was capitalized during the periods.

8. INCOME TAX EXPENSE

Income tax in profit or loss represents:

	Six months ended September 30, 2012	Six months ended September 30, 2011
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current tax		
Provision for PRC income tax	**188,213**	81,251
Deferred tax		
Reversal of temporary differences	**(46,154)**	(53,479)
	142,059	27,772

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No tax provision has been made for Bosideng America Inc., Bosideng UK Limited and Bosideng Retail Limited, as they do not have assessable profits subject to any income tax in the United States and the United Kingdom during the period.

(iii) No tax provision has been made for Talent Shine Limited, Hong Kong Bestmate Limited, Bosideng International Fashion Limited, Long Pacific (H.K.) Ltd. and Rocawear (China) Limited, as they do not have assessable profits subject to Hong Kong Profits Tax during the period.

(iv) The 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.

For the six months ended September 30, 2012, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Jiangsu Bosideng Garment Development Co., Ltd., a foreign investment enterprise, which enjoyed a 50% reduction on the applicable income tax rate, according to the transitional arrangement under the new Enterprise Income Tax Law which became effective as of January 1, 2008.

The effective tax rate for the six months ended September 30, 2012 was approximately 30.9% which was higher than the standard income tax rate of 25%. This was mainly attributable to the non-deductible expenses and tax losses not recognized as deferred tax assets of certain subsidiaries of the Group. The effective tax rate for the six months ended September 30, 2011 was approximately 7.8%, which was mainly attributable to the fact that there were more foreign investment enterprises subject to the 50% reduced income tax rate and to different tax rates applying to the timing differences on transactions between the Group's subsidiaries.

9. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the periods.

	Six months ended September 30, 2012 *RMB'000* *(unaudited)*	Six months ended September 30, 2011 *RMB'000* *(unaudited)*
Interim dividend declared and paid of RMB4.9 cents per ordinary share (2011: interim dividend of RMB3.8 cents per ordinary share)	**389,958**	304,279

The interim dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.

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

	Six months ended September 30, 2012 *RMB'000* *(unaudited)*	Six months ended September 30, 2011 *RMB'000* *(unaudited)*
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB9.8 cents per ordinary share (2011: final dividend of RMB6.8 cents per ordinary share)	**780,717**	528,520
Special dividend approved and paid during the period, of Nil (2011: RMB6.0 cents per ordinary share)	**—**	466,341
	780,717	994,861

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended September 30, 2012 was based on the profit attributable to equity shareholders of the Company for the six months of RMB316,398,000 (2011: RMB327,398,000) and the weighted average number of shares in issue during the six months ended September 30, 2012 of 7,961,730,000 (2011: 7,772,225,891).

Weighted average number of ordinary shares (in thousands):

	Six months ended September 30, 2012	Six months ended September 30, 2011
Issued ordinary shares at April 1	**7,979,254**	7,772,226
Effect of treasury shares held for Share Award Scheme	**(17,524)**	—
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,961,730**	7,772,226
Basic and diluted earnings per share (RMB cents)	**3.97**	4.21

The diluted earnings per share for the six months ended September 30, 2012 are the same as the basic earnings per share because 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 15) are anti-dilutive.

11. INVENTORIES

	At September 30, 2012 RMB'000 (unaudited)	At March 31, 2012 RMB'000 (audited)
Raw materials	**249,762**	97,719
Work in progress	**429,810**	67,742
Finished goods	**1,598,918**	1,233,400
	2,278,490	1,398,861

At September 30, 2012, the carrying amount of inventories carried at net realizable value amounted to approximately RMB219,611,000 (March 31, 2012: RMB378,318,000).

12. TRADE, BILLS AND OTHER RECEIVABLES

	At September 30, 2012 RMB'000 (unaudited)	At March 31, 2012 RMB'000 (audited)
Trade receivables	**1,703,032**	748,272
Bills receivables	**19,895**	101,693
	1,722,927	849,965
Third party other receivables:		
• VAT recoverable	**226,674**	146,199
• Deposits	**363,751**	185,486
• Advances to employees	**24,144**	9,376
• Others	**77,051**	60,631
	2,414,547	1,251,657

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

The Group normally allows a credit period ranging from 30 days to 90 days from the date of billing to its customers. As at September 30, 2012, trade and bills receivables of approximately RMB246,998,000 (March 31, 2012: RMB74,304,000) were past due but considered to be not impaired. These relate to a number of independent customers in respect of whom there is no recent history of default. The ageing analysis of trade and bills receivables (net of impairment losses on bad and doubtful debts) is as follows:

	At September 30, 2012 RMB'000 (unaudited)	At March 31, 2012 RMB'000 (audited)
Within credit terms	**1,475,929**	775,661
1 to 3 months past due	**239,433**	69,741
Over 3 months but less than 6 months past due	**7,065**	2,726
Over 6 months but less than 12 months past due	**500**	1,097
Over 1 year past due	**—**	740
	1,722,927	849,965

13. TRADE AND OTHER PAYABLES

	At September 30, 2012 RMB'000 (unaudited)	At March 31, 2012 RMB'000 (audited)
Trade payables	**979,442**	450,623
Other payables and accrued expenses		
• Deposits from customers	**751,636**	273,373
• Accrued rebates and commissions	**128,034**	198,994
• Accrued advertising expenses	**7,979**	21,119
• Accrued payroll and welfare	**156,081**	142,405
• VAT payable	**92,115**	65,151
• Contingent consideration payables	**50,000**	96,099
• Dividends payable	**5,000**	5,000
• Others	**93,305**	77,149
	2,263,592	1,329,913

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

An ageing analysis of trade payables is set out below:

	At September 30, 2012	At March 31, 2012
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Due within 1 month or on demand	**440,749**	203,869
Due after 1 month but within 3 months	**538,693**	246,754
	979,442	450,623

14. NON-CURRENT OTHER PAYABLES

	At September 30, 2012	At March 31, 2012
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Contingent considerations payable	**83,936**	94,968
Cash-settled written put option (note 15)	**223,414**	235,471
	307,350	330,439

15. WRITTEN PUT OPTION TO NON-CONTROLLING EQUITY SHAREHOLDER

On November 4, 2011, the Group granted a written put option to Talent Shine International Limited, the non-controlling equity shareholder of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as the "Target Companies"), after their acquisition by the Group. The put option gives the non-controlling equity shareholder the right to sell its entire interest in the Target Companies after March 31, 2015 at a consideration which comprises cash and a variable number of shares. The consideration for exercising the put option is dependent on the net profit of the Target Companies and their subsidiaries and in total shall not exceed RMB900,000,000.

On November 4, 2011, the Group recorded the present value of the redemption price of the cash settled portion of the written put option of RMB235,471,000 as a non-current payable with the corresponding decrease in other reserve, and the fair value of the share settled portion of the written put option as derivative financial liabilities of RMB14,068,000 with the corresponding decrease in other reserve.

As at September 30, 2012, the present value of the redemption price of the cash settled portion of the written put option was RMB223,414,000 (March 31, 2012: RMB235,471,000), which was recorded as a non-current payable with the decrease being recognized in other reserve. The fair value of the share settled portion of the written put option amounted to RMB12,029,000 (March 31, 2012: RMB14,230,000) as at September 30, 2012, which was recorded as derivative financial liabilities with fair value change being recognized in profit and loss.

16. NON-ADJUSTING POST-BALANCE SHEET EVENTS

Interim dividends

Subsequent to September 30, 2012, the Board of the Company declared an interim dividend of RMB4.9 cents per ordinary share to equity shareholders of the Company on November 28, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The global economic growth remained stagnant in the first half of 2012. The developed economies have lost steam and the economic growth of emerging economies also slowed down due to the worsening European debt crisis. The risk of economic downturn in China increased in view of the challenging environment domestically and abroad. The GDP growth of China in the first half of 2012 was 7.8% only, falling below 8% for the first time since the outbreak of the financial tsunami in 2008. The decline in economic growth hampered the growth of market demand. The investment and consumption growth in China have also slowed down since the beginning of 2012. Total retail sales of consumer goods amounted to RMB9,822.2 billion, representing a year-on-year nominal increase of 14.4% (an actual increase of 11.2% net of price factor), 2.4 percentage points lower than the corresponding period of last year. In view of the sluggish growth of market demand and consumption, enterprises are expected to adjust their strategies and seek to lower their inventory level in order to maintain healthy and sustainable development.

The Group's Strategic Plan – the "3+1" Strategy

Chinese Economy has entered into a new phase with rising labor cost and greater pressure on resources, structure transformation has therefore become vital in order to retain its competitiveness. Meanwhile, Chinese government encourages outstanding local enterprises to go global. In view of the domestic and overseas environment, the Group has formulated the "3+1" strategy for the 2012/13 financial year to keep down apparel at the core of its business, develop multi-brand, non-seasonal products and expand to the international markets. It is the mid- to long-term goal of the Group to become an internationally renowned integrated apparel brand operator.

Down Appearal As the Core Business

The down apparel business will remain the core business of the Group in the future. The Group will further develop and consolidate its leading market position by capitalizing on its extensive resources and experience in the down apparel market and expand its sales networks.

Multi-brand Development

The Group has conducted in-depth market research and realizes that brand differentiation is crucial as the consumption market in China has become more mature and consumers are in pursuit of fashionable apparel with unique features. The Group will continue its multi-brand development to enrich its brand portfolio by introducing new brands with different market positioning, so as to provide more quality products to the domestic market.

Non-down apparel brand is an integral part of the multi-brand development strategy of the Group. The Group will continue its focus on non-down business development. In addition to enhancing the operating capability of *Bosideng MAN, JESSIE* and *Mogao*, the major brands of non-down apparel, the Group will introduce more brands by acquiring quality men's and ladies' wear brands in the market. The Group intends to increase the contribution of non-down apparel business to the net profits of the Group.

Non-seasonal Business

After implementing brand differentiation for *Bosideng, Snow Flying, Kangbo* and *Bengen*, the Group will further expand its non-seasonal apparel business. The Group will focus on the development of basic apparels and accessories as side line products of down apparel. The non-down apparel will be initially displayed in about 40 selected regional flagship stores so that the Group could introduce non-seasonal apparel to its customers through the down apparel sales channel progressively and promote the non-seasonal business of the brand in an orderly manner. The Group plans to conduct a three-year market research on the apparel market and consumer needs for the determination of positioning and style of its products and the expansion of business scope from down apparel alone to various product lines with more variety and characteristics. The success of the non-seasonal apparel business development strategy will provide all seasons products for sales and improve the profitability of its stores, distributors and sales companies.

Internationalization

Internationalization is the key to the success of the Group's mid- to long-term goal of becoming an internationally renowned integrated apparel brand operator. As part of its internalization strategy, the Group will develop its international business by adopting the model of "Chinese brand, domestic design, global outsourcing and localized sales". The Group will improve the operation and management by introducing overseas advanced technology and experience. In addition, the Group will recruit professionals with international background to prepare for its overseas expansion.

The Group believes that direct sales is the only way to secure the initiative in pricing and marketing and to collect direct feedback from overseas customers. The establishment of overseas self-operated stores is also an effective way to promote the image and recognition of the *Bosideng* brand. The Group acquired a property in the central district of London last year and established its international headquarters there. Such international headquarters will witness the further expansion into international market by the Group.

Business Review

Down Apparel Business

During the period under review, the sales of down apparel business continued to fluctuate according to seasonal change. The Group sold inventories from previous years at a discounted price in off-season period. In the first half of the 2012/13 financial year, the sales of down apparel business amounted to RMB1,842 million, representing an increase of 3.8% as compared to the corresponding period of last year. The growth reached the expectation of the Board and senior management. During the period under review, the key performance of down apparel business was as follows:

Separate Brand Operation: It was difficult for the Group to manage each of the brands effectively through a centralized operation. As such, the Group decided to manage several down apparel brands independently. The Group has already operated *Bengen* separately in the previous year with initial success as the growth of its sales fulfilled expectation. The Group started to adopt separate operation for its various down apparel brands in the 2012/13 financial year, including *Bosideng, Snow Flying* and *Kangbo*. The design, product research and development, supply chain, marketing and distribution of each brand were managed separately instead of being managed by the same management team as previously done. Aiming at enhancing the prospect of each brand, the Group positioned its brands precisely and exerted its efforts in penetrating into segmental markets, so as to consolidate its leading position in the market and enhance the profitability of sales companies, distributors and stores.

After implementing separate operation for our brands, each brand's positioning and product styles were further enhanced and new fabric was developed to fulfill the needs of target customers. The Group also refined and separated its sales channels for down apparel business. Multi-brand counters in department stores were transformed into mono-brand counters. The street stores operated by distributors were readjusted based on their locations and the positioning of the brands. Each brand re-defined its style through promotions in various channels and media that are popular among target customers.

Features of the four brands after adjustment are as follows:

***Bosideng**:* The market share of *Bosideng* was ranked first in China. The target group of *Bosideng* is fashionable customers aged between 30 and 45. *Bosideng* launched a new advertisement this year, "Defining new quality standards and selecting your down apparel by snapping, smelling and shaking (3S). Snapping: choose only down apparel which contains 90% down and provides you with utmost softness and warmth. Smelling: opt for down apparel which is made of ecologically friendly down to enjoy the smell of nature. Shaking: select down apparel which is made with sophisticated craftsmanship that tightly locks the down together."

Snow Flying: The market share of *Snow Flying* was ranked second in China. The target group of *Snow Flying* is energetic customers aged between 18 and 35 who pursue dynamic, cool and fashionable styles. The slogan of the brand is "Sparkle your life"(讓生活HIGH起來). William Feng, a renowned actor, was appointed as the new endorser of the brand. The first micro film of the brand, "Snow Flying"(雪中飛揚), starring William Feng, was produced to promote its down apparel. This micro film was broadcast through various major internet media. Designers of renowned domestic and international apparel brands were engaged for product design and research and development, so as to create diversified products with distinctive features.

Kangbo: The market share of *Kangbo* was ranked seventh in China. The brand primarily sells apparel with basic and classic styles and targets customers aged between 35 and 55, who pursue a simple style. Emil Chau was appointed as the endorser of the brand.

Bengen: The market share of *Bengen* was ranked eighth in China. The brand targets young people aged between 18 and 30. The brand is characterized by its young and lively style and its slogan is "My Fashion, My Style"(新時尚我主張). Mini Yang, a famous actress, was appointed as the endorser of the brand. "Mini Yang Collection", a down apparel collection inspired by Mini, was launched and became popular among young consumers.

Reallocation of Sales Channels: As all down apparel brands under the Group have started to operate separately, the Group reallocated its sales channels. As at September 30, 2012, the Group had 11,904 retail outlets in total, representing a net increase of 3,560 outlets as compared to March 31, 2012. The significant increase in the number of outlets was mainly attributable to the division of sales channels which transformed the multi-brand stores into single brand stores, while the total sales area only slightly increased by approximately 5.4% to 919,000 square meters (872,000 square meters as at March 31, 2012).

Further Strengthening of Autumn Down Collection: The Autumn Down collection has been well received by the market since its launch last year. During the period under review, the Group introduced new products under the Autumn Down collection with improved design and diversified colors and styles. The Group also set out specific requirements on product allocation in stores, including styles, colors and sizes, to prevent products from running out of stock and to ensure sales volume.

Continuous Advantage of Economies of Scale: During the period under review, the Group continued to take advantage of its economies of scale to reinforce its bargaining power with the suppliers. Coupled with the slower growth of labor and raw material costs as well as the stabilizing price of down apparel, the gross profit margin of the Group's down apparel business increased.

Non-down Apparel Business

The non-down apparel business of the Group covers menswear, ladies' wear and casual wear, and the major brands include *Bosideng MAN*, *JESSIE* and *Mogao*. During the period under review, as the growth of the retail industry was impeded by the faltering consumption market in China, the non-seasonal brands of the Group were inevitably affected. A number of stores under the non-seasonal brands with unsatisfactory performance were closed down during the period under review. As at September 30, 2012, there were 1,595 stores and outlets under the non-down apparel business, representing a net decrease of 77 stores and outlets as compared to March 31, 2012.

In general, the non-down apparel business continued to grow healthily and made remarkable contribution. During the period under review, the total revenue of the non-down apparel business recorded a significant increase due to the acquisition of *JESSIE* ladies' wear, and amounted to RMB488 million, representing an increase of 46.7% as compared to the corresponding period of last financial year. Revenue from the non-down apparel business accounted for 15.8% of the total revenue, representing an increase of 3.6 percentage points from 12.2% in the corresponding period of last year.

Bosideng MAN

Being the major menswear brand of the Group, the core designs of *Bosideng MAN* represent its concept of "Quality of Life" and offers various choices of menswear for different occasions under the three key product lines, namely "Smart Business Wear", "Minimalist Office Wear" and "Cool Casual Wear".

During the period under review, the Group continued to close down stores with unsatisfactory sales or unfavourable locations. A total of 112 stores were closed down during the period under review. The Group also opened new stores at attractive locations. As at September 30, 2012, the total number of retail outlets of *Bosideng MAN* was 887, representing a decrease of 14 outlets as compared to March 31, 2012. During the period under review, *Bosideng MAN* recorded a revenue of RMB146 million, representing a decrease of 13.8% as compared to the corresponding period of last year. Besides, in order to control the quality of sales channels effectively and mitigate the inventory risk of retail channels, *Bosideng MAN* was prudent in selecting distributors and cooperated closely with existing distributors to reduce their inventory level. The Group aims to achieve effective cooperation and healthy development with its distributors in the long run.

In the second half of the year, *Bosideng MAN* will continue to adjust and refine various aspects of the brand, including brand image, product research and development and sales channels. It will also conduct research on the needs of mature male consumers in China to improve product design, in order to provide perfectly fitted menswear in accordance with the characteristics and body measurement of Chinese males.

JESSIE

JESSIE is the major ladies' wear brand for the non-seasonal products of the Group. *JESSIE* is a renowned mid- to high-end ladies' wear brand in China, appealing to office ladies aged between 28 and 45 with its stylish, elegant and classic designs.

Since its acquisition at the end of 2011, the brand has been developing as planned. Stores with suitable locations and reasonable rents have been identified for the brand so as to enhance the efficiency of its sales channel. During the period under review, the net number of its self-operated outlets increased by 25, while certain distribution outlets were closed down to optimize the retail outlet portfolio and distribution and consolidate its network in the long run. As at September 30, 2012, *JESSIE* had 264 sales outlets, including 109 self-operated outlets and 155 distribution outlets. The proportion of self-operated outlets increased to over 40%. With regards to product development, a new chief designer joined the brand during the period under review for product design enhancement. During the period under review, the sales revenue of *JESSIE* amounted to RMB148 million.

Mogao

The *Mogao* brand targets young consumers aged between 20 and 30. This brand offers affordable trendy casual wear and is designed to reflect the happy, healthy, natural and sincere characteristics of the youth. During the period under review, the Group evaluated the overall business and business model of *Mogao* and adjusted its retail channels. Certain stores with unsatisfying performance were closed down in order to optimize the retail outlet portfolio and distribution. As at September 30, 2012, Mogao had 402 sales outlets, including 193 self-operated outlets and 209 distribution outlets. During the period under review, the sales revenue of *Mogao* amounted to RMB169 million, representing an increase of 57.3% as compared to the corresponding period of last year.

OEM Management Business

The Group focuses on the OEM management business of down apparel for overseas clients during the low season for down apparel every year in order to increase the revenue of the Group. The revenue of OEM management business during the period under review amounted to RMB750 million, representing an increase of 18.8% as compared to the corresponding period of last year.

Grand Opening of London Flagship Store

The first flagship store of the Group in Europe commenced its trial operation on July 26, 2012 in London and officially launched on October 12, 2012. The store mainly offers premium line of Bosideng's menswear, the "Bosideng • London" collection. Apart from the Group's best-selling down apparel, the collection of menswear products is mostly manufactured in Europe, and designed with the collaboration of Nick Holland and Ash Gangotra, famous designers in the United Kingdom.

The flagship store is located at the center of London West End, the renowned central district for high-end luxury brands and one of the largest commercial districts in Europe. The building adjoins Oxford Street and is only 20 meters away from the Bond Street subway exit with a traffic flow of approximately 24 million people every year.

The opening of the Bosideng London store and the overseas development model of the Group have gained attention from media around the world as well as the support from the governments of China and the United Kingdom. The Group received the "Chinese Investor of the Year" award from the British Business Awards organized by the British Chamber of Commerce in China. It was the first time for the award to be presented to a textile and apparel enterprise in China.

Retail Upgrade

Committed to its corporate mission of "optimizing people's living", Bosideng adheres to its marketing philosophy of "maximizing the satisfaction of consumers". In order to cater for consumers' needs and offer better services, the Group established a retail business management center in 2012 run by professionals with international backgrounds. The flagship store on Nanjing Road in Shanghai was set up to develop and test a new retail system based on an innovative business concept. In the coming three years, the Group will strategically carry out its retail business under the new system which complies with international standards.

E-commerce

During the period under review, the Group emphasized the development of e-commerce. The Group currently adopts three internet sales channels: official flagship store at TMALL(天貓), authorized store at Taobao and third-party internet platform, including 360buy(京東商城), Amazon, Dangdang(當當網), Paipai(拍拍網)and Suning(蘇寧易購). In addition, the e-commerce channels of the Group have expanded to the non-down apparel business for the sale of *Bosideng MAN*'s products. Online stores can effectively extend the sales network to rural areas and complement the incomplete product portfolio of certain regions.

Retail Network

Retail network composition by outlet type

Outlet types

	As at September 30, 2012			As at March 31, 2012			Change		
	Down apparel	**Non-down apparel**	**Total**	Down apparel	Non-down apparel	Total	Down apparel	Non-down apparel	Total
Specialty stores									
– operated by the Group	**564**	**60**	**624**	67	69	136	497	-9	488
– operated according to franchise agreement	**–**	**105**	**105**	–	99	99	–	6	6
– operated by third party distributors	**6,229**	**592**	**6,821**	4,946	675	5,621	1,283	-83	1,200
Subtotal	**6,793**	**757**	**7,550**	5,013	843	5,856	1,780	-86	1,694
Concessionary retail outlets									
– operated by the Group	**2,049**	**392**	**2,441**	1,094	360	1,454	955	32	987
– operated according to franchise agreement	**–**	**99**	**99**	–	81	81	–	18	18
– operated by third party distributors	**3,062**	**347**	**3,409**	2,237	388	2,625	825	-41	784
Subtotal	**5,111**	**838**	**5,949**	3,331	829	4,160	1,780	9	1,789
Total	**11,904**	**1,595**	**13,499**	8,344	1,672	10,016	3,560	-77	3,483

Retail network composition by geographic location

Sales areas*

	As at September 30, 2012			As at March 31, 2012			Change		
	Down apparel	**Non-down apparel**	**Total**	Down apparel	Non-down apparel	Total	Down apparel	Non-down apparel	Total
Eastern China areas	**4,262**	**482**	**4,744**	2,755	529	3,284	1,507	-47	1,460
Central China areas	**2,362**	**379**	**2,741**	1,800	375	2,175	562	4	566
Northern China areas	**1,705**	**101**	**1,806**	992	132	1,124	713	-31	682
Northeastern China areas	**1,372**	**192**	**1,564**	1,044	172	1,216	328	20	348
Northwestern China areas	**1,353**	**188**	**1,541**	985	194	1,179	368	-6	362
Southwestern China areas	**850**	**253**	**1,103**	768	270	1,038	82	-17	65
Total	**11,904**	**1,595**	**13,499**	8,344	1,672	10,016	3,560	-77	3,483

* *Description of geographical classification:*

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

Financial Review

Revenue

For the six months ended September 30, 2012, the Group recorded a revenue of approximately RMB3,080.0 million (2011: approximately RMB2,739.1 million), representing an increase of 12.4% as compared to the corresponding period of last year. The revenue of the Group increased mainly because (a) the Group started to receive franchise fees from down apparel distributors in April 2012; (b) it enhanced the OEM management business during the off-peak season by effective resources allocation; and (c) the Group implemented the non-seasonal apparel development strategy to increase the contribution from non-down apparel business. Revenue from the non-down apparel business accounted for approximately 15.8% of the total revenue, representing an increase of 3.6 percentage points from 12.2% in the corresponding period of last year.

Sales analysis by products

	For the six months ended September 30				
	2012		2011		
	(RMB million)	**% of total revenue**	(RMB million)	% of total revenue	Changes in %
Branded down apparel					
• Self-owned outlets	**263.8**	**8.6%**	216.0	7.9%	22.1%
• Wholesale	**1,575.8**	**51.1%**	1,557.2	56.8%	1.2%
• Others*	**2.8**	**0.1%**	2.2	0.1%	27.3%
Total down apparel revenue	**1,842.4**	**59.8%**	1,775.4	64.8%	3.8%
Non-down apparel					
• Self-owned outlets	**238.5**	**7.7%**	29.2	1.1%	716.8%
• Wholesale	**236.2**	**7.7%**	303.4	11.1%	(22.1%)
• Other#	**13.1**	**0.4%**	—	—	N/A
Total non-down apparel revenue	**487.8**	**15.8%**	332.6	12.2%	46.7%
OEM management	**749.8**	**24.4%**	631.1	23.0%	18.8%
Total revenue	**3,080.0**	**100.0%**	2,739.1	100.0%	12.4%

* *Represents sales primarily of raw materials related to down apparel products*

\# *Represents revenue from rental income and other licensing fee, etc.*

A majority of the Group's products were branded down apparel sold through the wholesale model, which accounted for 85.5% of the Group's branded down apparel revenue, compared to 87.7% in the corresponding period of the previous year.

The Group is actively involved in "non-seasonal products" development, and the contribution from the non-down apparel business has been increasing. With the introduction of *JESSIE* ladies' wear, for the six month ended September 30, 2012, revenue contribution from the non-down apparel business to the total revenue of the Group was 15.8% (approximately RMB487.8 million), as compared to 12.2% (approximately RMB332.6 million) in the corresponding period of last year.

Revenue analysis of down apparel sales by brand

	For the six months ended September 30				
	2012		2011		
Brands	**(RMB million)**	**% of branded down apparel sales**	(RMB million)	% of branded down apparel sales	Changes in %
Bosideng	**1,030.5**	**55.2%**	977.3	54.1%	5.4%
Snow Flying	**316.2**	**16.9%**	326.1	18.1%	(3.0)%
Bengen	**247.3**	**13.3%**	290.7	16.1%	(14.9)%
Kangbo	**204.9**	**11.0%**	182.7	10.1%	12.2%
Other brands	**65.4**	**3.5%**	26.8	1.5%	144.0%
Others	**2.8**	**0.1%**	2.2	0.1%	27.3%
Sub-total	**1,867.1**	**100.0%**	1,805.8	100.0%	3.4%
Sales rebates	**(24.7)**		(30.4)		(18.8%)
Total down apparel revenue	**1,842.4**		1,775.4		3.8%

Revenue analysis of non-down apparel sales by brand

	For the six months ended September 30				
	2012		2011		
Brands	**(RMB million)**	**% of branded non-down apparel sales**	(RMB million)	% of branded non-down apparel sales	Changes in %
Bosideng MAN	**146.1**	**30.0%**	169.5	51.0%	(13.8%)
JESSIE	**147.6**	**30.3%**	—	—	N/A
Mogao	**169.4**	**34.7%**	107.7	32.4%	57.3%
Others	**24.7**	**5.0%**	55.4	16.6%	(55.4%)
Sub-total	**487.8**	**100.0%**	332.6	100.0%	46.7%

The Group's core brand, the *Bosideng* brand, continues to be marketed as a mid-to high-end brand, targeting customers with higher spending power, who seek trendy and fashionable designs. The *Snow Flying* brand appeals to younger customers with more energetic lifestyles. The *Kangbo* and *Bengen* branded apparel offer traditional down apparel lines for men and colourful, youthful down apparel lines for women, respectively, and is targeted at the mass market. As a result of such brand positioning strategy, the *Bosideng* branded apparel remained the largest contributor and contributed 55.2% or approximately RMB1,030.5 million to the total branded down apparel sales. The *Snow Flying* branded apparel contributed 16.9% or approximately RMB316.2 million to the total branded down apparel sales. *Kangbo* and *Bengen* recorded revenues of RMB204.9 million and RMB247.3 million, which represented 11.0% and 13.3% of the total branded down apparel sales, respectively.

The Group's first non-down brand, *Bosideng MAN* contributed 30.0% or approximately RMB146.1 million to the total non-down apparel sales of the Group. In order to further increase the proportion of non-down apparel business in the Group's total sales, the Group completed the acquisition of *JESSIE* ladies' wear in November 2011, which contributed 30.3% or approximately RMB147.6 million to the total non-down apparel sales of the Group. The *Mogao* casual wears contributed 34.7% or approximately RMB169.4 million to the total non-down apparel sales of the Group.

Cost of sales and gross profit margin

During the period under review, cost of sales decreased as a percentage of revenue as compared to the corresponding period of the previous year. It amounted to approximately RMB1,676.8 million, or 54.4% of the Group's revenue, as compared to approximately RMB1,659.8 million, or 60.6% of the Group's revenue, in the same period of last year. This is mainly attributable to (a) stringent cost control measures; (b) the economies of scale enjoyed by the Group; and (c) the effective increase in the price of down apparel.

The gross profit margin of branded down apparel, OEM management and non-down apparel business for the period under review was 56.0%, 18.1% and 48.5%, respectively, as compared to 46.4%, 18.6% and 41.6% in the same period of last year, respectively.

Distribution expenses

The Group's distribution expenses, mainly comprising advertising, promotion, concessionaire fees and salary and welfare, amounted to approximately RMB790.1 million, representing an increase of 22.6%, compared to approximately RMB644.5 million in the same period of last year. Distribution expenses accounted for 25.7% of total revenue, representing an increase of 2.2 percentage points as compared to 23.5% in the same period of last year. The increase in actual expenditure was mainly due to the significant increase in the relevant concessionaire fee and staff cost of our expanding non-down apparel business.

Administrative expenses

The administrative expenses of the Group, which mainly comprised bad and doubtful debts provision, salary and welfare, travel expenses, consultancy fee and office expenses, amounted to approximately RMB210.1 million, representing an increase of 17.4% compared to approximately RMB179.0 million in the same period of last year. The increase was mainly attributable to the research and development expenses of *JESSIE* and *Mogao,* and the specific consultancy fee incurred from the business expansion in the United Kingdom. During the period, administrative expenses accounted for 6.8% of the Group's revenue, representing a slight increase of 0.3 percentage point as compared to 6.5% in the same period of last year.

Operating profit

For the six months ended September 30, 2012, the Group's operating profit increased by 54.6% to RMB426.5 million, which was mainly attributable to the effective control of the selling prices of down apparel and the continued expansion of the non-down apparel business. Operating profit margin was 13.8%, representing an increase of 3.7 percentage points as compared to 10.1% in the same period of last year.

Finance income

During the period under review, the Group's finance income recognized in profit or loss dropped by 9.2% to approximately RMB90.7 million from approximately RMB99.9 million in the same period of last year.

Finance costs and taxation

The Group's finance costs for the period under review increased by 170.1% to RMB58.0 million mainly due to the increase in bank charges for issuance of letters of credit and interest expenses for the loans borrowed in Hong Kong.

For the six months ended September 30, 2012, income tax expenses increased from RMB27.8 million to RMB142.1 million since the 50% tax reduction which was previously enjoyed by the Group's subsidiaries established in the PRC has expired and part of tax losses have not been recognized.

Liquidity and financial resources

The Group adopted prudent funding and treasury management policies while maintaining a healthy overall financial position. The Group's source of funding was cash generated from operating activities and the loans borrowed in Hong Kong.

For the six months ended September 30, 2012, the Group's net cash used in operating activities amounted to approximately RMB736.6 million, compared to a net cash inflow of approximately RMB1,315.8 million for the year ended March 31, 2012. Cash and cash equivalents as at September 30, 2012 was in the amount of approximately RMB1,440.6 million, compared to approximately RMB1,907.0 million as at March 31, 2012. The decrease in cash and cash equivalents was due to the cash used in the payment of final dividend for the financial year ended March 31, 2012.

The Group had available-for-sales financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets have expected but not guaranteed returns ranging from 2.85% to 6.81% per annum (2011: 1.6% to 6.8%).

As at September 30, 2012, the bank borrowings of the Group amounted to approximately RMB2,620.1 million (March 31, 2012: approximately RMB1,740.7 million). The gearing ratio (total debt/total equity) of the Group was 38.1%.

Capital commitments

As at September 30, 2012, the Group had capital commitments amounting to approximately RMB170.1 million (March 31, 2012: approximately RMB241.2 million).

Operating lease commitment

As at September 30, 2012, the Group had irrevocable operating lease commitments amounting to approximately RMB427.6 million (March 31, 2012: approximately RMB432.4 million).

Contingent liabilities

As at September 30, 2012, the Group had no material contingent liabilities.

Pledge of assets

As at September 30, 2012, bank deposits amounting to approximately RMB1,510.7 million had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letters of credit (March 31, 2012: approximately RMB862.7 million).

Financial management and treasury policy

The financial risk management of the Group is the responsibility of the Group's treasury function at our head office. 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's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, 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 or US Dollars against each entity's respective functional currency may have a financial impact on the Group.

As at September 30, 2012, the Directors considered the Group's foreign exchange risk to be insignificant.

During the period under review, the Group did not use any financial instruments for hedging purposes.

Human Resources

As at September 30, 2012, the Group had approximately 5,134 full-time employees (March 31, 2012: 4,785 full-time employees). Staff costs for the six months ended September 30, 2012 (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB261.7 million (2011: approximately RMB193.3 million). This increase was mainly due to the increase in headcount for *JESSIE* ladies' wear which was acquired by the Group in November 2011, and expansion of self-operated stores for down apparel products. 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, the Group renovated the staff dormitory, upgraded various facilities and provided employees with hotel-style management services. Non-local university graduates, professional technicians and management staff who do not have a living place in Changshu are entitled to apply for accommodation once they are employed by the Company. Currently, all employees live in the dormitory.

To attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of its business, the Group also adopts a share scheme ("Share Scheme"), a share award scheme ("Share Award Scheme") as well as a share option scheme ("Share Option Scheme").

As at September 30, 2012, no share option was granted by the Group under the Share Option Scheme.

Outlook

Looking forward to the second half of the year, the uncertainties of China's economy will remain and the business environment will continue to be difficult. The Group holds a prudent yet positive view on the future development of each segment. The Group believes that the down apparel business will maintain its leading position in the industry with stable growth, whereas its non-down apparel business will be adversely influenced by the downturn of the consumer market and the industry in China. Despite the short-term consolidation of the menswear market, it is expected to have a healthy growth subsequently. The Group remains confident about the mid- to long-term development potential of the menswear market. The Group will continue to put effort into the development of *JESSIE* to enhance its influence and business scale in the industry. The Group will seek opportunities to further enrich its non-down apparel business through merger and acquisition of outstanding menswear and ladies' wear brands.

Well-aware of the challenges ahead and well-prepared to strive for excellence with dedication, the Group will maintain its prudent business development and lay a good foundation for achieving its mid- to long-term goals.

Interim dividend

The Board has recommended the payment of an interim dividend of HKD6.0 cents (equivalent to approximately RMB4.9 cents) per ordinary share for the six months ended September 30, 2012. The proposed interim dividend is payable on or around January 15, 2013 to shareholders whose names appear on the register of members of the Company on January 8, 2013.

Closure of Register of Members

The register of members of the Company will be closed from January 3, 2013 to January 8, 2013, 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 15, 2013, 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 January 2, 2013.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended September 30, 2012, the Company has not purchased, sold or redeemed any of its listed shares except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, purchased on the Stock Exchange a total of 53,508,000 shares of the Company at a consideration of about HK$88.1 million.

Corporate Governance Code and Corporate Governance Report

The Directors are of the opinion that the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("Code"), as contained in Appendix 14 to the Listing Rules for the six months ended September 30, 2012, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Board will also continue to review and monitor the practices of the Company for the purposes of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

Mr. Gao Dekang is the Chairman and CEO of the Company and 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 four independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that adequate safeguards are in place to ensure sufficient balance of powers within the Board.

Publication of Interim Results and Interim Report on the Websites of the Stock Exchange and the Company

This announcement will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://company.bosideng.com). The interim report for the six months ended September 30, 2012 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

On behalf of the Board, I wish to express my sincere gratitude to our shareholders, distributors, customers and business partners for their continued support, and to our employees for their dedication and hard work.

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

Hong Kong, November 28, 2012

As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Dr. Kong Shengyuan, Ms. Gao Miaoqin, Ms. Huang Qiaolian and Ms. Wang Yunlei, the non-executive Director is Mr. Shen Jingwu, and the independent non-executive Directors are Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung.