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, 2015

HIGHLIGHTS

- Revenue decreased by 10.0% to approximately RMB2,563.7 million
- Gross profit margin decreased by 11.3 percentage points to 36.1%
- Operating profit margin decreased by 5.6 percentage points to 5.2%
- Profit attributable to equity shareholders of the Company decreased by 48.3% to approximately RMB130.7 million
- The Board does not recommend payment of an interim dividend

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Bosideng International Holdings Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended September 30, 2015, together with the unaudited comparative figures for the corresponding period in 2014. 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2015 – unaudited

	Note	**Six months ended September 30, 2015** *RMB'000*	Six months ended September 30, 2014 *RMB'000*
Revenue	*4*	**2,563,746**	2,849,533
Cost of sales		**(1,639,421)**	(1,500,034)
Gross profit		**924,325**	1,349,499
Other income	*5*	**21,375**	38,744
Selling and distribution expenses		**(520,593)**	(671,503)
Administrative expenses		**(242,777)**	(339,309)
Impairment losses on goodwill		**(50,000)**	(70,000)
Other expenses	*5*	**–**	(827)
Profit from operations		**132,330**	306,604
Finance income		**99,773**	96,444
Finance costs		**(55,753)**	(57,507)
Net finance income	*7*	**44,020**	38,937
Share of profits of associates, net of tax		**8,987**	10,903
Profit before taxation		**185,337**	356,444
Income tax expense	*8*	**(53,811)**	(101,660)
Profit for the period		**131,526**	254,784
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(108,191)**	1,783
Change in fair value of available-for-sale financial assets		**–**	2,283
Income tax on items that may be reclassified subsequently to profit or loss		**–**	(571)
Other comprehensive income for the period, net of tax		**(108,191)**	3,495
Total comprehensive income for the period		**23,335**	258,279

	Note	**Six months ended September 30, 2015** *RMB'000*	Six months ended September 30, 2014 *RMB'000*
Profit attributable to:			
Equity shareholders of the Company		**130,699**	252,733
Non-controlling interests		**827**	2,051
Profit for the period		**131,526**	254,784
Total comprehensive income attributable to:			
Equity shareholders of the Company		**22,508**	255,714
Non-controlling interests		**827**	2,565
Total comprehensive income for the period		**23,335**	258,279
Earnings per share	*9*		
– basic (RMB cents)		**1.64**	3.18
– diluted (RMB cents)		**1.63**	3.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At September 30, 2015 – unaudited

	Note	**At September 30, 2015** *RMB'000*	At March 31, 2015 *RMB'000*
Non-current assets			
Property, plant and equipment		**950,560**	962,750
Lease prepayments		**37,819**	38,264
Intangible assets and goodwill		**806,428**	874,219
Investment properties		**201,522**	198,322
Interest in associates		**231,443**	222,456
Deferred tax assets		**506,729**	469,813
		2,734,501	2,765,824
Current assets			
Inventories	*10*	**2,051,544**	1,908,918
Trade, bills and other receivables	*11*	**3,247,172**	1,793,709
Receivables due from related parties		**154,954**	157,157
Prepayments for materials and service suppliers		**254,834**	128,714
Other financial assets		**–**	234,060
Available-for-sale financial assets		**1,140,194**	2,027,181
Pledged bank deposits		**941,184**	733,463
Time deposits with maturity over 3 months		**189,200**	268,900
Cash and cash equivalents		**1,799,674**	2,470,780
		9,778,756	9,722,882
Current liabilities			
Current income tax liabilities		**172,351**	112,829
Interest-bearing borrowings		**2,806,694**	2,544,435
Trade and other payables	*12*	**1,330,430**	1,261,219
Payables due to related parties		**409**	1,484
Derivative financial liabilities	*13*	**2,851**	–
		4,312,735	3,919,967
Net current assets		**5,466,021**	5,802,915
Total assets less current liabilities		**8,200,522**	8,568,739

	Note	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Non-current liabilities			
Interest-bearing borrowings		**684,636**	993,194
Derivative financial liabilities	*13*	**–**	1,435
Deferred tax liabilities		**156,109**	160,211
		840,745	1,154,840
Net assets		**7,359,777**	7,413,899
Capital and reserves			
Share capital		**622**	622
Reserves		**7,129,645**	7,184,594
Equity attributable to equity shareholders of the Company		**7,130,267**	7,185,216
Non-controlling interests		**229,510**	228,683
Total equity		**7,359,777**	7,413,899

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

1 REPORTING ENTITY AND CORPORATE INFORMATION

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

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on October 11, 2007 (the "Listing Date").

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"). It was authorized for issue on November 30, 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014/15 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015/16 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to understanding of the changes in the financial position and performance of the Group since the 2014/15 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the 2015/16 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial information relating to the financial year ended March 31, 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The 2014/15 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 29, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. 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, ladieswear and casual wear.

(a) Segment results

	For the six months ended September 30, 2015			
	Down apparels	**OEM management**	**Non-down apparels**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers	**1,210,850**	**959,691**	**393,205**	**2,563,746**
Inter-segment revenue	**–**	**–**	**4,072**	**4,072**
Reportable segment revenues	**1,210,850**	**959,691**	**397,277**	**2,567,818**
Reportable segment profit from operations	**75,794**	**129,046**	**20,005**	**224,845**
Depreciation	**(43,983)**	**(95)**	**(16,444)**	**(60,522)**
Share of profits of associates	**–**	**–**	**8,987**	**8,987**
Impairment losses on goodwill	**–**	**–**	**(50,000)**	**(50,000)**

	For the six months ended September 30, 2014			
	Down apparels	OEM management	Non-down apparels	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,418,455	1,011,222	419,856	2,849,533
Inter-segment revenue	–	–	6,766	6,766
Reportable segment revenues	1,418,455	1,011,222	426,622	2,856,299
Reportable segment profit from operations	247,822	125,958	33,386	407,166
Depreciation	(49,324)	(130)	(28,991)	(78,445)
Share of profits of associates	–	–	10,903	10,903
Impairment losses on goodwill	–	–	(70,000)	(70,000)

(b) Reconciliations of reportable segment revenues and profit or loss

	For the six months ended September 30	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenues	**2,567,818**	2,856,299
Elimination of inter-segment revenue	**(4,072)**	(6,766)
Consolidated revenue	**2,563,746**	2,849,533

	For the six months ended September 30	
	2015	2014
	RMB'000	*RMB'000*
Profit before taxation		
Reportable segment profit derived from the Group's external customers	**224,845**	407,166
Amortization expenses	**(18,236)**	(18,384)
Government grants	**13,450**	31,461
Impairment losses	**(50,000)**	(70,000)
Unallocated expenses	**(28,742)**	(32,736)
Finance income	**99,773**	96,444
Finance costs	**(55,753)**	(57,507)
Consolidated profit before taxation	**185,337**	356,444

5 OTHER INCOME/(EXPENSES)

	Note	**Six months ended September 30, 2015**	Six months ended September 30, 2014
		RMB'000	*RMB'000*
Royalty income	*(i)*	**7,925**	7,283
Government grants	*(ii)*	**13,450**	31,461
Other income		**21,375**	38,744
Other expense – Donations		**–**	(827)

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

(ii) The Group received unconditional discretionary grants amounting to RMB13,450,000 during the six months period ended September 30, 2015 (September 30, 2014: RMB31,461,000) 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, 2015 *RMB'000*	Six months ended September 30, 2014 *RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**1,717,458**	1,447,338
(Reversal)/write down of inventories to their net realizable value	**(78,037)**	52,696
Depreciation		
– Assets leased out under operating leases	**2,998**	4,831
– Other assets	**57,524**	73,614
Amortization	**18,236**	18,384
Operating lease charges	**59,645**	87,151
Provision for impairment of bad and doubtful debts	**33,073**	84,588

7 NET FINANCE INCOME

	Six months ended September 30, 2015 *RMB'000*	Six months ended September 30, 2014 *RMB'000*
Recognized in profit or loss:		
Interest income on bank deposits	**16,187**	18,716
Interest income on available-for-sale financial assets	**67,889**	64,901
Interest income on other financial assets	**2,820**	11,344
Total interest income on financial assets not at fair value through profit or loss	**86,896**	94,961
Change in fair value of contingent considerations	**–**	659
Change in fair value of derivative financial liabilities	**–**	824
Net foreign exchange gain	**12,877**	–
Finance income	**99,773**	96,444
Interest on interest-bearing borrowings	**(51,834)**	(51,490)
Bank charges	**(2,503)**	(3,787)
Net foreign exchange loss	**–**	(2,230)
Change in fair value of derivative financial liabilities	**(1,416)**	–
Finance costs	**(55,753)**	(57,507)
Net finance income recognized in profit or loss	**44,020**	38,937

8 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	Six months ended September 30, 2015 *RMB'000*	Six months ended September 30, 2014 *RMB'000*
Current tax expenses		
Provision for PRC income tax	**94,829**	144,054
Deferred tax benefit		
Origination of temporary differences	**(41,018)**	(42,394)
	53,811	101,660

(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, 2015, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Shanghai Bosideng Information Technology Co., Ltd., a software enterprise in the PRC, which was granted a tax holiday by the local tax bureau of tax-exemption for 2 years starting from January 1, 2012 and 50% reduction on the applicable income tax rates for 3 years starting from January 1, 2014.

The effective tax rate for the six months ended September 30, 2015 was approximately 29%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiary mentioned above.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB130,699,000 (six months ended September 30, 2014: RMB252,733,000) and the weighted average number of ordinary shares of 7,946,495,000 (2014: 7,953,842,000 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB130,699,000 (six months ended September 30, 2014: RMB252,733,000) and the weighted average number of ordinary shares of 7,996,498,000 (2014: 7,954,551,000) after adjustment for the effect of dilutive potential ordinary shares.

10 INVENTORIES

	At September 30, 2015 *RMB'000*	At March 31, 2015 *RMB'000*
Raw materials	**342,347**	174,394
Work in progress	**128,657**	4,174
Finished goods	**1,580,540**	1,730,350
	2,051,544	1,908,918

11 TRADE, BILLS AND OTHER RECEIVABLES

	At September 30, 2015 *RMB'000*	At March 31, 2015 *RMB'000*
Trade receivables	**2,404,370**	1,317,696
Bills receivable	**8,997**	23,218
Less: allowance for doubtful debts	**(99,365)**	(73,729)
	2,314,002	1,267,185
Third party other receivables:		
• VAT recoverable	**284,945**	238,049
• Deposits	**294,486**	181,031
• Deposits in relation to the written put option	**130,099**	–
• Advances to employees	**15,710**	7,808
• Others	**207,930**	99,636
	3,247,172	1,793,709

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

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade, bills and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of impairment losses on bad and doubtful debts, is as follows:

	At September 30, 2015 *RMB'000*	At March 31, 2015 *RMB'000*
Within credit terms	**1,790,183**	959,685
1 to 3 months past due	**21,067**	169,449
Over 3 months but less than 6 months past due	**391,996**	90,655
Over 6 months but less than 12 months past due	**84,387**	39,794
Over 1 year past due	**26,369**	7,602
	2,314,002	1,267,185

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

12 TRADE AND OTHER PAYABLES

	At September 30, 2015 *RMB'000*	At March 31, 2015 *RMB'000*
Trade payables	**521,686**	608,848
Other payables and accrued expenses		
• Deposits from customers	**258,311**	182,195
• Construction payables	**15,573**	14,496
• Accrued advertising expenses	**2,976**	3,582
• Accrued payroll and welfare	**141,749**	152,130
• Cash-settled written put option *(note 13)*	**94,619**	93,041
• VAT payable	**158,690**	45,699
• Dividends payable	**5,000**	5,000
• Others	**131,826**	156,228
	1,330,430	1,261,219

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

An ageing analysis of trade payables, based on the invoice date, is set out below:

	At September 30, 2015 *RMB'000*	At March 31, 2015 *RMB'000*
Within 1 month	**153,152**	191,742
1 to 3 months	**368,534**	417,106
	521,686	608,848

13 DERIVATIVE FINANCIAL LIABILITIES

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

As at September 30, 2015, the Group recorded the estimated present value of the redemption price of the cash settled portion of the written put option of RMB94,619,000 as a current payable (March 31, 2015: RMB93,041,000) with a corresponding increase in other reserves.

As at September 30, 2015, the fair value of the share settled portion of the written put option amounted to RMB2,851,000 (March 31, 2015: RMB1,435,000), and was recorded as derivative financial liabilities with the fair value change of a gain of RMB1,416,000 (note 7) being recognized in profit or loss.

14 DIVIDENDS

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

	Six months ended September 30, 2015	Six months ended September 30, 2014
	RMB'000	*RMB'000*
Interim dividend declared and paid of nil per ordinary share (2014: interim dividend of RMB1.0 cents per ordinary share)	**–**	76,080

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

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

	Six months ended September 30, 2015	Six months ended September 30, 2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB0.8 cents per ordinary share (2014: final dividend of RMB1.6 cents per ordinary share)	**63,112**	127,131

MANAGEMENT DISCUSSION AND ANALYSIS

In 2015, China's apparel industry continues to face tremendous challenges. Filled with economic uncertainties, China recently released its third quarter GDP growth which fell below 7% for the first time, marking the lowest growth since the financial crisis. This indicates a trend of ongoing slowdown in China's economic growth, dragging down domestic demand. In addition, volatilities in the domestic financial market during the period further dampened market confidence and consumption, resulting in an increasingly challenging operating environment for China's apparel industry. On the other hand, there has been drastic changes in the consumption pattern of China's consumers over the past few years. The increasing popularity of the Internet and online shopping that stimulated the proliferation of information, coupled with the speedy expansion of an increasing number of overseas brands in the PRC market, have not only offered more choices for consumers, but also made consumers more sensitive to product prices and styles. This has narrowed the gap between first and second-tier cities and rural areas, and prompted national brands switch in development mode from one that relies on store opening to swift response in various stages of business operation, including branding, products, logistics and retail sales, so as to meet the expectations of the market and consumers. The Group has also actively explored and gradually shifted from the traditional wholesale business model to a retail model that draws closer to the market and the consumers. This allows the Group to build a more solid business foundation for future development and to seek healthy and sustainable development.

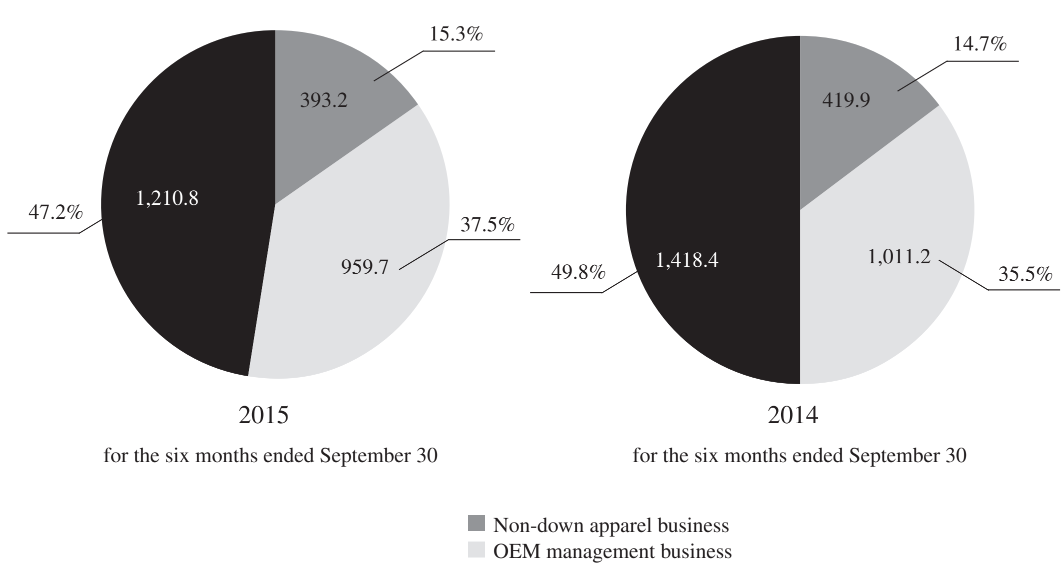
Revenue Analysis

Affected by the macroeconomic environment in China, coupled with the Group's continued efforts to clear inventory and to implement more stringent production plans during the period, overall revenue decreased. For the period ended September 30, 2015, revenue of the Group amounted to approximately RMB2,563.7 million, representing a year-on-year decrease of approximately 10.0%. During the period, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 47.2% of the Group's revenue, with the remaining 37.5% and 15.3% derived from OEM management business and non-down apparel business, respectively. For the same period last year, the three business segments accounted for 49.8%, 35.5% and 14.7% of the Group's revenue, respectively.

Revenue from the branded down apparel business, OEM management business and non-down apparel business amounted to approximately RMB1,210.8 million, RMB959.7 million and RMB393.2 million, representing a year-on-year decrease of 14.6%, 5.1% and 6.4%, respectively.

Revenue by business

(RMB million)



Branded Down Apparel Business:

The first half of the year was a low season for the sales of down apparels. During the period, the Group mainly featured off season sale. In addition, the Group adhered to last year's strategy and further stepped up its efforts this year to optimise its retail network and clear inventories, and implemented more stringent production and product plans. Through in-depth analysis of retail statistics, the Group was able to arrange the production of various product styles more accurately to avoid unnecessary inventories such that the inventory level would gradually resume back to a reasonable and healthy level. For instance, two brands, namely Snow Flying and Bengen, developed minimal new styles, whereas Combo devoted all efforts in stock clearance this year and did not design new styles. These arrangements allowed more resources for the brands to clear old inventory. In addition, the Group introduced trial marketing, pursuant to which the Group would carry out trial marketing of some flagship products and styles in physical stores prior to formulating the corresponding production and sales plans to test and understand the market reaction in order to avoid inventory accumulation. However, revenue from various brands decreased inevitably as a result of a strict control over production volume.

Revenue from down apparel business by brand

	For the six months ended September 30				
	2015		2014		
Brands	**RMB million**	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Change
Bosideng	**963.8**	**79.6%**	1,039.9	73.3%	-7.3%
Snow Flying	**141.7**	**11.7%**	150.1	10.6%	-5.6%
Bengen	**50.9**	**4.2%**	9.3	0.7%	447.3%
Combo	**51.5**	**4.3%**	128.8	9.1%	-60.0%
Other brands	**1.5**	**0.1%**	47.0	3.3%	-96.8%
Others	**1.4**	**0.1%**	43.3	3.0%	-96.8%
Total revenue from branded down apparel business	**1,210.8**	**100.0%**	1,418.4	100.0%	-14.6%

Revenue from branded down apparel business by sale category

	For the six months ended September 30				
	2015		2014		
	RMB million	**% of branded down apparel revenue**	RMB million	% of branded down apparel revenue	Change
Self-operated	**288.5**	**23.8%**	286.9	20.2%	0.6%
Wholesale	**920.9**	**76.1%**	1,088.2	76.7%	-15.4%
Others*	**1.4**	**0.1%**	43.3	3.1%	-96.8%
Total revenue from branded down apparel business	**1,210.8**	**100.0%**	1,418.4	100.0%	-14.6%

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

During the period, the Group endeavoured to actively optimise its retail network and shut down underperforming stores to enhance store quality. In addition, to accelerate inventory clearance, during the period, the Group made use of stores usually closed during low sale season or sub-let by some third party distributors in the first half of the year and set up outlets to sell old products, where the products were supplied by the Group and the operational expenses were borne partly by the distributors. As far as the Group is concerned this can save distribution costs and also add additional sales channels for inventory clearance. Taking into account of such outlet stores, as at September 30, 2015, the total number of retail outlets of the Group's down apparel business (net) decreased by 548 to 6,051. During the period, self-operated outlets (net) decreased by 123 to 2,404; and retail outlets operated by third-party distributors (net) decreased by 425 to 3,647. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 39.7% and 60.3%, respectively.

On the other hand, the consumption pattern in China has undergone significant changes in recent years. With the launch of more shopping malls, consumers prefer consumption channel that comprises shopping, dining and entertainment. Accordingly, the Group also reduced the number of store openings in less influential department stores to achieve better resource utilisation. Despite fewer traditional sales channels, the Group swiftly responded to the change in consumption model and introduced new sales and marketing approach. This year, the Group made use of the "Pop-up Store" concept for the first time and successively organised six pop-up stores at prime shopping locations in key China markets during the peak sales season from September to December to market the Group's new down apparel products for this year. The pop-up stores attracted customer flow with innovative displays and eye-catching designs. Various live events, performances and games were introduced to increase interaction with consumers, thus enhancing brand recognition. The pop-up stores were well received by the market, which not only successfully became talk of the town with widespread media coverage, but also drove the Group's local sales performance. The Group believes that it will accelerate store opening in large-scale shopping malls in the long run to allow the retail network of the Group to better satisfy the needs of the consumers.

Retail network by down apparel brand

As at September 30, 2015	Bosideng		Snow Flying		Combo		Bengen		Total*	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores										
Operated by the Group	337	-53	63	-21	6	-8	3	1	409	-81
Operated by third party distributors	1,876	-192	263	-142	21	-83	167	-15	2,327	-432
Subtotal	2,213	-245	326	-163	27	-91	170	-14	2,736	-513
Concessionary retail outlets										
Operated by the Group	1,144	54	549	1	302	2	–	-99	1,995	-42
Operated by third party distributors	709	60	246	-31	153	-102	212	80	1,320	7
Subtotal	1,853	114	795	-30	455	-100	212	-19	3,315	-35
Total	**4,066**	**-131**	**1,121**	**-193**	**482**	**-191**	**382**	**-33**	**6,051**	**-548**

Change: Compared with that as at March 31, 2015

Retail network of down apparel business by region

	As at September 30, 2015	As at March 31, 2015	Change
Eastern China	2,331	2,487	-156
Central China	953	1,221	-268
Northern China	643	731	-88
Northeast China	842	767	75
Northwest China	815	768	47
Southwest China	467	625	-158
Total	**6,051**	**6,599**	**-548**

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

OEM Management Business:

During the period under review, revenue from the Group's OEM management business decreased by 5.1% year-on-year to RMB959.7 million, accounting for 37.5% of the Group's revenue. The decrease in revenue was mainly due to the one-off order secured last year to assist a major client to develop a new product series, which resulted in a higher base for the first half of last year. If excluding the one-off order secured last year, revenue from the OEM management business remained stable.

OEM management business had 13 major clients. Revenue from the top five customers accounted for approximately 80.0% of the revenue from the OEM management business.

Non-down Apparel Business:

During the period, revenue from the Group's non-down apparel business was approximately RMB393.2 million, representing a year-on-year decrease of 6.4%. During the period, various non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail sales. Revenue analysis of the non-down apparel business is as follows:

Revenue breakdown by non-down apparel brand

	For the six months ended September 30				
	2015		2014		
Brand	**RMB million**	**% of non-down apparel revenue**	RMB million	% of non-down apparel revenue	Change
Bosideng MAN	**98.3**	**25.0%**	111.7	26.6%	-12.0%
JESSIE	**158.3**	**40.3%**	133.3	31.7%	18.8%
Mogao	**128.2**	**32.6%**	164.1	39.1%	-21.9%
Others	**8.4**	**2.1%**	10.8	2.6%	-22.2%
Total revenue from non-down apparel business	**393.2**	**100.0%**	419.9	100.0%	-6.4%

Revenue from non-down apparel business by sale category

	For the six months ended September 30				
	2015		2014		
	RMB million	**% of non-down apparel revenue**	RMB million	% of non-down apparel revenue	Change
Self-operated	**249.9**	**63.6%**	258.6	61.6%	-3.4%
Wholesale	**139.3**	**35.4%**	158.7	37.8%	-12.2%
Others*	**4.0**	**1.0%**	2.6	0.6%	53.8%
Total revenue from non-down apparel business	**393.2**	**100.0%**	419.9	100.0%	-6.4%

* *Represents revenue from rental income, etc.*

Bosideng MAN

During the period, revenue from Bosideng MAN decreased by 12.0% year-on-year to approximately RMB98.3 million. Of which, revenue from self-operated and wholesale business increased substantially by 64.2% and decreased by 23.9% year-on-year to approximately RMB24.9 million and RMB73.4 million, respectively. The decrease in overall revenue was due to Bosideng MAN's continued efforts in adjusting the retail network during the period and in eliminating less competitive retail outlets such that the total number of retail outlets (net) was reduced by 169 to 398. Despite the decrease in both the number of self-operated and distributor-operated retail outlets, revenue from self-operated outlet business differed from that from wholesale business, mainly due to the fact that Bosideng MAN strengthened retail sales management, optimised product mix and exercised strict control over sales discount during the period. In addition, as stock clearance progressed well, Bosideng MAN simply used online platforms to clear inventory. Therefore, the proportion of new product sales in the retail outlets was enhanced, resulting in a significant increase in average self-operated outlet efficiency and higher revenue from self-operated business.

JESSIE

During the period, revenue from JESSIE increased by 18.8% year-on-year to approximately RMB158.3 million. Of which, revenue from self-operated and wholesale business increased by 20.5% and 14.6% year-on-year to approximately RMB113.1 million and RMB45.2 million, respectively. Following the adjustment of retail network over the past two years, the number of JESSIE retail outlets (net) slightly increased by 5 to 216 this year. During the period, JESSIE focused on enhancing the profitability of self-operated stores and implemented refined management and further optimised product mix. In respect of wholesale business, JESSIE optimised the ordering system at the trade fairs and increased the mix and match references and provided more guidelines to distributors so as to increase associated orders. As a result, revenue from self-operated and wholesale business recorded a significant increase.

Mogao

During the period, revenue from Mogao decreased by 21.9% year-on-year to approximately RMB128.2 million. Of which, revenue from self-operated and wholesale business decreased by 24.0% and 9.0% year-on-year to approximately RMB107.5 million and RMB20.7 million, respectively. The decrease in revenue was due to the fact that Mogao adjusted the retail network and reduced the total number of retail outlets (net) by 21 to 284 during the period. Moreover, starting from last year, Mogao changed its business direction from original menswear and ladieswear to menswear brand only to enhance operating capability. Currently, such move has been well received by the distributors and the market. This year, Mogao will step up its efforts in branding and make good use of new media to further strengthen its brand influence.

Retail network by non-down apparel brand

As at September 30, 2015	Bosideng MAN		JESSIE		Mogao		Total*	
	Number of stores	Change	Number of stores	Change	Number of stores	Change	Number of stores	Change
Specialty stores								
Operated by the Group	6	-18	3	–	–	–	9	-18
Operated by third party distributors	201	-60	34	-3	85	-12	320	-75
Subtotal	207	-78	37	-3	85	-12	329	-93
Concessionary retail outlets								
Operated by the Group	33	-13	119	9	199	-9	351	-13
Operated by third party distributors	158	-78	60	-1	–	–	218	-79
Subtotal	191	-91	179	8	199	-9	569	-92
Total	**398**	**-169**	**216**	**5**	**284**	**-21**	**898**	**-185**

Change: Compared with that as at March 31, 2015

Retail network of non-down apparel business by region

	As at September 30, 2015	As at March 31, 2015	Change
Eastern China	235	276	-41
Central China	253	311	-58
Northern China	53	61	-8
Northeast China	116	121	-5
Northwest China	102	146	-44
Southwest China	139	168	-29
Total	**898**	**1,083**	**-185**

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

International Business:

After a few years of operation, London flagship store has accumulated considerable retail experience and deeper understanding of the consumer preference of the local market. London flagship store will, based on past market response, step up its efforts in expanding the popular down apparel series this year. Fully utilising its extensive resources in down apparel products, the Group will assist the flagship store to further optimise the product mix so as to drive its sales and profitability.

Gross profit

Gross profit of the Group dropped by 31.5% from RMB1,349.5 million same period last year to RMB924.3 million, while gross margin decreased by 11.3 percentage points to 36.1%.

The Group proactively cleared inventory, reduced the production volume of new products and stepped up efforts in promotion to keep inventory at a healthy level. This has inevitably affected the gross margin of branded down apparel business in the near term, yet the Group believes that the above measures are necessary to cope with the quick fashion business model. Gross margin of branded down apparel business dropped by 23.9 percentage points to 43.9%.

Gross margin of non-down apparel business and OEM management business increased by 4.3 percentage points and 1.1 percentage points to 55.3% and 18.2%, respectively. The gross margin growth of non-down apparel business was mainly driven by the sales of JESSIE ladieswear with higher margin.

Distribution expenses

The Group's distribution expenses, mainly comprising of advertising, promotion, concession fees, rental and salary and welfare, amounted to approximately RMB520.6 million, representing a decrease of 22.5%, as compared to approximately RMB671.5 million for the corresponding period of last year. Distribution expenses accounted for 20.3% of total revenue, representing a decrease of 3.3 percentage points as compared to 23.6% for the corresponding period of last year. The decrease in actual expenditure during the period under review was due to the decrease in the traditional channels that are costly and low in efficiency or influence, as well as the decrease of salary and welfare, expenses of store decoration and rental, which was caused by the Group's efforts in optimising the retail network; and the Group has implemented a series of cost-saving measures to promote directly in the stores, thus reducing expenses on traditional advertising.

Administrative expenses

The administrative expenses of the Group, which mainly comprised of salary and welfare, depreciation and bad and doubtful debts provision, amounted to approximately RMB242.8 million, representing a decrease of 28.4% as compared to approximately RMB339.3 million for the corresponding period of last year. During the period, administrative expenses accounted for 9.5% of the Group's revenue, representing a decrease of 2.4 percentage points as compared to 11.9% for the corresponding period of last year. During the period, the Group imposed stringent cost control measures which therefore led to a decline in administrative expenses to a large extent, salary and welfare dropped by 17.7% in particular as the Group streamlined its workforce in the previous financial year. Moreover, bad debt provision decreased significantly by 60.9% to RMB33.1 million during the period.

Operating profit

For the reasons stated above, for the six months ended September 30, 2015, the Group's operating profit decreased by 56.8% to RMB132.3 million. Operating profit margin for the period under review was 5.2%, representing a decrease of 5.6 percentage points as compared to 10.8% for the corresponding period of last year, such decrease was mainly due to the fact that the Group proactively cleared inventory, reduced the production volume of new products and put more efforts in promotion, this has inevitably impacted the gross margin.

Finance income

During the period under review, the Group's finance income recognized in profit or loss increased by 3.5% to approximately RMB99.8 million from approximately RMB96.4 million for the corresponding period of last year.

Finance costs

During the period under review, the Group's finance costs mainly comprised interest for the loans borrowed from banks outside China, which decreased by 3.1% to RMB55.8 million during the period.

Taxation

For the six months ended September 30, 2015, income tax expenses decreased from RMB101.7 million to RMB53.8 million. The effective tax rate was approximately 29.0%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses of certain subsidiaries of the Group not recognized as deferred tax assets and tax preferential rate enjoyed by the subsidiaries.

Liquidity and financial resources

For the six months ended September 30, 2015, the Group's net cash used in operating activities amounted to approximately RMB1,340.1 million, as compared to a net cash inflow of approximately RMB387.8 million for the year ended March 31, 2015. Cash and cash equivalents as at September 30, 2015 amounted to approximately RMB1,799.7 million, as compared to approximately RMB2,470.8 million as at March 31, 2015.

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 had expected but not guaranteed returns ranging from 3.50% to 5.40% (March 31, 2015: 2.27% to 6.30%) per annum.

As at September 30, 2015, the bank borrowings of the Group amounted to approximately RMB3,491.3 million (March 31, 2015: approximately RMB3,537.6 million). The gearing ratio (total debt/total equity) of the Group was 47.4% (March 31, 2015: 47.7%).

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

Capital commitments

As at September 30, 2015, the Group had capital commitments amounting to approximately RMB38.3 million (March 31, 2015: approximately RMB50.3 million).

Operating lease commitment

As at September 30, 2015, the Group had irrevocable operating lease commitments amounting to approximately RMB89.7 million (March 31, 2015: approximately RMB178.0 million).

Contingent liabilities

As at September 30, 2015, the Group had no material contingent liabilities.

Pledge of assets

As at September 30, 2015, bank deposits amounting to approximately RMB941.2 million (March 31, 2015: approximately RMB733.5 million) had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letters of credit.

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 adopted US Dollars or pound sterling as their functional currency. Any significant exchange rate fluctuations of Hong Kong Dollars, US Dollars and pound sterling or against each entity's respective functional currency may have a financial impact on the Group.

As at September 30, 2015, the Directors considered the Group's foreign exchange risk was insignificant.

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

Human Resources

The Group has implemented the restructuring of human resources to reduce the expenses. As at September 30, 2015, the Group had 3,857 full-time employees (March 31, 2015: 4,329 full-time employees). Staff costs for the six months ended September 30, 2015 (including directors' remuneration in the form of salaries and other allowances) were approximately RMB268.6 million (2014: approximately RMB353.7 million).

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

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 award scheme ("Share Award Scheme") and a share option scheme.

As at September 30, 2015, no share had been awarded by the Group under the Share Award Scheme.

INTERIM DIVIDEND

The Board does not recommended the payment of an interim dividend for the six months ended September 30, 2015.

OUTLOOK

Looking into the second half of the year, it is expected that China's economic growth will continue to slow down, and even suffer from deflation. Therefore it is believed that consumer confidence will remain low, making it hard for the Group to keep an optimistic view on the retail consumer market. The operating environment will remain challenging. The Group will continuously to strive to enhance its competitiveness and improve its operating efficiency, so as to lay a solid foundation for the Group's sustainable growth.

As for our core down apparel business, the Group will continue to implement inventory reduction measures proactively to improve its business. In terms of product development, the Group will significantly reduce the development of traditional and basic styles to avoid overlapping with old stocks. At the same time, the Group will introduce more hi-tech fabrics in order to satisfy the growing demand for functional down apparel in the market, providing more value-for-money, high quality and trendy down apparel products to customers. Furthermore, through a series of retail transformation initiatives, the Group will be able to gradually transit from a traditional wholesale business model to a market and consumer-oriented retail model.

In terms of overseas business development, the Group will further expand the operation of its flagship store in the United Kingdom by leveraging its resources to expand the branded down apparel product series, in order to enhance the competitiveness of Bosideng brand in the overseas market.

The Group will also proactively pursue opportunities for new business and external alliances including the introduction of strategic investors who can drive and enhance the Group's business so as to further strengthen the Group's capabilities in operation, management and acquisition and merger, striving to becoming an integrated multi-brand apparel operator.

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

During the six months ended September 30, 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company 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 23,080,000 shares of the Company at an aggregate consideration of about HKD17.6 million.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Directors are of the opinion that the Company had complied with the code provisions of Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2015, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

Mr. Gao Dekang is the Chairman and CEO of the Company, as well as the founder of the Group. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical to efficient business planning and decision-making of the Company. As all major decisions of the Group are made in consultation with members of the Board and the relevant Board committees, and there are 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, 2015 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, November 30, 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Ms. Huang Qiaolian, Mr. Mak Yun Kuen and Mr. Rui Jinsong; and the independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie.