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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

HIGHLIGHTS

- Listed on October 11, 2007 on the Main Board of The Stock Exchange of Hong Kong Limited
- Revenue grew 15.9% year-on-year to RMB2,003.3 million
- Gross profit margin remained stable at 31.4%, as compared to 31.8% for the same period of last year
- Operating profit increased by 12% to RMB328.0 million
- Net profit attributable to equity holders rose 50.6% to RMB274.3 million
- Basic and diluted earnings per shares increased 66.7% to RMB0.05
- The Board does not recommend the payment of interim dividend for the six months ended September 30, 2007

INTERIM RESULTS

The board of directors (the "Board") of Bosideng International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended September 30, 2007, together with the comparative figures for the corresponding period in 2006 as follows:

Unaudited Condensed Consolidated Interim Income Statement
For the six months ended September 30, 2007

		Six months ended September 30,	
	Note	**2007** ***(Unaudited)*** ***RMB'000***	2006 *(Unaudited)* *RMB'000*
Revenue	3	**2,003,314**	1,729,085
Cost of sales		**(1,374,151)**	(1,179,677)
Gross profit		**629,163**	549,408
Other income	4	**23,681**	20,360
Other expenses		**–**	(17,612)
Distribution expenses		**(287,062)**	(232,440)
Administrative expenses		**(37,793)**	(26,793)
Profit from operations	5	**327,989**	292,923
Finance income		**1,875**	824
Finance expenses	6	**(43,027)**	(3,799)
Net financing expenses		**(41,152)**	(2,975)
Profit before income tax		**286,837**	289,948
Income tax expense	7	**(12,522)**	(107,379)
Profit for the period		**274,315**	182,569
Attributable to:			
Equity holders of the Group		**274,315**	182,130
Minority interests		**–**	439
Profit for the period		**274,315**	182,569
Dividends	8	**467,435**	453,160
Basic earnings per share (RMB)	9	**0.05**	0.03
Diluted earnings per share (RMB)	9	**0.05**	0.03

Unaudited Condensed Consolidated Interim Balance Sheet
As at September 30, 2007

	Note	**September 30, 2007 *(Unaudited)* *RMB'000***	March 31, 2007 *(Audited)* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**38,375**	30,825
Total non-current assets		**38,375**	30,825
Current assets			
Inventories	10	**1,019,742**	1,243,902
Trade and other receivables	11	**1,808,280**	896,158
Receivables due from related parties		**40,603**	468,885
Pledged bank deposits		**156,847**	7,048
Cash and cash equivalents		**813,972**	507,806
Total current assets		**3,839,444**	3,123,799
Total assets		**3,877,819**	3,154,624
EQUITY AND LIABILITIES			
Equity			
Issued/combined capital		**416**	5,797
Reserves		**109,209**	80,164
Retained earnings		**264,372**	469,237
Total equity attributable to equity holders of the Group		**373,997**	555,198
Minority interests		**1,095**	16,086
Total equity		**375,092**	571,284

Unaudited Condensed Consolidated Interim Balance Sheet (Cont'd)
As at September 30, 2007

	Note	**September 30, 2007**	March 31, 2007
		(Unaudited)	*(Audited)*
		RMB'000	*RMB'000*
Non-current liabilities			
Liability component of convertible redeemable preference shares		**131,896**	127,189
Total non-current liabilities		**131,896**	127,189
Current liabilities			
Interest-bearing borrowings		**1,471,134**	240,000
Equity holder loans		**–**	395,940
Income tax payables		**80,139**	248,233
Trade and other payables	12	**1,812,196**	1,490,526
Payables due to related parties		**7,362**	81,452
Total current liabilities		**3,370,831**	2,456,151
Total liabilities		**3,502,727**	2,583,340
Total equity and liabilities		**3,877,819**	3,154,624
Net current assets		**468,613**	667,648
Total assets less current liabilities		**506,988**	698,473

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. BASIS OF PRESENTATION AND PREPARATION

(a) Basis of presentation

The Company was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability under the Cayman Companies Law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in the research, design and development, raw material procurement, outsourced manufacturing, marketing and distribution of branded down apparel products in the People's Republic of China (the "PRC"). The condensed consolidated interim financial statements as at and for the six months ended September 30, 2007 comprise the financial statements of the Group.

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 companies comprising the Group underwent a reorganization (the "Reorganization") to rationalize the Group's structure in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange. Details of the Reorganization are set out in the prospectus of the Company dated September 27, 2007 (the "Prospectus").

(b) Basis of preparation

The Group is regarded as a continuing entity resulting from the Reorganization of entities under common control. The condensed interim financial statements for the period from April 1, 2006 to September 30, 2006 have been prepared on the basis that the Company was the holding company of the Group for the period presented, rather than from the date of the Reorganization. Accordingly, the consolidated results of the Group for the six months ended September 30, 2006 include the results of the Company and its subsidiaries from April 1, 2006, or their respective dates of incorporation or the date that common control was established, if later, as if the current group structure had been in existence throughout the period presented. All material intra-group transactions and balances have been eliminated on combination. In the opinion of the directors, the condensed interim financial statements for the period from April 1, 2006 to September 30, 2006 prepared on this basis present fairly the results of operations and the state of affairs of the Group as a whole.

The Company has a financial year end date of March 31. These unaudited condensed interim financial statements have 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, including compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" adopted by the International Accounting Standards Board ("IASB").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the preparation of the Accountants' Report included in the Appendix IA of the Prospectus (the "Accountants' Report") and should be read in conjunction with the Accountants' Report.

In the current interim period, the Group has adopted the following accounting policy in respect of share-based payment transactions:

Share-based payment transactions

The grant date fair value of shares granted to employees is recognized as an employee expense, with a corresponding increase in a capital reserve within equity, over the period in which the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted to reflect the actual number of share that vest.

3. REVENUE AND SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

(a) Business segment

The Group comprises the following business segments:

- Down apparels — The down apparels segment carries on the business of sourcing and distributing branded down apparels.
- OEM management — The OEM management segment carries on the business of raw materials sourcing, management of the outsourced manufacturing process and distributing OEM apparels overseas.

For the six months ended September 30, 2007

Revenue and expenses

	Six months ended September 30, 2007 *(Unaudited)*		
	Down apparels *RMB'000*	**OEM** *RMB'000*	**Consolidated** *RMB'000*
Total segment revenues	**1,508,301**	**495,013**	**2,003,314**
Segment results	**248,068**	**22,642**	**270,710**
Government grants			**12,106**
Unallocated expenses			**(8,501)**
Profit for the period			**274,315**

For the six months ended September 30, 2006

Revenue and expenses

	Six months ended September 30, 2006 *(Unaudited)*		
	Down apparels *RMB'000*	OEM *RMB'000*	Consolidated *RMB'000*
Total segment revenues	1,381,514	347,571	1,729,085
Segment results	160,582	20,278	180,860
Government grants			1,709
Profit for the period			182,569

(b) Geographical segment

As the Group mainly operates in the PRC, no geographical segment information is presented.

4. OTHER INCOME

		Six months ended September 30,	
	Note	**2007** ***(Unaudited)*** ***RMB'000***	2006 *(Unaudited)* *RMB'000*
Royalty income	(i)	**11,575**	18,651
Government grants	(ii)	**12,106**	1,709
		23,681	20,360

(i) Royalty income arises from the licensing of right to use the Group's brands to licensees.

(ii) The Group received unconditional discretionary grants amounting to RMB12,106,000 (2006: RMB1,709,000) for the six months period ended September 30, 2007 from various local Chinese government authorities by recognition of the Group's contribution to the development of the local economies.

5. PROFIT FROM OPERATIONS

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

	Six months ended September 30,	
	2007	2006
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**1,374,151**	1,179,677
Depreciation	**4,152**	1,470
Operating lease charges	**12,214**	7,887
Auditors' remuneration	**167**	300

6. FINANCE EXPENSES

	Six months ended September 30,	
	2007	2006
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Interest on convertible redeemable preference shares	**8,501**	–
Interest on interest-bearing borrowings and equity holder loans repayable within 5 years	**29,929**	2,638
Bank charges and others	**692**	526
Net foreign exchange loss	**3,905**	635
Finance expenses	**43,027**	3,799

7. INCOME TAX EXPENSE

	Six months ended September 30,	
	2007	2006
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current tax expenses		
Provision for PRC income tax	**12,522**	107,379

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

(b) 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. The applicable tax rates of the Group's operating subsidiaries in the PRC ranged from 27% to 33%. Pursuant to the income tax rules and regulations of the PRC applicable to foreign investment enterprises, 4 principal operating subsidiaries located in the PRC started to be entitled to a tax holiday of a tax-free period for two years from January 1, 2007 and thereafter, they are subject to PRC enterprise income tax at 50% of the applicable income tax rate for the following three years, as they became foreign investment enterprises in late 2006.

(c) New PRC tax law

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 will take effect on January 1, 2008, when the current tax law will be abolished. The new tax law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises and revokes the current tax exemption, reduction and protective treatments only applicable to foreign investment enterprises. The grandfathering treatment under the new law permits production foreign investment enterprises to continue to receive benefits of the tax holidays during a five year grandfathering period, the details of which have not been set out yet. Consequently, the Group is not able to make an estimate of the expected financial effect of the new tax law on its deferred tax assets and liabilities. The expected financial effect of the new tax law, if any, will be reflected in the Group's financial statements when the implemented details are announced. The enactment of the new tax law is not expected to have any significant financial effect on the amounts accrued in the condensed consolidated interim balance sheet in respect of current tax payable.

8. DIVIDENDS

On August 28, 2007 and September 14, 2007, the Group declared dividends in an aggregate amount of RMB467,435,000 (2006: RMB453,160,000) to the then shareholders from the retained earnings for the financial year ended March 31, 2007.

The Board does not recommend the payment of an interim dividend for the six months ended September 30, 2007.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended September 30, 2007 and 2006 is based on the profit attributable to equity holders of the Group during the above periods and the 5,257,199,855 shares in issue as of September 30, 2007, as if the shares have been outstanding throughout the entire respective periods.

The calculation of the basic and diluted earnings per share attributable to equity holders of the Group is based on the following data:

	Six months ended September 30,	
	2007	2006
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share, being the profit for the period attributable to the equity holders of the Group	**274,315**	182,130
Effect of dilutive potential ordinary shares:		
Interest on convertible redeemable preference shares	**8,501**	–
Earnings for the purpose of diluted earnings per share	**282,816**	182,130

	Six months ended September 30, 2007 *(Unaudited)* *RMB'000*	2006 *(Unaudited)* *RMB'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,257,199,855**	5,257,199,855
Effect of dilutive potential ordinary shares:		
Weighted average conversion number of Series A convertible redeemable preference shares calculated from the date of issuance	**212,228,613**	12,969,526
Weighted average conversion number of Series B convertible preference shares calculated from the date of issuance	**530,571,532**	76,638,110
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,000,000,000**	5,346,807,491
Basic earnings per share (RMB)	**0.05**	0.03
Diluted earnings per share (RMB)	**0.05**	0.03

10. INVENTORIES

	September 30, 2007 ***(Unaudited)*** ***RMB'000***	March 31, 2007 *(Audited)* *RMB'000*
Raw materials	**112,182**	28,998
Work in progress	**339,372**	21,878
Finished goods	**568,188**	1,193,026
	1,019,742	1,243,902

At September 30, 2007, inventories carried at net realizable value amounted to approximately RMB449,922,000 (March 31, 2007: RMB737,870,000).

11. TRADE AND OTHER RECEIVABLES

Included in the Group's trade and other receivables as of September 30, 2007, there were trade and bills receivable amounting to RMB1,338,153,000 and RMB22,449,000 (March 31, 2007: RMB767,583,000 and RMB47,030,000) respectively.

The Group normally allows a credit period ranging from 30 days to 90 days to its customers. An ageing analysis of trade and bills receivable at each balance sheet date is as follows:

	September 30, 2007	March 31, 2007
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**1,196,387**	719,936
Over 3 months but less than 6 months	**121,024**	69,842
Over 6 months but less than 12 months	**42,592**	12,328
Over 12 months	**15,578**	27,486
	1,375,581	829,592
Less: impairment of bad and doubtful debts	**(14,979)**	(14,979)
	1,360,602	814,613

12. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as of September 30, 2007, there were trade and bills payable amounting to RMB933,560,000 and RMB305,500,000 (March 31, 2007: RMB542,280,000 and RMB50,000,000) respectively.

Bills payable at September 30, 2007 were secured by the Group's time deposits of RMB156,847,000 (March 31, 2007: RMB7,048,000).

An ageing analysis of trade and bills payable is set out below:

	September 30, 2007	March 31, 2007
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**962,378**	454,860
Over 3 months but less than 6 months	**157,550**	126,320
Over 6 months but less than 12 months	**119,095**	1,432
Over 12 months	**37**	9,668
	1,239,060	592,280

13. SUBSEQUENT EVENTS

The following significant events took place subsequent to September 30, 2007:

a) Conversion of the Series A Shares and the Series B Shares

According to the board resolution dated October 10, 2007, the Series A Shares and the Series B Shares were converted into 212,228,613 and 530,571,532 ordinary shares respectively.

b) Global offering of shares

On October 10 and 11, 2007, 795,200,000 and 1,074,800,000 additional ordinary shares of par value of US$0.00001 each were issued respectively. The shares of the Company were listed on the Main Board of the Stock Exchange on October 11, 2007.

c) Over-allotment

On November 6, 2007, an aggregate of 124,322,000 additional ordinary shares of par value of US$0.00001 each of the Company were issued pursuant to the partial exercise of the over-allotment option.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is pleased to report the first set of interim results for the six months ended September 30, 2007 following its successful listing on the Stock Exchange on October 11, 2007. The Group's listing marks a major milestone in its corporate history which has enhanced the reputation of the Bosideng brand, strengthened its capital base and contributed to upholding sound corporate governance practices.

For the six months ended September 30, 2007, the Group's revenue grew 15.9% to RMB2,003.3 million as compared to the same period of the previous year. Sales from the branded down apparel business accounted for 75.3% of the Group's revenue, as compared to 79.9% in the same period of the previous year.

Despite the intense market competition in the off-peak sales season from June to September 2007, coupled with the down apparel inventories in the industry carried forward from the previous year, the Group is pleased to see an increase of 9.2% in branded down apparel revenue. OEM management revenue surged 42.4% when compared with the same period of the previous year as the orders were made and delivered earlier in this year.

The Group's gross profit margin remained at a stable level of 31.4%, as compared to 31.8% in the previous year. Profit attributable to equity holders of the Company rose 50.6% to RMB274.3 million. The strong growth was partly attributable to tax exemption of four principal subsidiaries in the period under review, during which the Group's income tax expense was reduced to RMB12.5 million from RMB107.4 million in the same period of the previous year. Basic and diluted earnings per share amounted to RMB0.05, against RMB0.03 for the corresponding period in 2006.

Market Review

The booming economic growth and rising affluence in mainland China have boosted the consumer demand for high quality down apparel. As penetration of down apparel in mainland China is still at a relatively low level as compared to developed countries, market demand has been on the rise, offering a lucrative outlook for competent industry players. However, the inventories in the market accumulated since the previous 2006/2007 winter has exerted operational and financial pressure on smaller players. Intensified regional price competition was seen during the period under review when compared with the same period of the previous year.

Business Review

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 in selling the inventories carried forward from the previous fiscal year.

As the market leader by sales volume and market share, the Group continued to stay at the forefront of the industry with a broad brand portfolio and a diverse range of appealing products that cater to the needs of different consumer segments. In 2006, the market share by sales of Bosideng, Snow Flying and Kangbo, three of the Group's major brands, in aggregate accounted for 36.1% of the market among the 30 largest down apparel brands in China, according to China Industrial Information Issuing Centre.

Brand Management and Marketing

The success of the Bosideng brand and the Group's competence in brand management has enabled it to generate respectable and sustainable sales growth. In September 2007, Bosideng was the only apparel brand awarded the distinction of "China's World Famous Brand" (中國世界名牌) by the PRC General Administration of Quality Supervision, Inspection and Quarantine. This further attested to the Group's outstanding execution capability in brand building and marketing, making Bosideng synonymous with quality down apparel in China.

The Group has been actively engaged in sustained and focused brand building activities to promote brand reputation and customer loyalty. It seeks to convey a stylish, trendy and modern image through the implementation of integrated marketing programmes that encompass print and television media advertising, event-based marketing through participation in trade fairs and fashion shows to showcase its latest products, and sponsorship of prominent sporting events such as the Winter Olympics. These gained increasing recognition for the Group's brands and products.

Product Research, Design and Development

The Group distinguishes its products from other rivals by their design and quality, placing emphasis on boosting profitability rather than driving sheer volume growth. To achieve this, the Group's design focus has shifted increasingly from function to fashion, integrating colourful design, new fabrics and trendy styles to produce versatile, light-weighted fashionable garment. The broadened range of products are designed to appeal to consumers of different age groups and with varying tastes.

The product design and development team creates nearly 200 new styles under various themes each year. The Group conducts research and keeps itself current with the latest fashion trends through participation in trade exhibitions, evaluation of sales performance, customer feedback and constant updates from fashion-related media. To further strengthen its design capability, the Group collaborated with international fashion design institutes in France and Korea to obtain first-hand information on the latest international fashion trends.

Product quality has always been a top priority of the Group. To further enhance the quality of Bosideng down apparel products, the Group utilises innovative fabric and materials that are odourless, anti-bacterial, water-repellent and stain-repellent for a selected range of Bosideng down apparel products.

Sales and Distribution Network Expansion

The Group's products are distributed through an extensive retail distribution network in the PRC. During the period under review, the Group added 276 retail stores to its network, bringing the total number of retail stores to 7,120 as at September 30, 2007. The increase mainly came from increased number of sales outlets in department stores to pave the way to capture opportunities in the winter peak season.

The retail network composition by outlet type and geographical location is as follows:

Outlet types	**September 30, 2007**	March 31, 2007	**Change**
Specialty stores			
• Operated by the Group	**3**	3	–
• Supervised/Operated by third party distributors	**4,573**	4,956	-383
	4,576	4,959	-383
Concessionary retail outlets			
• Supervised by the Group	**1,527**	1,018	+509
• Supervised/Operated by third party distributors	**1,017**	867	+150
	2,544	1,885	+659
Total	**7,120**	6,844	+276

Sales regions	**September 30, 2007**	March 31, 2007	**Change**
Shandong	**748**	749	-1
Eastern China	**1,156**	1,194	-38
South Eastern China	**576**	666	-90
Central China	**1,474**	1,381	+93
Northern China	**799**	768	+31
North Eastern China	**892**	832	+60
North Western China	**1,475**	1,254	+221
Total	**7,120**	6,844	+276

As part of the brand building programme, the Group started taking active steps during the period under review to further enhance store image through the use of standardised and modern interior décor and window display that are distinctive to its image and brand portfolio. It also regularly reviews store performances, both operational and financial, to ensure that the stores conform to the Group's standards. As at September 30, 2007, the number of specialty stores dropped by 383 from that of March 31, 2007, as under-performing stores were eliminated from the network, and certain stores were under renovation. The increase in the number of concessionary retail outlets also reflected the strategic shift in the channel mix and the aim to enhance overall brand image by setting up outlets in mid- to high-end department stores.

Supply Chain Management

The Group effectively manages each stage of its supply chain from product research, design and development, procurement of raw materials, outsourced manufacturing, marketing and promotion and distribution. To focus on its core strength of developing and managing its brand portfolio and to be more cost-efficient, the Group has outsourced its manufacturing operations to over 300 contract manufacturers since the last fiscal year.

The Group remains cost-competitive and responsive to supplemental production orders by leveraging its established relationships with its major suppliers and contract manufacturers. During the period under review, the Group started an enhancement programme to upgrade its ERP system and to extend the reach from the Group's regional sales companies to retail outlets. Phase I of the enhancement programme commenced in the second half of the year, enabling more timely access to key operational data and quicker response to market changes.

Financial Review

Revenue

Revenue of the Group was mainly generated from sales of branded down apparel. This accounted for 75.3% of the Group's revenue, with the remaining 24.7% coming from the OEM management business, versus 79.9% and 20.1% respectively in the same period last year.

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

	Six months ended September 30,			
	2007		2006	
	(RMB' million)	***As a % of branded down apparel sales***	*(RMB' million)*	*As a % of branded down apparel sales*
Bosideng	**793.1**	**52.2**	750.0	53.7
Snow Flying	**356.7**	**23.5**	343.6	24.6
Bingjie	**146.9**	**9.7**	176.0	12.6
Kangbo	**137.8**	**9.1**	100.3	7.2
Other brands	**54.0**	**3.5**	–	–
Others	**29.8**	**2.0**	27.3	1.9
Sub-total	**1,518.3**	**100%**	1,397.2	100%
Less: sales rebates	**(10.0)**		(15.7)	
Total down apparel revenue	**1,508.3**		1,381.5	

During the period under review, the Group has formulated an effective sales plan to control the quantity and the selling price of inventories to be sold in the low season sales period in order to prevent any adverse effect on the sales of the new winter collection in the upcoming peak season. At the same time, the inventories were sold with reasonable profitability.

A breakdown of the revenue by sales methods is as below:

	Six months ended September 30,			
	2007		2006	
	(RMB' million)	***% of revenue***	*(RMB' million)*	*% of revenue*
Branded down apparel				
• Outright sales	**1,276.1**	**63.7%**	1,219.5	70.5%
• Consignment sales	**202.4**	**10.1%**	134.7	7.8%
Others*	**29.8**	**1.5%**	27.3	1.6%
Total down apparel revenue	**1,508.3**	**75.3%**	1,381.5	79.9%
OEM management	**495.0**	**24.7%**	347.6	20.1%
Total revenue	**2,003.3**	**100%**	1,729.1	100%

* *Mainly represents sales of raw materials relating to down products.*

A majority of the Group's products were sold through outright sales, which accounted for 84.6% of the Group's branded down apparel revenue, as compared to 88.3% in the same period of last year. Change in the mix of the outright sales and consignment sales reflects our continual strategic shift to increase consignment sales as part of our branding and marketing strategy.

Cost of Sales

Cost of sales for the period under review remained stable as a percentage of revenue during the period under review. It amounted to approximately RMB1,374.2 million, or 68.6% of the Group's revenue, as compared to RMB1,179.7 million or 68.2% of revenue in the corresponding period of last year. This comprised of the cost of branded down apparel and the cost of the OEM management business, which accounted for 70.0% and 30.0% respectively, as compared to 74.5% and 25.5% in the same period of last year.

Operating Expenses

Operating expenses, mainly comprising distribution and administrative expenses, accounted for 16.2% of the Group's revenue, as compared to 15.0% in the corresponding period of last year.

The Group's distribution expenses, mainly comprising advertising, promotion, concessionaire fees, and salary and welfare, amounted to approximately RMB287.1 million, representing 14.3% of the Group's revenue, a slight increase from 13.4% in the same period last year. The increase was mainly due to the opening of new sales companies under the Group's business expansion plan and the increase in concessionaire fees as an increased percentage of revenue was generated from consignment sales.

Despite the keen competition of the down apparel market in the period under review, the Group was able to control the total advertising and promotion expenses at 7.4% of revenue, as compared to 7.7% in the corresponding period last year.

The administrative expenses of the Group, which were mainly comprised of salary and welfare, travel and office expenses, amounted to RMB37.8 million for the period under review, representing 1.9% of the Group's revenue, as compared to RMB26.8 million or 1.5% in the same period last year. The increase mainly came from the increase of headcounts and general office expenses as a result of the business expansion and the preparation for the listing of the Group.

Other Expenses

Other expenses for the six months ended September 30, 2006 amounting to RMB17.5 million represented the fees payable to licensees in connection with the early termination of licensing of a number of our trademarks in relation to non-down products.

Operating Profit

For the six months ended September 30, 2007, operating profit of the Group rose by 12.0% to RMB328.0 million. Operating profit margin for the period under review was 16.4%, comparable with 16.9% in the corresponding period last year.

Finance Costs and Taxation

The Group's finance costs for the period under review increased considerably to RMB43.0 million from RMB3.8 million in the previous year due to increased loans and bank borrowings to finance operations and to settle related party balances, and the issuance of convertible redeemable preference shares in September 2006.

For the six months ended September 30, 2007, income tax expense amounted to RMB12.5 million, which is equivalent to an effective tax rate of 4.4%, as compared to RMB107.4 million and an effective tax rate of 37.0% in the same period of last year. The decrease in income tax expense was attributable to four principal subsidiaries enjoying tax exemption during the reporting period since they became foreign investment enterprises in late 2006.

Liquidity and Financial Resources

The Group adopted prudent funding and treasury management policies and maintained a healthy financial position. The Group met its working capital and other capital requirements principally with internally generated cash flow from operating activities and long-term and short-term bank borrowings.

For the six months ended September 30, 2007, the Group's net cash inflow from operating activities amounted to RMB365.2 million, as compared to net cash outflow of RMB237.2 million in the same period in 2006. Net cash generated from financing activities in the six months ended September 30, 2007 decreased to RMB78.3 million from RMB692.0 million in the corresponding period of the previous year, primarily as a result of repayments of loans and borrowings of RMB825.2 million and the payment of dividends amounting to approximately RMB756.9 million. Cash and cash equivalents as at September 30, 2007 was in the amount of RMB814.0 million, as compared to RMB507.8 million as at March 31, 2007.

As at September 30, 2007, the Group's total loans and borrowings increased to RMB1,471.1 million from RMB635.9 million as at March 31, 2007. The increase is mainly for working capital funding and settlement of related party balances before the listing. As at September 30, 2007, gearing ratio (total debt/total equity) of the Group was 3.9 times, representing an 18.8% decrease as compared to 4.8 times as at September 30, 2006.

Contingent Liabilities

As at September 30, 2007, the Group had no material contingent liabilities.

Pledge of Assets

As at September 30, 2007, bank deposits amounting to approximately RMB156.8 million had been pledged to secure the Group's banking facilities.

Foreign Currency Exposure

The business operations of the Group were mainly in the PRC, and the revenue and expenses of the Group were denominated in RMB. Certain of the Group's cash and bank deposits, including the proceeds from the share offer in October 2007, were denominated in Hong Kong Dollars. As of September 2007, the directors of the Company consider that the Group's risk in foreign exchange is insignificant. During the period under review, the Group did not use any financial instrument for hedging purposes.

The proceeds from the share offer are denominated in Hong Kong Dollars. Any significant exchange rate fluctuations of the Hong Kong Dollar against the Renminbi may have a financial impact to the Group.

Business Outlook

Going forward in the second half of this fiscal year, the Group is optimistic and sees enormous potential in the PRC market. The Group believes that strengthening and enriching its product design without compromising the functional features of its down apparel are crucial to its long-term success.

A series of new products with different themes that are stylish and trendy in design and feature superior quality have been launched to capture expected demand and to convey the advertising slogan for this year's fall/winter season — "Bosideng products making a more beautiful winter". The Group has worked with a leading international advertising agency to create a comprehensive, innovative and multi-pronged promotional strategy which covers the following aspects for this year's winter:

- Hosting the 2007 winter new product release, and using a mobile "T-stage" runway to conduct the down apparel fashion show to showcase the latest designs
- Organising a photography competition with the theme "Beautiful Winter"
- Introducing new sales and promotion channels, including the Internet
- Collaborating with popular magazines to promote our brands and products

Going forward, the Group's primary goal is to further strengthen and expand its leading position in the PRC down apparel industry and to further capitalise on the rising demand for down apparel with a diverse range of products under a portfolio of brands that cater to the needs of different market segments, while selectively diversifying into new product offerings and new markets. The Group aims to achieve these goals through a business strategy with the following key aspects:

Strengthen brand differentiation, brand loyalty and reputation through targeted marketing efforts

The Group will continue tailoring its marketing efforts to different consumer segments. It will further strengthen its brand image and may introduce new brands to the market in the future to fully capture growth opportunities in the increasingly affluent PRC market. It will leverage its enhanced brand equity to further strengthen the business relationships with its major suppliers, contract manufacturers and third party distributors.

Strengthen, expand and consolidate the retail distribution network

The Group will enhance the efficiency of the retail outlets in cities where it has a strong presence and expand its retail network coverage in cities with growth potential. The Group plans to develop its self-owned stores in tier-one cities, provincial capitals, and other developed medium to large cities to enhance product penetration. Cost control measures will also be implemented to consolidate under-performing retail outlets in the PRC and re-allocate resources to other outlets with growth potential.

Enhance the product research, design and development capability

The Group plans to expand the size and quality of the research, design and development team and to continue collaborating with international fashion design institutes. It will also foster collaboration with renowned domestic and international research institutions in countries such as France, Italy and Japan to develop new fabric materials to strengthen product competitiveness.

Enhance supply chain management

The Group will continue to upgrade its management information system, further enhance its ERP system and extend its operational scope to both upstream and downstream segments of the supply chain gradually over three years. Such system upgrades will enable the Group to have a comprehensive assessment of the performance of its entire supply chain and expedite its response to market changes. It also intends to establish a quality inspection centre to ensure its adherence to quality control standards at every stage of the supply chain.

Explore overseas expansion opportunities

Leveraging on its strong product design capability, wealth of experience in the down apparel sector and its high quality and cost competitive products, the Group plans to extend its footprint beyond mainland China to international markets with suitable climate, population size and consumer demand. The Group is exploring opportunities in Russia, Canada and the United States, for new retail channels, which will either be operated by the Group or by authorised third party distributors and wholesalers and which can provide country-specific expertise and access to customers and business relationships.

Diversify into new product lines

To complement its existing product portfolio, the Group intends to broaden its product portfolio and selectively diversify into new product lines that are less sensitive to variations in seasonal patterns (such as bedding products and a selected range of non-down apparel products). In view of this, the Group intends to expand its brand portfolio associated with such products by the introduction of new brands associated with such products, either through in-house development or the acquisition of established external brands.

HUMAN RESOURCES

The Group adopts a performance-based remuneration system under which staff bonuses are principally determined by their respective performance and contribution to the Group. To attract and retain skilled and experienced personnel and to motivate them to strive for the future development and expansion of the Group's business, the Group also offers a share scheme ("Share Scheme") as well as a share option scheme ("Share Option Scheme"), both of which are disclosed in Appendix VIII of the Prospectus. As at September 30, 2007, the Group had approximately 1,340 full-time employees (March 31, 2007: 1,034 full-time employees). Staff costs (including directors' remuneration) were RMB44.5 million (September 30, 2006: RMB22.4 million). The increase was mainly due to the increase of headcounts to support the business and distribution network expansion, and the expenses arising from the Share Scheme.

As of September 30, 2007, there have not been any share options granted under the Share Option Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company will comply with the requirements under the Model Code as provided in Appendix 10 of the Listing Rules to make specific enquiry of all the directors on whether they have complied with the required standards as set out in the Model Code regarding the directors' dealings in the securities of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended September 30, 2007.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended September 30, 2007.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Directors confirm that as of September 30, 2007, the Company has adopted the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code"), 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 purpose 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 therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

Audit Committee

An audit committee was established on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C3 of the Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system, nominate and monitor external auditors and to perform other duties and responsibilities as assigned by the Board. The audit committee consists of three independent non-executive directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie. The unaudited consolidated interim financial statements for the six months ended September 30, 2007 (including the accounting principles and practices adopted by the Company and financial reporting matters) have been reviewed by the audit committee, in conjunction with KPMG, the Company's external auditors. Such review does not constitute an audit on the basis of review conducted by KPMG. The unmodified review report issued by KPMG will be set out in the interim report of the Company, which will be sent to shareholders and published on the website of the Stock Exchange (www.hkex.com.hk).

Remuneration Committee

The Company established the remuneration committee on September 15, 2007 with written terms of reference pursuant to paragraph B1 of the Code. The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration packages of the directors and senior management, 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 Company established a nomination committee on September 15, 2007 with written terms of reference pursuant to paragraph A.4.5 of the Code. 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). The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://company.bosideng.com). An interim report for the six months ended September 30, 2007 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders, distributors and customers 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 18, 2007

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.