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, 2009

HIGHLIGHTS

- Revenue increased by 26.2% to RMB1,564.9 million
- Gross profit margin increased by 3.3 percentage points to 33.5%
- Net profit attributable to equity holders of the Company increased by 19.0% to RMB60.6 million
- Interim dividend of RMB3.8 cents per ordinary share declared by the Board

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Bosideng International Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended September 30, 2009, together with the unaudited comparative figures for the corresponding period in 2008. These interim financial statements have not been audited, but have been reviewed by the auditors, KPMG, and the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009 (UNAUDITED)

	Note	Six months ended September 30, 2009 RMB'000	Six months ended September 30, 2008 *(unaudited)* RMB'000
Revenue	4	**1,564,855**	1,240,193
Cost of sales		**(1,039,982)**	(865,325)
Gross profit		**524,873**	374,868
Other income	5	**18,805**	6,490
Fair value changes on derivative financial instruments		**(25,811)**	—
Distribution expenses		**(324,723)**	(257,023)
Administrative expenses		**(148,703)**	(105,559)
Other expenses	5	**(13,970)**	—
Profit from operations		**30,471**	18,776
Finance income		**51,257**	63,983
Finance expenses		**(1,423)**	(5,933)
Net finance income	7	**49,834**	58,050
Profit before income tax		**80,305**	76,826
Income tax expense	8	**(19,685)**	(25,746)
Profit for the period		**60,620**	51,080
Other comprehensive income/(loss) for the period:			
Exchange differences on translation of financial statements of foreign operations		**(1,463)**	(71,606)
Net change in fair value of available-for-sale financial assets		**18,042**	—
Other comprehensive income/(loss) for the period, net of income tax		**16,579**	(71,606)
Total comprehensive income/(loss) for the period		**77,199**	(20,526)
Profit attributable to:			
Equity holders of the Company		**60,622**	50,927
Non-controlling interests		**(2)**	153
Profit for the period		**60,620**	51,080
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**77,201**	(20,679)
Non-controlling interests		**(2)**	153
Total comprehensive income/(loss) for the period		**77,199**	(20,526)
Earnings per share (RMB cents)	10		
Basic and diluted earnings per share		**0.78**	0.64

CONSOLIDATED BALANCE SHEET
AT SEPTEMBER 30, 2009 (UNAUDITED)

	Note	At September 30, 2009 RMB'000	At March 31, 2009 (audited) RMB'000
Non-current assets			
Property, plant and equipment		**159,101**	42,481
Land use rights		**32,414**	—
Intangible assets		**637,747**	—
Long-term deposit		**65,000**	—
Deferred tax assets		**43,837**	43,088
		938,099	85,569
Current assets			
Inventories	11	**1,147,126**	856,787
Trade, bills and other receivables	12	**1,248,152**	721,622
Receivables due from related parties		**31,528**	22,992
Prepayments for materials and service suppliers		**275,585**	179,658
Derivative financial instruments		**—**	34,217
Held-to-maturity investments		**570,000**	570,000
Available-for-sale financial assets		**1,518,042**	—
Pledged bank deposits		**87**	32
Time deposits with maturity over 3 months		**238,800**	1,085,914
Cash and cash equivalents		**1,819,379**	3,812,919
		6,848,699	7,284,141
Current liabilities			
Current income tax payables		**62,886**	91,570
Trade and other payables	13	**1,452,867**	624,442
Payables due to related parties		**8,277**	7,904
		1,524,030	723,916
Net current assets		**5,324,669**	6,560,225
Total assets less current liabilities		**6,262,768**	6,645,794
Non-current liabilities			
Long-term payables		**65,000**	—
Deferred tax liabilities		**136,294**	50,000
		201,294	50,000
Net assets		**6,061,474**	6,595,794
Equity			
Share capital		**607**	607
Reserves		**6,060,869**	6,595,187
Equity attributable to equity holders of the Company		**6,061,476**	6,595,794
Non-controlling interests		**(2)**	—
Total equity		**6,061,474**	6,595,794

Notes:

1. REPORTING ENTITY AND CORPORATE INFORMATION

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 Group is principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products in the People's Republic of China (the "PRC"), the sourcing and distribution of original equipment manufacturing ("OEM") apparels and the sourcing and distribution of non-down menswear apparels.

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 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 judgements, 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.

The 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 an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended March 31, 2009 was issued on July 6, 2009 (the "2008/09 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 2008/09 Annual Financial Statements.

The interim financial report for the 6 month period ended September 30, 2009 is unaudited, but has been reviewed by the Audit Committee of the Company and approved for issue by the Board on December 9, 2009. 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, 2009 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 2008/09 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 July 6, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the 2008/09 Annual Financial Statements and should be read in conjunction with the 2008/09 Annual Financial Statements.

Change in accounting policies as a result of new IFRSs

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8, *Operating segments*
- IAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to IFRSs (2008)
- Amendments to IAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to IFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*
- Revised IAS 23, *Borrowing costs*
- Amendments to IFRS 2, *Share-based payment – vesting conditions and cancellations*

The "Improvements to IFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments. The amendments have not resulted in any significant changes to the Group's accounting policies.

The amendments to IAS 23 and IFRS 2 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 and IAS 27 do not contain any additional disclosure requirements specifically applicable to the interim financial report.

The impact of the remainder of these developments on the interim financial report is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management (see note 4).
- As a result of the adoption of IAS 1 (revised 2007), the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in this interim financial report. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

4. REVENUE AND SEGMENT REPORTING

(a) Segment results, assets and liabilities

The Group manages its businesses by divisions, which are organised by business lines (products and services). On first-time adoption of IFRS 8, *Operating segments*, and 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 apparels segment carries on the business of sourcing and distributing branded down apparels.

— OEM: The OEM management segment carries on the business of sourcing and distributing OEM apparels.

— Menswear apparels: The menswear apparels segment carries on the business of sourcing and distributing branded menswear apparels (non-down).

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

Segment results

	For the six months ended September 30, 2009			
	Down apparels *(unaudited)* *RMB'000*	**OEM management** *(unaudited)* *RMB'000*	**Menswear apparels** *(unaudited)* *RMB'000*	**Group** *(unaudited)* *RMB'000*
Revenue to external customers	**1,032,284**	**475,712**	**56,859**	**1,564,855**
Inter-segment revenue	**—**	**—**	**2,966**	**2,966**
Reportable segment revenue	**1,032,284**	**475,712**	**59,825**	**1,567,821**
Reportable segment profit/(loss) before income tax	**19,338**	**86,419**	**(25,424)**	**80,333**

	For the six months ended September 30, 2008			
	Down apparels	OEM management	Menswear apparels	Group
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	843,633	396,560	—	1,240,193
Reportable segment (loss)/profit before income tax	(40,404)	67,061	—	26,657

Assets and liabilities

	At September 30, 2009			
	Down apparels	**OEM management**	**Menswear apparels**	**Group**
	(unaudited)	***(unaudited)***	***(unaudited)***	***(unaudited)***
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment assets	**6,232,813**	**240,572**	**1,026,116**	**7,499,501**
Additions to non-current segment assets during the period	**79,510**	**—**	**788,539**	**868,049**
Reportable segment liabilities	**(1,309,415)**	**(14,034)**	**(203,759)**	**(1,527,208)**

	At March 31, 2009			
	Down apparels	OEM management	Menswear apparels	Group
	(audited)	*(audited)*	*(audited)*	*(audited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	6,168,664	94,844	—	6,263,508
Additions to non-current segment assets during the period	36,268	—	—	36,268
Reportable segment liabilities	(626,721)	—	—	(626,721)

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

	For the six months ended September 30, 2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Revenue		
Reportable segment revenue	**1,567,821**	1,240,193
Elimination of inter-segment revenue	**(2,966)**	—
Consolidated revenue	**1,564,855**	1,240,193

	For the six months ended September 30, 2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**80,333**	26,657
Government grants	**14,072**	1,980
Unallocated (expenses)/income	**(14,100)**	48,189
Consolidated profit before income tax	**80,305**	76,826

	At September 30, 2009 (unaudited) RMB'000	At March 31, 2009 (audited) RMB'000
Assets		
Reportable segment assets	**7,499,501**	6,263,508
Elimination of inter-segment receivables	**(2,664)**	—
	7,496,837	6,263,508
Deferred tax assets	**43,837**	43,088
Unallocated head office and corporate assets	**246,124**	1,063,114
Consolidated total assets	**7,786,798**	7,369,710

	At September 30, 2009 (unaudited) RMB'000	At March 31, 2009 (audited) RMB'000
Liabilities		
Reportable segment liabilities	**(1,527,208)**	(626,721)
Elimination of inter-segment payables	**2,664**	—
	(1,524,544)	(626,721)
Current tax liabilities	**(62,886)**	(91,570)
Deferred tax liabilities	**(136,294)**	(50,000)
Unallocated head office and corporate liabilities	**(1,600)**	(5,625)
Consolidated total liabilities	**(1,725,324)**	(773,916)

5. OTHER INCOME AND EXPENSES

		For the six months ended September 30,	
		2009	2008
		(unaudited)	*(unaudited)*
	Note	***RMB'000***	*RMB'000*
Royalty income	(i)	**4,733**	4,510
Government grants	(ii)	**14,072**	1,980
Other income		**18,805**	6,490
Other expenses - donations		**(13,970)**	—

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

(ii) The Group received unconditional discretionary grants amounting to RMB14,072,000 (2008: RMB1,980,000) for the six months period ended September 30, 2009 from various local Chinese 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.

	For the six months ended September 30,	
	2009	2008
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
Cost of inventories recognised as expenses included in cost of sales	**1,089,982**	913,477
Write down/(reversal) of inventories to net realisable value	**(50,000)**	(48,152)
Depreciation and amortisation	**15,330**	7,426
Operating lease charges	**22,853**	12,356
Impairment of bad and doubtful debts	**48,853**	58,130

7. NET FINANCE INCOME

	For the six months ended September 30,	
	2009	2008
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
Recognised in profit or loss		
Interest income on held-to-maturity investments	**19,639**	24,234
Interest income on bank deposits	**31,618**	39,749
Finance income	**51,257**	63,983
Interest on interest-bearing borrowings	**—**	(786)
Bank charges	**(618)**	(1,763)
Net foreign exchange loss	**(805)**	(3,384)
Finance expenses	**(1,423)**	(5,933)
Net finance income recognised in profit or loss	**49,834**	58,050

No interest has been capitalised during the six months ended September 30, 2009.

Recognised in other comprehensive income/(loss)		
Exchange differences on translation of financial statements of foreign operations	**(1,463)**	(71,606)
Net change in fair value of available-for-sale financial assets	**18,042**	—
	16,579	(71,606)

8. INCOME TAX EXPENSE

Income tax expenses recognised in the Consolidated Statement of Comprehensive Income:

	For the six months ended September 30,	
	2009	2008
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
Current tax expenses		
Provision for PRC income tax	**20,434**	18,846
Deferred tax (benefits)/expenses		
(Reversal)/origination of temporary differences	**(749)**	6,900
	19,685	25,746

(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 International Company Bosideng Ltd., a subsidiary of the Group registered in Russia, as it does not have assessable profits subject to any Russian income tax during the period.

(iii) No tax provision has been made for Long Pacific (H.K.) Ltd. and Rocawear (China) Limited, subsidiaries of the Group incorporated in Hong Kong, 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 the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "New Tax law") which became effective on January 1, 2008, when the income tax rules and regulations of the PRC applicable to foreign investment enterprises (the "FEIT Law") was abolished. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises.

Pursuant to the transitional arrangement under the New Tax Law, those subsidiaries of the Group that are foreign investment enterprises will continue to enjoy tax-exemption or 50% reduction on the applicable income tax rates under the New Tax Law during the transitional period of five years starting from January 1, 2008 until the expiry of the tax holidays previous granted under the FEIT Law. Thereafter they are subject to the unified rate of 25%.

The applicable income tax rate of other domestic companies established in the PRC is 25%.

The effective tax rate for the six months ended September 30, 2009 is approximately 25%. The decrease from the prior period comparative effective tax rate of approximately 34% is mainly attributable to a provision for withholding tax of RMB6,900,000 made on the undistributed retained earnings of the Group's PRC subsidiaries during the six months ended September 30, 2008. As the directors do not intend to distribute the profits made by the Group's PRC subsidiaries during the six months ended September 30, 2009 outside of the PRC, no additional provision for withholding tax has been made for the current period.

9. DIVIDENDS

On September 16, 2009, the Company declared final dividends in an aggregate amount of RMB621,788,000 (2008: RMB698,421,000) in respect of financial year ended March 31, 2009 to the shareholders from share premium account.

The Board declared an interim dividend of RMB3.8 cents per ordinary share to equity holders of the Company on December 9, 2009.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended September 30, 2009 was based on the profit attributable to equity holders of the Company for the six months of RMB60,622,000 (2008: RMB50,927,000) and the weighted average number of shares in issue during the six months ended September 30, 2009 of 7,772,350,000 (2008: 7,953,956,087).

11. INVENTORIES

	At September 30, 2009 *(unaudited)* *RMB'000*	At March 31, 2009 *(audited)* *RMB'000*
Raw materials	**141,604**	29,980
Work in progress	**238,351**	3,980
Finished goods	**767,171**	822,827
	1,147,126	856,787

At September 30, 2009, inventories carried at net realisable value amounted to approximately RMB262,981,000 (March 31, 2009: RMB 557,682,000).

12. TRADE, BILLS AND OTHER RECEIVABLES

	At September 30, 2009 *(unaudited)* *RMB'000*	At March 31, 2009 *(audited)* *RMB'000*
Trade receivables	**933,388**	508,367
Bills receivables	**14,680**	64,479
Third party other receivables		
• VAT recoverable	**105,484**	119,639
• Prepaid rental	**45,268**	7,722
• Prepaid deposits	**37,947**	—
• Advances to employees	**17,201**	10,061
• Deposit within an escrow account	**65,000**	—
• Others	**29,184**	11,354
	1,248,152	721,622

All of the trade 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 to its customers. As at September 30, 2009, trade and bills receivables of approximately RMB98,412,000 (March 31, 2009: RMB100,435,000) were past due but considered to be not impaired. These relate to a number of independent customers for whom there is no recent history of default. An ageing analysis of trade and bills receivables (net of impairment losses on bad and doubtful debts) is as follows:

	At September 30, 2009 *(unaudited)* *RMB'000*	At March 31, 2009 *(audited)* *RMB'000*
Within credit terms	**849,656**	472,411
1 to 3 months past due	**16,418**	58,789
Over 3 months but less than 6 months past due	**70,867**	12,192
Over 6 months but less than 12 months past due	**6,559**	26,538
Over 1 year	**4,568**	2,916
	948,068	572,846

13. TRADE AND OTHER PAYABLES

	At September 30, 2009 *(unaudited)* *RMB'000*	At March 31, 2009 *(audited)* *RMB'000*
Trade payables	**797,490**	297,524
Other payables and accrued expenses		
• Customer deposits	**414,618**	171,739
• Accrued rebates and commissions	**49,352**	52,740
• Accrued advertising expenses	**36,907**	28,965
• Accrued payroll and welfare	**59,068**	40,945
• Dividend payables	**5,000**	—
• Contingent consideration payables	**65,000**	—
• Others	**25,432**	32,529
	1,452,867	624,442

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, 2009 *(unaudited)* *RMB'000*	At March 31, 2009 *(audited)* *RMB'000*
Due within 1 month or on demand	**41,955**	142,681
Due after 1 month but within 3 months	**755,535**	154,843
	797,490	297,524

14. NON-ADJUSTING POST-BALANCE SHEET EVENT

Subsequent to September 30, 2009, the Board of the Company declared an interim dividend of RMB 3.8 cents per ordinary share to equity holders of the Company on December 9, 2009.

15. COMPARATIVE FIGURES

As a result of application of IAS 1 (revised 2007), *Presentation of financial statements*, and IFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Dampened by the global financial crisis and cyclical downturn of the domestic economy, the apparel industry of the PRC has declined since the second-half of last year and recorded continuous negative growth for months. Nevertheless, the general economic condition of the PRC has shown signs of recovery recently after the central government implemented a series of stimulus economic policies. There have been promising improvements in the apparel industry. Various economic indicators have bottomed out with steady growth.

During the reporting period, domestic demand contributed most to apparel consumption in the PRC, which was mainly driven by seasonal discount sales with a decrease in selling price of apparel. Spending on casual apparel continued to increase and consumers have attached more importance on branding and the shopping experience. Differentiation of apparel products is not clear due to the increased number of subdivisions of products. Despite the fierce competition, market share and performance of major brands of apparel enterprises were relatively stable as they enjoy a strong competitive edge and are less vulnerable to unfavourable conditions.

Business Review

Market leadership and satisfactory performance in the down apparel industry

"Bosideng" has been the leading down apparel brand in the PRC in terms of sales for 14 consecutive years since 1995, according to the China Industrial Information Issuing Centre ("CIIIC") and the National Bureau of Statistics of China. According to CIIIC's report issued in 2008, the Group's brands, namely "Bosideng", "Snow Flying", "Kangbo" and "Bingjie", accounted for 39.5% (2007: 39.9%) of market share in aggregate. "Bosideng" and "Snow Flying" remained the largest and the second largest brands, which respectively accounted for 26.3% and 10.1% of market shares, while "Kangbo" and "Bingjie" ranked seventh and eleventh.

The Group typically experiences seasonal fluctuations in the branded down apparel revenue. The sales are generally highest from October to February of the following year (the peak sales season). In contrast, the sales are generally lowest from March to May before the Group enters into off-peak sales season from June to September when it offers promotional discounts to promote sales of the inventories brought forward from the previous fiscal year. Under the challenging and unfavourable market conditions, the Group's results during the reporting period were within the expectations of the Directors and senior management.

Strategic launch of non-seasonal apparel products provides promising prospects

In order to diversify beyond its product portfolio of seasonal apparel products, reduce risks of operation, explore new source of profit growth and enhance profitability of the Company, the Group has adopted a strategy to develop non-seasonal apparel products and expand its brand and product portfolio by acquiring non-down apparel brands with high development potential and good reputation when attractive opportunities arise.

As the first step of the transformation of the "Bosideng" brand from offering seasonal apparel products to non-seasonal apparel products, the Group expanded into the menswear business by acquiring Jiangsu Bosideng Garment Development Co., Ltd. (previously known as Jiangsu Kangbo Clothing Co., Ltd.) ("the Menswear Company") for a maximum aggregate cash consideration of up to RMB650,000,000 in May 2009. Please refer to the Company's announcements dated May 15, 2009 and May 26, 2009 for further details of the acquisition of the Menswear Company. With the support of "Bosideng" brand and the Group, the Menswear Company has made significant progress in the development and design, sales and marketing and brand promotion of the brand "Bosideng Man".

The Group also entered into a joint venture agreement in May 2009 to establish a joint venture engaging in the production, sale, advertising and promotion of "Rocawear" branded male and female apparel and accessories in the Greater China Region (including China, Hong Kong, Macau Special Administration Region and Taiwan). Please refer to the Company's announcement dated May 29, 2009 for further details of the joint venture, which is actively undergoing pre-operational work.

Enhancement of brand value with various awards

During the reporting period, the Group's brands were granted various awards which effectively enhanced the overall brand value of the Group.

The "Bosideng" brand is regarded as "China's World Famous Brand (中國世界名牌)" and "Leading Textile Clothing Brand (中國紡織服裝領軍品牌)", and has been awarded with various honours, including, but not limited to, being the 47th brand of the Sixth China's 500 Most Valuable Brands (中國500最具價值品牌) by the World Brand Lab in June 2009; being selected into the "National Business Card (國家名片)" list, which was a recognition to enterprises or brands capable of representing the national image of the PRC, by the China Brand Research Institute in June 2009; being one of the "60 Outstanding Brands on the 60th Anniversary of PRC (新中國60周年60個傑出品牌)" awarded by CCTV.com in August 2009; and being awarded the "Hua Pu China Brand Award 2009, Nationwide Honour List (2009品牌中國總評榜華譜獎)" granted by the Organizing Committee of the Third China Brands Festival (第三屆中國品牌節組委會) in August 2009.

In regard to other brands of the Group, "Bingjie" was recognized as "2008-2009 The Most Popular Brand (2008-2009年度最受歡迎品牌獎)" by China Fashion Association Apparel and Product Committee and the Information Department of China General Chamber of Commerce in July 2009; "Best Selling Brand of 2008-2009 China National Garment Association Down Apparel Fair (2008-2009年度中國服裝協會羽絨服博覽會暢銷品牌獎)" by China Fashion Association Apparel and Product Committee in July 2009; and "China's Most Promising Down Apparel Brand (中國最具潛力羽絨服品牌)" by the Organizing Committee of the Third China Brands Festival (第三屆中國品牌節組委會) in August 2009, while "Kangbo" was recognized as "2009 China's Most Valuable Apparel Brand (2009中國最具價值服裝品牌)" by the Organizing Committee of the Third China Brands Festival (第三屆中國品牌節組委會) in August 2009.

Successful product launch shows to introduce trendy concepts

On July 15, 2009, the Group held the "Up to the Summit (騰龍登峰)" Bosideng Man 2009 Autumn/Winter Beijing product launch show and "Rock the Nest (炫動鳥巢)" ceremony for the appointment of pop star Leehom Wang as the brand ambassador of "Bosideng Man" in the Beijing "Bird's Nest" stadium. It was the first China brand apparel show held at the stadium. Leehom Wang, together with international top models, presented four major collections to be launched in autumn and winter in 2009, including "Smart Business Wear (精緻商務)", "Easy

Office Wear（簡約辦公）", "Cool Causal（Cool休閒）" and "Urban Sports（都市運動）". These collections accentuate the characteristics of modern men, such as intellect, knowledgeability, stylishness and stamina, from different perspectives and represent the slogan for "Bosideng Man" – "Great minds think alike（品位生活，英雄所見）".

On September 12, 2009, a product launch show for 2009/2010 entitled "Lijiang, the Dream-like and Stylish Paradise（夢縈淨土 • 時尚麗江）" was held by the Group at the foot of Jade Dragon Snow Mountain, which is 5,596 metres above sea level and is situated at Lijiang, Yunnan Province, a landmark of world heritage. The theme of this product launch show was "Change", which aimed at changing consumers' concept of wearing down apparel. Four new series, namely classic, vogue, stylish and casual down apparel, presented consumers with a brand new and trendy way of dressing to experience the fashionable fascination of down apparel in 2009. The design concept of 2009 was as a result of the financial crisis which advocates a simple and sober lifestyle. On this basis, three main themes, namely "Travel in the Sky（天際之旅）, The Silent Station（靜驛站台）and Happiness in the Wonderland（情歡樂園）", were introduced in the product launch show to display a simple, casual and natural style of dressing. The themes are embodied in natural colouring, sophisticated artistry, comfortable mix and match and the design of individuality. To further accentuate the themes, mysterious purple silver, violet red and liquorice yellow are used with dimensional and neutral cutting. All of the above elements are blended in an interplay of cosmopolitan, natural, simple and cyber designs. Thousands of celebrities, media and distributors all over the country participated in this ceremony which was the first apparel launch show held on a plateau.

Enhancement of technological research and development and product design systems

The Group believes strengthening and diversifying product design is the key to enhancing product competitiveness and achieving long-term success. In this connection, the Group has been putting efforts in technological research and development and product design systems. The Group's product design team has also conducted market surveys from time to time and participated in various trade fairs and carefully analyzed sales performance to gain an insight into customer needs, thereby keeping abreast of the latest trends. In addition, the Group also invites famous designers from France, Korea and Hong Kong to offer on-site guidance and send outstanding designers to France and Italy for inspection and study, participation in international professional exhibitions, collection of latest market information and exposure to artistic ideas.

The Group has maintained close cooperation with domestic and overseas research institutes. By applying international leading design concepts, the Group has seamlessly combined the classical Chinese ethnic style with international popular trends, and has continually improved its style, fabrics and concepts. The Group is continually in pursuit of innovation and quality improvement.

Multiple marketing channels enable effective marketing strategies

In the face of the fierce competition at home and abroad, it is important for the Group to maintain effective marketing strategies apart from producing quality products. During the reporting period, the Group cooperated with external professional consultancies to further define various styles and market positioning of all its brands and carry out brand promotion by adopting various flexible and solid target focused marketing models so as to effectively increase the brand value and maximize the returns of the Group.

Apart from launching TV commercials, the Group also integrated resources from various aspects, including various promotion media and methods such as opening of high end flagship stores in busy commercial districts, organizing new product release conferences, sponsoring sports activities, appointing celebrities as endorsers, outdoor advertisements and web sites, store promotion and product display and also advertising in popular movies and concerts, so as to communicate its brand concept and the uniqueness of its products to consumers in a comprehensive way and increase the awareness of the Group's products among consumers in the target markets.

Strengthening the management information system and optimizing the supply chain and logistics management

The Group upgraded its quality inspection centre to ensure its adherence to quality control standards at every stage of the supply chain. It also implemented strict control at every stage of the supply chain and managed its production quality through a competitive cost structure. The Group further upgraded its management information system, enhanced the coverage and analytical functions of its ERP system and standardized its operation flow to minimize human error and realized the share of information within the Group to enhance the transparency and accuracy of the information of the Company. The Group was able to obtain important operating information in a timely manner and rapidly respond to market changes while reducing its inventory and increasing its logistics turnover rate.

Further optimization and expansion of retail network

The Group continued to optimize its retail network of down apparel business and reorganize its sales areas. While phasing out or replacing sub-standard distributors and under-performing retail outlets, the Group also opened a number of self-operated stores to streamline its general retail composition and optimize individual stores. According to the evaluation standards for establishing retail channels (including business area identification, store location, staff marketing ability and shop profitability), the Group made significant adjustments to the store image and style of its sales channels. Firstly, decoration styles of retail channels in different locations were unified to create standardized shop decoration and product display. Moreover, it enabled the Group to provide products, retail space, lighting, service and ambience in tune with fashionable trends.

During the reporting period, Bosideng's menswear business focused on market expansion. Apart from its presence in second and third-tier cities, the Company has commenced to establish large flagship stores in first-tier cities. Relevant staff of the Company was assigned to collect store information in selected major cities including Beijing, Shanghai, Wuhan and Chengdu. In July 2009, a flagship store for the Group's menswear business was opened in Beijing.

Outlets of down apparels business

Retail network composition by outlet type

Store types	September 30, 2009	March 31, 2009	Change
Specialty stores			
- Operated by the Group	99	31	+68
- Operated/Supervised by third party distributors	3,472	3,829	-357
	3,571	3,860	-289
Concessionary retail outlets			
- Operated by the Group	1,112	694	+418
- Operated/Supervised by third party distributors	1,172	1,108	+64
	2,284	1,802	+482
Total	5,855	5,662	+193

Retail network composition by geographical location

Sales regions*	September 30, 2009	March 31, 2009	Change
North Western areas (previously named as Western China areas)	3,518	3,434	+84
Eastern China areas	1,219	1,161	+58
Central China areas (previously named as Northern China areas)	1,118	1,067	+51
Total	5,855	5,662	+193

* *North Western areas: the three north-eastern provinces, Shanxi, Shaanxi, Xinjiang, Sichuan, Chongqing, Inner Mongolia, Gansu, Ningxia, Xizang, Yunnan, Guizhou, Shandong, Beijing, Tianjin, Hebei*
Eastern China areas: Jiangsu, Zhejiang, Shanghai, Anhui, Fujian
Central China areas: Henan, Hunan, Hubei, Jiangxi, Guangdong, Guangxi

The comparative figures of all the above regions have been restated as the Group strategically relocated Shandong (from Eastern China areas to North Western areas), Fujian (from Central China areas to Eastern China areas) and Hebei (from Central China areas to North Western areas) for better management and development among the regions.

Outlets of Bosideng's menswear business

Retail network composition by outlet type

Store types	**September 30, 2009**	**March 31, 2009***	**Change**
Specialty stores			
– Operated by the Group	29	2	+27
– Operated under franchise agreement	43	25	+18
– Operated by third party distributors	316	342	-26
	388	369	+19
Concessionary retail outlets			
– Operated by the Group	32	10	+22
– Operated under franchise agreement	40	23	+17
– Operated by third party distributors	206	258	-52
	278	291	-13
Total	666	660	+6

* For comparative purpose only, as the Bosideng's menswear business was not part of the Group until May 2009.

Acquisition of Properties (Connected Transaction)

On April 14, 2009, the Group purchased land use rights of a land in Jiangsu Province for warehouse purposes (with a total site area of approximately 33,334 square metres and the four buildings erected thereon with a total gross floor area of approximately 27,050.8 square metres) and the 25th floor of Shanghai New City Plaza in Shanghai for office purposes (with a total gross floor area of approximately 1,207.99 square metres) from associated entities of Mr. Gao Dekang (being connected persons of the Company under the Listing Rules), for an aggregate consideration of RMB68 million.

The Directors believe these properties will enhance the long-term stability of the Group since it will not be subject to potential fluctuations in rental payment and restrictions in material lease terms. Furthermore, the Group has the option to lease out the areas (other than its office premises) to third parties at favourable rates to generate rental revenues if opportunities arise under appropriate market conditions. Please refer to the Company's announcement dated April 14, 2009 for further details.

Financial Review

Revenue

For the six months ended September 30, 2009, the Group recorded revenue of approximately RMB1,564.9 million (2008: approximately RMB1,240.2 million), representing an increase of 26.2% as compared with the corresponding period last year. The increase was mainly driven by (a) the 22.4% growth in branded down apparel business, due to the effective sales plan to control the quantity and selling price of inventories to be sold in the off-peak season and (b) the 19.9% growth in OEM management business, due to the fully utilization of the Group's resources during the off-peak season. The peak season of menswear business started from mid-September to late April, similar to the peak season of branded down apparel business. The menswear apparel business contributed approximately RMB56.9 million or 3.6% of the Group's revenue.

A breakdown of the revenue by products is as below:

Sales analysis by products

	For the six months ended September 30,				
	2009		2008		
	(RMB million)	**% of total revenue**	(RMB million)	% of total revenue	Changes (in %)
Branded down apparel					
• Outright sales	**886.4**	**56.7%**	684.8	55.2%	29.4
• Consignment sales	**141.4**	**9.0%**	155.2	12.5%	(8.9)
• Others*	**4.5**	**0.3%**	3.6	0.3%	(25.0)
Total down apparel revenue	**1,032.3**	**66.0%**	843.6	68.0%	22.4
OEM management	**475.7**	**30.4%**	396.6	32.0%	19.9
Menswear apparel	**56.9**	**3.6%**	—	—	N/A
Total revenue	**1,564.9**	**100%**	1,240.2	100%	26.2

* *Represents sales primarily of raw materials related to down apparel products and non-seasonal apparel products.*

A majority of the branded down apparel were sold through outright sales, which accounted for 85.9% of the Group's total down apparel revenue, as compared to 81.2% in the same period last year. The percentage increase reflected that the sales method of outright sales in off-peak season was relatively well received by the market.

A revenue analysis of down apparel sales by brand is as below:

Revenue analysis of down apparel sales by brand

	For the six months ended September 30,				
	2009		2008		
Brands	**(RMB million)**	**% of branded down apparel sales**	(RMB million)	% of branded down apparel sales	Changes (in %)
Bosideng	**509.3**	**48.8%**	417.2	48.8%	22.1
Snow Flying	**198.6**	**19.0%**	233.7	27.3%	(15.0)
Bingjie	**202.0**	**19.3%**	119.4	13.9%	69.2
Kangbo	**122.1**	**11.7%**	53.5	6.3%	128.2
Other brands	**8.3**	**0.8%**	28.3	3.3%	(70.7)
Others	**4.5**	**0.4%**	3.6	0.4%	25.0
Sub-total	**1,044.8**	**100%**	855.7	100%	22.1
Sales rebates	**(12.5)**		(12.1)		
Total down apparel revenue	**1,032.3**		843.6		

In an effort to strengthen differentiation amongst various brands, the Group adjusted its product offerings under its portfolio of brands. While the Group's core brand, "Bosideng" brand, continues to be marketed as a medium to high end brand, targeting customers with greater consumption power and who seek trendy and fashionable designs, "Snow Flying" brand appeals to younger customers with more energetic lifestyles. "Kangbo" and "Bingjie" branded apparel offer colourful, youthful down apparel lines for mainly men and ladies respectively, and is targeted at the mass market. As a result of such brand positioning strategy, "Bosideng" branded apparel remained the highest contributor and contributed 48.8% or approximately RMB509.3 million of the total branded down apparel sales. "Snow Flying" branded apparel contributed 19.0% or approximately RMB198.6 million of the total branded down apparel sales. "Kangbo" and "Bingjie" recorded revenues of RMB122.1 million and RMB202.0 million, which represented 11.7% and 19.3% of the total branded down apparel sales respectively, of which "Bingjie" became the second largest contributor of the down apparel sales.

Cost of sales and gross margin

During the period under review, cost of sales remained stable as a percentage of revenue as compared to the previous year. It amounted to approximately RMB1,040.0 million, or 66.5% of the Group's revenue, as compared to approximately RMB865.3 million or 69.8% of Group's revenue in the same period last year. This is mainly attributable to stringent cost control measures and the Group's strategy of maintaining profitability.

The sales margin of branded down apparel, OEM management and menswear business for the period under review was 39.2%, 20.8% and 37.8% respectively, compared to same period of last year for branded down apparel and OEM management was 34.9% and 20.3% respectively.

Fair value changes on derivative financial instruments

The Group entered into a conditional call option agreement dated August 29, 2008 under which the Group was granted a call option to acquire the menswear apparel business from Goldwai Holdings Limited at an appropriate time in future. The exercise price of this call option as acquisition date of May 15, 2009 constitutes an one-off impairment loss of RMB25.8 million for the period ended September 30, 2009. Please refer to the Company's announcement dated August 29, 2008 and the circular dated September 11, 2008 for further details of the terms of the conditional call option agreement.

Distribution expenses

The Group's distribution expenses, mainly comprising advertising, promotion, concessionaire fees and salary and welfare, amounted to approximately RMB324.7 million, representing an increase of 26.3%, compared with approximately RMB257.0 million in the same period last year. The increase of actual spending was mainly due to the increase in number of store and headcount for the development of non-down apparels business and the expansion of the specialty stores operated by the Group. In terms of percentage to revenue, distribution expenses constituted 20.8% of total revenue, remained unchanged as compared with the same period last year.

Administration expenses

The administrative expenses of the Group, which mainly comprised of bad and doubtful debts provision, salary and welfare, travel and office expenses, amounted to approximately RMB148.7 million, an increase of 40.9%, compared with approximately RMB105.6 million in the same period last year. The increase of actual spending was mainly due to the acquisition of menswear business. During the period, administration expenses accounted 9.5% of the Group's revenue, representing a slight increase of 1 percentage point as compared with 8.5% in the same period last year.

Operating profit

For the six months ended September 30, 2009, the Group's operating profit increased by 62.3% to RMB30.5 million. Operating profit margin was 1.9%, an increase of 0.4 percentage point as compared with 1.5% in the same period last year.

Finance income

During the period under review, the Group's finance income recognizing in profit or loss decreased to approximately RMB51.3 million from approximately RMB64.0 million in the same period last year. The decrease was in line with the decrease in net cash held by the Group.

Finance costs and taxation

The Group's finance costs for the period under review decreased by 76.0% to RMB1.4 million due to the strong cash position of the Group.

For the six months ended September 30, 2009, income tax expenses decreased from RMB25.7 million to RMB19.7 million. This was mainly attributable to a provision for withholding tax of RMB6.9 million made on the undistributed retained earnings of the Group's PRC subsidiaries during the six months ended September 30, 2008. As the directors do not intend to distribute the profits made by the Group's PRC subsidiaries during the six months ended September 30, 2009 outside of the PRC, no additional provision for withholding tax has been made for the current period.

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.

For the six months ended September 30, 2009, the Group's net cash used in operating activities amounted to RMB50.2 million, compared to a net cash inflow of approximately RMB1,424.4 million as at March 31, 2009. Cash and cash equivalents as at September 30, 2009 was in the amount of approximately RMB1,819.4 million, compared to approximately RMB3,812.9 million as at March 31, 2009. The decrease in cash and cash equivalents was due to the cash used in the acquisition of the Bosideng's menswear business and the payment of final dividend for the financial year ended March 31, 2009.

In order to maximise returns on the Group's available cash reserves, the Group had held-to-maturity investments and available-for-sales financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. These investments have interest rates and expected returns ranging from 4.0% to 5.1% per annum and 4.0% to 4.5% per annum respectively.

As at September 30, 2009, the Group had no outstanding loans and bank borrowings. The gearing ratio (total debt/total equity) of the Group was zero.

Contingent liabilities

As at September 30, 2009, the Group had no material contingent liabilities.

As at September 30, 2009, the Group had a non-cancellable operating lease commitments which amounting to approximately RMB329.1 million (March 31, 2009: approximately RMB27.0 million).

Pledge of assets

As at September 30, 2009, bank deposits amounting to approximately RMB87,000 had been pledged to secure the Group's banking facilities in relation to bills payable and bank borrowings (March 31, 2009: approximately RMB32,000).

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 its some overseas subsidiaries selected USD as their functional currency respectively. Any significant exchange rate fluctuations of Hong Kong Dollars or US Dollars against each entity's respective functional currency may have a financial impact to the Group.

As at September 30, 2009, the Directors of the Company 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, 2009, the Group had approximately 1,821 full-time employees which including 81 employees belong to non-seasonal apparel business (March 31, 2009: 1,740 full-time employees). Staff costs for the six months ended September 30, 2009 (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB109.4 million (2008: approximately RMB69.1 million). This increase was mainly due to the increase of headcount for the development of non-down apparels business and to support expansion of the specialty stores operated by the Group. The Group's policy on salary and bonus are primarily based on duties, performance, length of service of each individual employee and the prevailing market conditions.

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

As at September 30, 2009, no share options were granted under the Share Option Scheme.

Business Outlook

Going forward, the Group remains optimistic. Although the economy will take a long time to recover in the aftermath of the international financial crisis, China's garment industry will see a strong growth in light of the stabilising and recovery of the general economy. Supported by the government policies on industry restructuring and economic revival, consolidation of the garment industry will take place at a faster pace. Such policies and business environment are favourable to major players with strong brand names. Leveraging our "Bosideng" brand, the Group will change its business model by expanding its product offerings. Products for different seasons will be introduced to achieve further and sustainable growth. The Group will strive towards continual and comprehensive development of its business and turn "Bosideng" into a diversified apparel conglomerate in the long term.

The Group is poised to achieve these goals through a business strategy that contains the following key aspects:

Expediting the development strategy of non-seasonal apparel products

While maintaining its leading market position and excellent results in the down apparel market, the Group will implement and expedite the development strategies of non-seasonal apparel products to further increase the proportion of non-seasonal apparel products to our total sales.

Apart from boosting the development of the "Bosideng Man" menswear apparel business and the "Rocawear" brand in the Greater China Region, the Group will seek for cooperation opportunities with renowned garment companies (other than down apparel business) which are of strong growing potential through mergers and acquisitions, distributorships, joint ventures and collaboration with external retail channels to actively promote the change in product portfolio by providing products for all seasons.

Optimizing and expanding the retail sales network with mega flagship stores

The Group will increase the number of "Bosideng" self-operated stores to improve profit margin. The Group will open "gallery-styled" large brand flagship stores in major cities such as Beijing and Shanghai to display the full range of products under the brands of "Bosideng", and utilise its new image visual system for retail outlets to provide a comprehensive shopping experience to consumers, thus establishing a new milestone for the image of our retail outlet store image.

The Group will further consolidate the sales channels of its down apparel products while expanding the market of non-seasonal products. In particular, the Group plans to increase the number of retail outlets of Bosideng's menswear business from currently over 600 to approximately 800 by the end of March in the year 2010 and reach approximately 1,200 by 2011. The Group will also develop the "Rocawear" brand by opening more than 300 "Rocawear" free-standing stores and shop-in-shop concepts in the Greater China Region by 2013.

Strengthening our product competitiveness through maximising brand value and quality

The Group will implement its brand development strategy to further enrich the cultural significance of "Bosideng" and upgrade the brand positioning of "Bosideng". On the basis of consolidating its position as the top high end brand in the PRC down apparel market, the Group will extend the influence of "Bosideng" to other non-down apparel areas so as to transform "Bosideng" into an established international well-known brand. The Group will also make full efforts to drive the development of dominant brands such as "Snow Flying", "Kangbo" and "Bingjie" (including such other brands newly acquired by the Group through mergers and acquisitions, distributorships, joint ventures and collaboration with external retail channels).

The Group will further expand and strengthen its research, design and development team while fostering closer collaboration with domestic and internationally renowned research institutions to develop and apply new fabric materials to strengthen product competitiveness and enhance brand value. The Group will create and provide spaces and arenas for designers to develop their artistic potentials and stimulate their artistic inspirations. Our designers will also have the opportunities to share and cooperate with various reputable international and domestic design firms.

Enhancing marketing strategy to increase market share effectively

The apparel industry is one of the most competitive industries in the PRC. Apart from ensuring the product quality, the marketing strategy also needs to be strengthened in order to expand the market effectively. The Group will closely cooperate with external professional consultancies to further define the various styles and market positioning of all its brands and carry out brand promotion by adopting various flexible and solid target focused marketing models so as to maximize the return of the business of the Group. Besides existing promotion channels for our down apparel business such as advertisement and product launch shows, more effort will be put on the interaction with consumers. Various kinds of display and promotion activities will be held in outlets to invite consumers to try out the Group's "Bosideng" products. The advertisements for "Bosideng Man" apparel products will be mainly placed in the high end media platform of CCTV as well as advertising channels at the airports and expressways where business people most frequently visit. Promotion efforts will also be placed in magazines relating to aviation, car, finance, fashion and other interests for male readers as well as movies/concerts to promote its new brand positioning and image to customers.

Improving the information system to enhance management

As the competition in the domestic and overseas markets is increasingly fierce, the key to success lies in corporate management. The corporate information system enables accurate collection of information, real-time sharing of data and quantitative assessment of performance. The enhancement of corporate management procedures allows the transformation from experience-based management to scientific management and expedites the improvement of management. The Group will further enhance its corporate information system and capitalise on modern information technology to introduce advanced management concepts and methods. System, mechanism and management innovation will be implemented at all levels to enhance management.

Interim Dividend

To offer a higher reward to the shareholders, the Board has recommended the payment of an interim dividend of RMB3.8 cents per ordinary share for the six months ended September 30, 2009. The proposed dividend payment is payable on January 18, 2010 to shareholders whose names appear on the Register of Members of the Company on January 7, 2010 and in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China on December 9, 2009.

Closure of Register of Members

The register of members of the Company will be closed from January 5, 2010 to January 7, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on January 18, 2010, all duly completed transfer forms must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on January 4, 2010.

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

During the six months ended September 30, 2009, the Company has not purchased, sold or redeemed any of its listed shares.

Code on Corporate Governance Practices

The Directors are of the opinion that the Company has complied with the Code on Corporate Governance Practices ("Code"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2009, 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 for efficient business planning and decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant 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.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2009.

Audit Committee

The Audit Committee of the Company has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C3 of the Code, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. The unaudited consolidated interim financial statements for the six months ended September 30, 2009 have been reviewed by the Audit Committee and KPMG, the Company's external auditors. The original review report issued by KPMG will be set out in the interim report of the Company. As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph B1 of the Code, whose primary duties are to evaluate the performance and make recommendations on the remuneration packages of the Directors and senior management of the Company, and evaluate and make recommendations on the retirement scheme and performance assessment system and bonus and commission policies. The Remuneration Committee consists of five members, comprising three independent non-executive Directors, one non-executive Director and one executive Director (namely Mr. Gao Dekang (Chairman), Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao).

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph A.4.5 of the Code, whose primary duties are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The Nomination Committee consists of three members, comprising two independent non-executive Directors and one executive Director (namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie).

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

This announcement will be published on the website of the Stock Exchange and the Company's website (http://company.bosideng.com). The interim report for the six months ended September 30, 2009 containing all the information required by Appendix 16 to the Listing Rules will be dispatched 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, December 9, 2009

As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan, 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.