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BOSIDENG

Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3998

INTERIM REPORT 2015/16

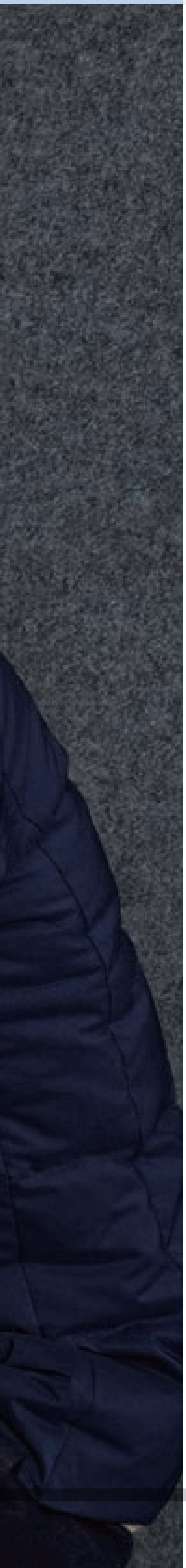
Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a renowned down apparel company in the People's Republic of China (the "PRC") with four core down apparel brands, namely Bosideng, Snow Flying, Combo and Bengen. The Group satisfies different customers and fosters its leading position in the PRC market through its core brands.

Leveraging on its down apparel business, the Group is actively propelling the strategy of developing an evergreen business for four seasons and proactively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation, and stride toward becoming a world-renowned integrated apparel brand operator. Currently, key non-down apparel brands of the Group include Bosideng MAN, JESSIE ladies' wear and Mogao casual wear.

Contents

Financial 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 of directors of the Company (the "Board") does not recommend payment of an interim dividend



INTERIM RESULTS HIGHLIGHTS

	Six months ended September 30		
RMB'000	**2015 Unaudited**	2014 Unaudited	Change (%)
Revenue	**2,563,746**	2,849,533	-10.0
Gross profit	**924,325**	1,349,499	-31.5
Gross profit margin	**36.1%**	47.4%	-11.3 pts
Profit from operation	**132,330**	306,604	-56.8
Operating profit margin	**5.2%**	10.8%	-5.6 pts
Profit attributable to equity shareholders of the Company	**130,699**	252,733	-48.3
Net profit margin	**5.1%**	8.9%	-3.8 pts
Earnings per share (RMB cents)			
– Basic	**1.64**	3.18	-48.4
– Diluted	**1.63**	3.18	-48.7

Management Discussion and Analysis

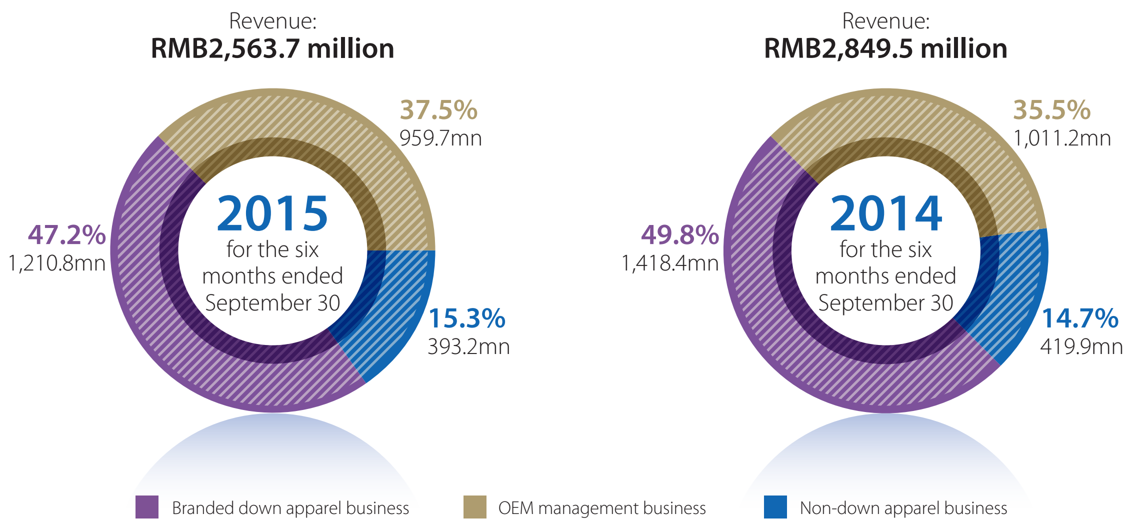
In 2015, China's apparel industry continues to face tremendous challenges. Filled with economic uncertainties, China recently released its third quarter GDP growth which fell below 7% for the first time, marking the lowest growth since the financial crisis. This indicates a trend of ongoing slowdown 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



Branded Down Apparel Business:

The first half of the year was a low season for sales of down apparels. During the period, the Group mainly featured off season sales. In addition, the Group adhered to last year's strategy and further stepped up its efforts this year to optimize 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 revert 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.*

Management Discussion and Analysis

During the period, the Group endeavored to actively optimize 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 combines shopping, dining and entertainment. Accordingly, the Group also reduced the number of store openings in less influential department stores to achieve better resource utilization. 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 organized 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 the 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 Number of stores	Bosideng Change	Snow Flying Number of stores	Snow Flying Change	Combo Number of stores	Combo Change	Bengen Number of stores	Bengen Change	Total* Number of stores	Total* 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

Management Discussion and Analysis

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.*

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, optimized 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 optimized product mix. In respect of wholesale business, JESSIE optimized 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

	Bosideng MAN		JESSIE		Mogao		Total*	
As at September 30, 2015	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 utilizing its extensive resources in down apparel products, the Group will assist the flagship store to further optimize 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-sale financial assets, which was comprised of 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 these 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 Renminbi. 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 dormitories 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 shares had been awarded by the Group under the Share Award Scheme.

INTERIM DIVIDEND

The Board does not recommend 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.

Independent Review Report

Review Report to the Board of Directors of
Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 18 to 48 which comprises the consolidated statement of financial position of Bosideng International Holdings Limited as of September 30, 2015, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at September 30, 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

November 30, 2015

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	6	**2,563,746**	2,849,533
Cost of sales		**(1,639,421)**	(1,500,034)
Gross profit		**924,325**	1,349,499
Other income	7	**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	7	**–**	(827)
Profit from operations		**132,330**	306,604
Finance income		**99,773**	96,444
Finance costs		**(55,753)**	(57,507)
Net finance income	10	**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	11(a)	**(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 the 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

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
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	12		
– basic (RMB cents)		**1.64**	3.18
– diluted (RMB cents)		**1.63**	3.18

The notes on pages 26 to 48 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 25(a).

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	13	**950,560**	962,750
Lease prepayments		**37,819**	38,264
Intangible assets and goodwill	14	**806,428**	874,219
Investment properties	15	**201,522**	198,322
Interest in associates		**231,443**	222,456
Deferred tax assets	11(b)	**506,729**	469,813
		2,734,501	2,765,824
Current assets			
Inventories	16	**2,051,544**	1,908,918
Trade, bills and other receivables	17	**3,247,172**	1,793,709
Receivables due from related parties	29(b)	**154,954**	157,157
Prepayments for materials and service suppliers		**254,834**	128,714
Other financial assets		**–**	234,060
Available-for-sale financial assets	18	**1,140,194**	2,027,181
Pledged bank deposits	19	**941,184**	733,463
Time deposits with maturity over 3 months	20	**189,200**	268,900
Cash and cash equivalents	21	**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	22	**2,806,694**	2,544,435
Trade and other payables	23	**1,330,430**	1,261,219
Payables due to related parties	29(b)	**409**	1,484
Derivative financial liabilities	24	**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

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 liabilities			
Interest-bearing borrowings	22	684,636	993,194
Derivative financial liabilities	24	–	1,435
Deferred tax liabilities	11(b)	156,109	160,211
		840,745	1,154,840
Net assets		7,359,777	7,413,899
Capital and reserves			
Share capital	25	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	25	7,359,777	7,413,899

Approved and authorized for issue by the board of directors on November 30, 2015.

Gao Dekang
Chairman of the Board of Directors

Gao Miaoqin
Director

The notes on pages 26 to 48 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended September 30, 2015 – Unaudited

	Attributable to the equity shareholders of the Company											
	Share capital (note 25(b))	Share premium	Treasury shares held for the Share Award Scheme	Capital reserves	Statutory reserves	Translation reserves	Fair value reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at April 1, 2015	622	–	(71,778)	76,066	824,115	(267,288)	–	(107,109)	6,730,588	7,185,216	228,683	7,413,899
Total comprehensive income for the period:												
Profit for the period	–	–	–	–	–	–	–	–	130,699	130,699	827	131,526
Foreign currency translation differences – foreign operations	–	–	–	–	–	(108,191)	–	–	–	(108,191)	–	(108,191)
Net movement in the fair value reserve of available-for-sale financial assets, net of tax	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	(108,191)	–	–	130,699	22,508	827	23,335
Transactions with owners, recorded directly in equity												
Treasury shares held for Share Award Scheme	–	–	(13,900)	–	–	–	–	–	–	(13,900)	–	(13,900)
Written put option of non-controlling interests (note 24)	–	–	–	–	–	–	–	(1,578)	–	(1,578)	–	(1,578)
Disposal of a subsidiary	–	–	–	–	(1,426)	–	–	–	1,426	–	–	–
Dividends	–	–	–	–	–	–	–	–	(61,979)	(61,979)	–	(61,979)
	–	–	(13,900)	–	(1,426)	–	–	(1,578)	(60,553)	(77,457)	–	(77,457)
Balance at September 30, 2015	622	–	(85,678)	76,066	822,689	(375,479)	–	(108,687)	6,800,734	7,130,267	229,510	7,359,777

Consolidated Statement of Changes in Equity

For the six months ended September 30, 2015 – Unaudited

	Attributable to the equity shareholders of the Company											
	Share capital (note 25(b))	Share premium	Treasury shares held for the Share Award Scheme	Capital reserves	Statutory reserves	Translation reserves	Fair value reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at April 1, 2014	**622**	**150,538**	**(71,778)**	**76,066**	**822,692**	**(277,866)**	**(1,429)**	**(195,100)**	**6,651,144**	**7,154,889**	**222,344**	**7,377,233**
Total comprehensive income for the period:												
Profit for the period	–	–	–	–	–	–	–	–	252,733	252,733	2,051	254,784
Foreign currency translation differences – foreign operations	–	–	–	–	–	1,783	–	–	–	1,783	–	1,783
Net movement in the fair value reserve of available-for-sale financial assets, net of tax	–	–	–	–	–	–	1,198	–	–	1,198	514	1,712
	–	–	–	–	–	1,783	1,198	–	252,733	255,714	2,565	258,279
Transactions with owners, recorded directly in equity												
Written put option of non-controlling interests (note 24)	–	–	–	–	–	–	–	37,591	–	37,591	–	37,591
Dividends	–	(126,291)	–	–	–	–	–	–	–	(126,291)	–	(126,291)
	–	(126,291)	–	–	–	–	–	37,591	–	(88,700)	–	(88,700)
Balance at September 30, 2014	**622**	**24,247**	**(71,778)**	**76,066**	**822,692**	**(276,083)**	**(231)**	**(157,509)**	**6,903,877**	**7,321,903**	**224,909**	**7,546,812**

The notes on pages 26 to 48 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended September 30, 2015 – Unaudited

	Six months ended September 30, 2015 RMB'000	Six months ended September 30, 2014 RMB'000
Operating activities		
Profit for the period	**131,526**	254,784
Adjustments for:		
Income tax expense	**53,811**	101,660
Depreciation	**60,522**	78,445
Amortization	**18,236**	18,384
Impairment losses	**50,000**	70,000
Change in fair value of contingent considerations	**–**	(659)
Change in fair value of derivative financial liabilities	**1,416**	(824)
Net interest income	**(35,062)**	(43,471)
Share of profits of associates	**(8,987)**	(10,903)
Operating profit before changes in working capital	**271,462**	467,416
Increase in inventories	**(142,626)**	(365,183)
Increase in trade, bills and other receivables and prepayments	**(1,449,484)**	(1,733,260)
Decrease/(increase) in receivables due from related parties	**2,203**	(110,884)
Increase in trade and other payables	**66,556**	257,743
Decrease in payables due to related parties	**(1,075)**	(108)
Cash used in operations	**(1,252,964)**	(1,484,276)
Interest paid	**(51,834)**	(51,490)
Income tax paid	**(35,307)**	(107,311)
Net cash used in operating activities	**(1,340,105)**	(1,643,077)
Investing activities		
Collection of deposits	**–**	40,063
Acquisition of property, plant and equipment	**(36,138)**	(71,442)
Acquisition of lease prepayments	**–**	(8,343)
Proceeds from disposal of property, plant and equipment	**2,119**	2,853
Payment of deposit in relation to written put option	**(130,099)**	–
Acquisition of available-for-sale financial assets	**(2,064,795)**	(1,937,200)
Proceeds from disposal of available-for-sale financial assets	**2,951,782**	3,027,357
Proceeds from disposal of other financial assets	**234,060**	420,000
(Increase)/decrease in pledged bank deposits	**(10,277)**	15,688
Decrease in time deposits with maturity over 3 months	**79,700**	10,200
Interest received	**86,896**	94,961

Consolidated Statement of Cash Flows

For the six months ended September 30, 2015 – Unaudited

	Six months ended September 30, 2015 RMB'000	Six months ended September 30, 2014 RMB'000
Net cash generated from investing activities	**1,113,248**	1,594,137
Financing activities		
Proceeds from interest-bearing borrowings	**687,144**	595,883
Repayment of interest-bearing borrowings	**(733,443)**	(443,105)
Increase in bank deposits pledged for bank loans	**(348,044)**	(110,000)
Decrease/(increase) in bank deposits pledged for standby letter of credit	**150,600**	(8,348)
Payment for purchase of shares in connection with the Share Award Scheme	**(13,900)**	–
Dividends paid	**(61,979)**	(126,291)
Net cash used in financing activities	**(319,622)**	(91,861)
Net decrease in cash and cash equivalents	**(546,479)**	(140,801)
Cash and cash equivalents at the beginning of the period	**2,470,780**	2,117,996
Effect of foreign currency exchange rate changes	**(124,627)**	9,277
Cash and cash equivalents at the end of the period	**1,799,674**	1,986,472

The notes on pages 26 to 48 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

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.

2. BASIS OF PREPARATION (CONTINUED)

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 17.

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. SEASONALITY OF OPERATIONS

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

5. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2014/15 annual financial statements.

6. 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.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment results

For the six months ended September 30, 2015

	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group 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 RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group 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)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(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

7. OTHER INCOME/(EXPENSES)

	Note	Six months ended September 30, 2015 RMB'000	Six months ended September 30, 2014 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.

8. PERSONNEL EXPENSES

	Six months ended September 30, 2015 RMB'000	Six months ended September 30, 2014 RMB'000
Salaries, wages and other benefits	**245,674**	319,465
Contributions to defined contribution plans	**22,942**	34,262
	268,616	353,727

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

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

9. EXPENSES BY NATURE

The following expenses are included in cost of sales, 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

10. 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

Notes to the Unaudited Interim Financial Report

11. 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 29.0%, 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 subsidiary mentioned above.

11. INCOME TAX EXPENSE (CONTINUED)

(b) Deferred tax assets and liabilities:

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and trademark RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax loss expected to be utilized RMB'000	Others RMB'000	Total RMB'000
At April 1, 2015	**79,481**	**16,189**	**(84,005)**	**(68,311)**	**127,968**	**221,688**	**16,592**	**309,602**
(Charged)/credited to profit or loss	**(15,022)**	**7,610**	**4,386**	**–**	**26,672**	**26,265**	**(8,893)**	**41,018**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at September 30, 2015	**64,459**	**23,799**	**(79,619)**	**(68,311)**	**154,640**	**247,953**	**7,699**	**350,620**

The Enterprise Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from January 1, 2008. Undistributed earnings generated prior to January 1, 2008 are exempted from such withholding tax. Deferred tax liabilities have been recognized for the retained earnings recorded in the books and accounts of the Group's PRC subsidiaries generated after January 1, 2008, which management estimates will be distributed outside of the PRC within the foreseeable future.

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Net deferred tax assets	**506,729**	469,813
Net deferred tax liabilities	**(156,109)**	(160,211)
	350,620	309,602

12. 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At April 1, 2015	760,294	29,406	270,513	227,411	32,406	1,320,030
Additions during the period	53	554	6,435	19,323	10,850	37,215
Transfer during the period	–	–	808	–	(808)	–
Movement of exchange rate	10,676	–	265	–	–	10,941
Disposals during the period	–	(37)	(16,718)	(11,678)	–	(28,433)
At September 30, 2015	771,023	29,923	261,303	235,056	42,448	1,339,753
Depreciation						
At April 1, 2015	(66,388)	(15,108)	(184,302)	(91,482)	–	(357,280)
Depreciation charge for the period	(14,837)	(1,005)	(19,003)	(22,679)	–	(57,524)
Movement of exchange rate	(531)	–	(172)	–	–	(703)
Disposals during the period	–	19	14,617	11,678	–	26,314
At September 30, 2015	(81,756)	(16,094)	(188,860)	(102,483)	–	(389,193)
Carrying amount						
At September 30, 2015	689,267	13,829	72,443	132,573	42,448	950,560
At March 31, 2015	693,906	14,298	86,211	135,929	32,406	962,750

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Except for freehold land and buildings with the carrying amount of RMB183,614,000, which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2015. The properties located in the United Kingdom were acquired by the Group in June 2011, functioning as the Group's European flagship store as well as its headquarters in Europe.

As at September 30, 2015, no interest expense was capitalized as the borrowing costs directly attributable to the acquisition of qualifying assets were not significant.

14. INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At April 1, 2015	777,053	597,882	206,765	1,581,700
At September 30, 2015	777,053	597,882	206,765	1,581,700
Amortization and impairment loss:				
At April 1, 2015	(242,274)	(429,156)	(36,051)	(707,481)
Amortization charge for the period	–	(12,497)	(5,294)	(17,791)
Impairment losses	(50,000)	–	–	(50,000)
At September 30, 2015	(292,274)	(441,653)	(41,345)	(775,272)
Net book value:				
At September 30, 2015	484,779	156,229	165,420	806,428
At March 31, 2015	534,779	168,726	170,714	874,219

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

During the six months ended September 30, 2015, based on the impairment assessment review, an impairment loss of goodwill of RMB50,000,000 (six months ended September 30, 2014: RMB70,000,000) was recognized in the consolidated statement of profit or loss and other comprehensive income in light of the actual operating results and cash flows for Menswear cash generating unit ("CGU") were lower than expected.

14. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The recoverable amount of Menswear CGU was estimated based on the value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The value in use calculation uses cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for a risk premium to reflect the systematic risk of the specific CGU. The estimate of value in use of Menswear CGU was determined using a post-tax discount rate of 20%.

15. INVESTMENT PROPERTIES

	2015 RMB'000
Cost:	
At April 1, 2015	214,921
Effect of movement in exchange rates	6,466
At September 30, 2015	221,387
Accumulated depreciation:	
At April 1, 2015	(16,599)
Charge for the period	(2,998)
Effect of movement in exchange rates	(268)
At September 30, 2015	(19,865)
Carrying amounts:	
At September 30, 2015	201,522
At March 31, 2015	198,322

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2015, freehold investment properties with the carrying amount of RMB112,364,000 (March 31, 2015: RMB106,801,000) represented land and buildings located in the United Kingdom and leasehold investment properties with the carrying amount of RMB89,158,000 (March 31, 2015: RMB91,521,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases typically carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at September 30, 2015, the estimated fair value of the investment properties that were acquired before April 1, 2015 had not significantly changed as compared to their respective fair value as at March 31, 2015, because having considered the latest property market condition and the market data on comparable properties, the directors were of the view that there were no indications of significant changes in the fair value since previous annual reporting date.

16. 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

17. 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.

17. TRADE, BILLS AND OTHER RECEIVABLES (CONTINUED)

As of the end of the reporting period, the aging 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.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 3.50% to 5.40% per annum (March 31, 2015: 2.27% to 6.30%).

19. PLEDGED BANK DEPOSITS

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

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Standby letters of credit	**312,820**	463,420
Bank borrowings (note 22)	**598,044**	250,000
Bills payable and letter of credit facilities	**30,320**	20,043
	941,184	733,463

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

20. TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB189,200,000 as at September 30, 2015 (March 31, 2015: RMB268,900,000) were deposited in banks for a period of over three months but within one year.

21. CASH AND CASH EQUIVALENTS

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Cash at bank and on hand	**2,930,058**	3,473,143
Less: 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

22. INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were repayable as follows:

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Within 1 year or on demand	**2,806,694**	2,544,435
After 1 year but within 2 years	**684,636**	993,194
	3,491,330	3,537,629

22. INTEREST-BEARING BORROWINGS (CONTINUED)

The interest-bearing borrowings were secured as follows:

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Bank loans		
– Secured	**2,106,951**	1,473,172
– Unsecured	**1,384,379**	2,064,457
	3,491,330	3,537,629

Bank borrowings of RMB713,282,000 as at September 30, 2015 (March 31, 2015: RMB981,756,000) were secured by standby letters of credit.

Bank borrowings of RMB1,393,669,000 as at September 30, 2015 (March 31, 2015: RMB491,416,000) were secured by pledged bank deposits of RMB598,044,000 (March 31, 2015: RMB250,000,000) (note 19).

Unsecured bank loans of RMB1,384,379,000 are subject to the fulfillment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at September 30, 2015, none of the covenants relating to drawn down facilities had been breached.

23. 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 24)	**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

23. TRADE AND OTHER PAYABLES (CONTINUED)

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

An aging 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

24. 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 10) being recognized in profit or loss.

25. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended September 30, 2015 RMB'000	Six months ended September 30, 2014 RMB'000
Interim dividend declared and paid of nil per ordinary share (2014: interim dividend of RMB1.0 cent 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 RMB'000	Six months ended September 30, 2014 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB0.8 cent per ordinary share (2014: final dividend of RMB1.6 cents per ordinary share)	**63,112**	127,131

(b) Share capital

The issued capital of the Group as of September 30, 2015 of RMB622,000 represents 8,007,350,000 ordinary shares at par value of US$0.00001 per share.

26. SHARE AWARD SCHEMES

On September 23, 2011, the Company adopted a share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules, to recognize and reward the contribution of certain eligible employees to the growth and development of the Group through an award of the Company's shares. The Share Award Scheme remains in force for a period which commenced on September 23, 2011 and will end on March 31, 2018.

The Company has appointed a trustee (the "Trustee") for administration of the Share Award Scheme. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of the Company's shares held by the Trustee under the Share Award Scheme will not exceed 1.5% of the total issued shares of the Company at any time.

As at September 30, 2015, the Trustee had purchased 76,588,000 shares (March 31, 2015: 53,508,000 shares) of the Company at a total cost (including related transaction costs) of RMB85,678,000 (March 31, 2015: RMB71,778,000). No shares have been awarded to selected employees as of September 30, 2015 under the Share Award Scheme.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

- Level 3 valuations: Fair value measured using significant unobservable inputs.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair value hierarchy (continued)

		Fair value measurements as at September 30, 2015 categorized into	
	Fair value at September 30, 2015 RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 18)	**1,140,194**	**1,140,194**	**–**
Financial liabilities:			
Derivative financial liabilities (note 24)	**2,851**	**–**	**2,851**

		Fair value measurements as at March 31, 2015 categorized into	
	Fair value at March 31, 2015 RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Financial assets:			
Available-for-sale financial assets (note 18)	2,027,181	2,027,181	–
Financial liabilities:			
Derivative financial liabilities (note 24)	1,435	–	1,435

During the six months ended September 30, 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

The fair value of available-for-sale financial assets in Level 2 is determined by reference to quoted prices from banks on similar financial products at the reporting date.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Information about Level 3 fair value measurements

The fair value of derivative financial liabilities is determined by using appropriate valuation techniques with significant unobservable inputs.

The fair value of contingent consideration payable is determined by using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

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

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at March 31, 2015 and September 30, 2015.

28. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at September 30, 2015 not provided for in the interim financial report are as follows:

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Contracted for	**38,297**	50,272
Authorized but not contracted for	**–**	–
	38,297	50,272

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Within 1 year	**57,175**	100,385
After 1 year but within 5 years	**32,319**	74,011
Over 5 years	**183**	3,595
	89,677	177,991

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of one to six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the period, were RMB129,890,000 for the period ended September 30, 2015 (2014: RMB137,327,000).

28. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Contingent liabilities

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

29. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2015 and 2014, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
Bosideng Corporation 波司登股份有限公司	Effectively controlled by Mr. Gao Dekang and his family (the "Gao Family"), the controlling equity shareholders of the Group
Shandong Kangbo Industry Co., Ltd. ("Shandong Kangbo") 山東康博實業有限公司（山東康博）	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Suyong International Trade Co., Ltd. ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司（江蘇蘇甬）	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Jiangsu Kangxin Garment Co., Ltd. ("Jiangsu Kangxin") 江蘇康欣制衣有限公司（江蘇康欣）	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd. ("Zhongke Bosideng") 中科波司登納米服飾（蘇州）有限公司（中科波司登）	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Six months ended September 30, 2015 RMB'000	Six months ended September 30, 2014 RMB'000
Purchase of raw materials:		
Bosideng Corporation	117	59
Jiangsu Kangxin	3	–
Total	120	59
Rental expenses for lease of properties:		
Bosideng Corporation	4,566	3,732
Shandong Kangbo	1,068	1,068
Jiangsu Suyong	–	120
Total	5,634	4,920
Processing fee:		
Bosideng Corporation	314,444	352,673
Jiangsu Kangxin	33	50
Shandong Kangbo	1,828	–
Total	316,305	352,723
Integrated service fees:		
Bosideng Corporation (i)	1,767	4,100

(i) The fees were mainly paid to a hotel owned by Bosideng Corporation, which provided hotel accommodation services to the Group.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	At September 30, 2015 RMB'000	At March 31, 2015 RMB'000
Other receivables due from:		
Bosideng Corporation	150,157	157,036
Jiangsu Kangxin	3,110	–
Jiangsu Suyong	1,687	121
	154,954	157,157
Total receivables due from related parties	154,954	157,157
Trade payables due to:		
Shandong Kangbo	–	1,038
Zhongke Bosideng	409	420
Jiangsu Kangxin	–	26
	409	1,484
Total payables due to related parties	409	1,484

General Information

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

As at September 30, 2015, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other (Note 1)	5,208,791,201	65.05%
	Deemed interest (Note 3)	2,763,697	0.035%
	Controlled corporation (Note 5)	1,302,500,000	16.27%
Ms. Mei Dong	Other (Note 1 and 4)	5,208,791,201	65.05%
	Beneficial owner (Note 2)	2,763,697	0.035%
	Controlled corporation (Note 5)	1,302,500,000	16.27%
Ms. Gao Miaoqin	Beneficial owner (Note 2)	1,003,697	0.013%
Ms. Huang Qiaolian	Beneficial owner (Note 2)	2,763,697	0.035%
Mr. Rui Jinsong	Beneficial owner (Note 2)	1,878,242	0.023%

Notes:

(1) These shares were directly held by Kong Bo Investment Limited (as to 5,156,219,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such shares under the SFO.

(2) Each of Ms. Mei Dong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 shares, respectively. Mr. Rui Jinsong was granted 1,878,242 shares, under the share scheme over a vesting period. Ms. Gao Miaoqin had disposed of 1,760,000 shares in 2013.

General Information

(3) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 shares held by Ms. Mei Dong under the SFO.

(4) Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 5,208,791,201 shares held by Mr. Gao Dekang under the SFO.

(5) These are the subscription shares to be subscribed by the subscriber under the subscription agreement. The subscriber is a company indirectly wholly owned by Mr. Gao Dekang. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is also deemed to be interested in the subscription shares held by Mr. Gao Dekang under the SFO.

(b) Long position in the associated corporations of the Company

Name of Director	Nature of interest	Name of associated corporation	Number of shares of the associated corporation held	Approximate percentage of interest in the associated corporation
Mr. Gao Dekang	Other	Kong Bo Investment Limited	100	100.00%
		Kong Bo Development Limited	1	100.00%
		Kova Group Limited	1	100.00%
Ms. Mei Dong	Other	Kong Bo Investment Limited	100	100.00%
		Kong Bo Development Limited	1	100.00%
		Kova Group Limited	1	100.00%

Note:

Kong Bo Investment Limited and Kong Bo Development Limited own 64.39% (representing 5,156,219,202 shares) and 0.66% (representing 52,571,999 shares) of the shares of the Company, respectively, each of which is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in the shares of Kong Bo Investment Limited, Kong Bo Development Limited and Kova Group Limited under the SFO.

Save as disclosed above, as at September 30, 2015, none of the Directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at September 30, 2015, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares of the Company which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Cititrust (Singapore) Limited	Trustee	5,208,791,201	65.05%
Kova Group Limited	Interest of controlled corporation	5,208,791,201	65.05%
Kong Bo Investment Limited	Corporate interest	5,156,219,202	64.39%
Brandes Investment Partners, L.P.	Investment Management	562,412,350	7.02%
New Surplus International Investment Limited	Beneficial interest	1,302,500,000	16.27%

Note:

These shares were directly held by Kong Bo Investment Limited (as to 5,156,219,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Kova Group Limited and Cititrust (Singapore) Limited is deemed to be interested in such shares under the SFO.

Mr. Gao Dekang is a director of New Surplus International Investment Limited.

Save as disclosed above, as at September 30, 2015, the Directors and the chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

INTERIM DIVIDEND

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

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

Below are the information relating to the changes of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2014/15 annual report:

1. Mr. Wang Yao, the Independent Non-executive Director, resigned as the independent non-executive director of Hosa International Limited (SEHK, Stock Code: 02200), a company listed on the Stock Exchange, since December 1, 2015.

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

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 its listed shares except that of 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 a consideration of about HKD17.6 million.

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company has 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2015.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The unaudited consolidated interim financial statements for the six months ended September 30, 2015 have been reviewed by the Audit Committee and KPMG, the Company's external auditors. The independent review report issued by KPMG is set out on page 17 of this report. As at the date of this report, the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang (Chairman of the Board of Directors) (Notes 1 & 2)
Ms. Mei Dong
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Mr. Mak Yun Kuen
Mr. Rui Jinsong

Independent Non-executive Directors

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing

The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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

WEBSITES

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

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

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

Notes:

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

Shareholder Information

IMPORTANT DATES

Interim Period End

September 30

Board Lot

2,000 shares