波司登
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BOSIDENG
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# Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 3998

# INTERIM REPORT 12/13

# COMPANY PROFILE

Bosideng International Holdings Limited ("Bosideng" or the "Company", together with its subsidiaries, the "Group") is the largest down apparel company in the PRC and has a total of 11,904 retail outlets in the PRC, exclusively selling down apparel under its four core down apparel brands, namely *Bosideng, Snow Flying, Kangbo* and *Bengen*. The Group satisfies different consumers through product differentiation of its brands and further strengthens and expands its leading position in the PRC down apparel industry.

According to the data issued by China Industrial Information Issuing Center ("CIIIC"), the total sales of *Bosideng, Snow Flying, Kangbo* and *Bengen* in 2011 accounted for 34.5% of the sales in the PRC down apparel market. According to CIIIC and the National Bureau of Statistics of China, *Bosideng* has been the leading PRC down apparel brand for 17 consecutive years from 1995 to 2011. As a leader in the PRC down apparel industry, the Group presented the latest fashionable Fall/Winter apparel to the world on behalf of the PRC at the China International Clothing and Accessories Fair for 16 consecutive years. In 2011, *Bosideng* ranked 13th in "Most Valuable Chinese Brand" list of 2011 with a brand value of RMB20.66 billion and continued to top the textile and clothing industry.

By developing the core business of down apparel, the Group has further optimized its product mix and enhanced its profitability, and progressively adopted its non-seasonal apparel product development strategy. Currently, the brands acquired and established by the Group include *Bosideng MAN*, *JESSIE* ladies' wear, *VETALLO* luxury business menswear, *BOSIDENG RICCI* ladies' wear and *Mogao* casual wears. The Group will continue to actively explore opportunities to acquire non-down apparel brands with promising development potential and good reputation in order to further increase the proportion of non-down apparel business in the Group's total sales.

# Among the top 30 brands of down apparel

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# FINANCIAL HIGHLIGHTS

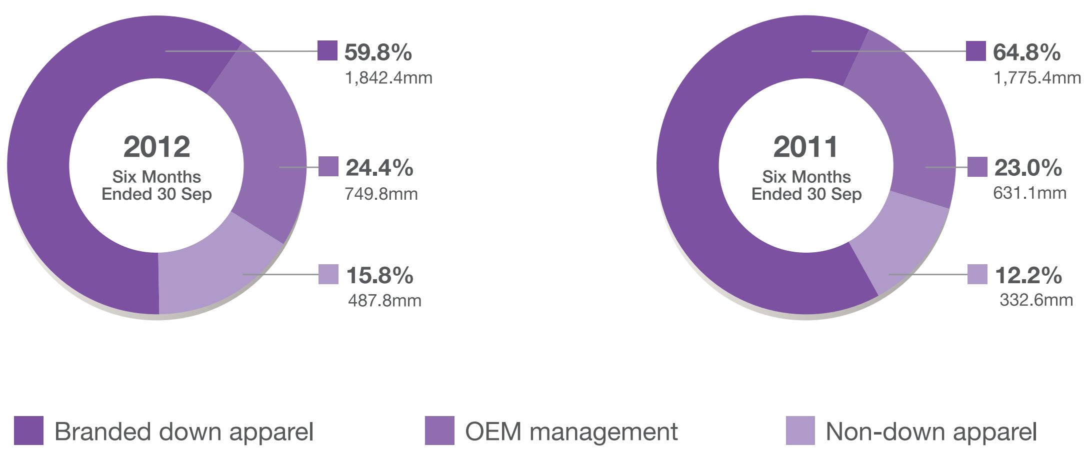
- Revenue increased by 12.4% to approximately RMB3,080.0 million
- Gross profit margin increased by 6.2 percentage points to 45.6%
- Profit from operation increased by 54.6% to approximately RMB426.5 million
- Net profit attributable to equity shareholders of the Company decreased by 3.4% to approximately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

## Interim Results Highlights

| | Six months ended September 30 | | |
|---|---|---|---|
| **RMB'000** | **2012 Unaudited** | 2011 Unaudited | Change (%) |
| Revenue | **3,080,018** | 2,739,114 | 12.4 |
| Gross profit | **1,403,203** | 1,079,306 | 30.0 |
| Gross profit margin | **45.6%** | 39.4% | 6.2 pts |
| Profit from operation | **426,537** | 275,870 | 54.6 |
| Operating profit margin | **13.8%** | 10.1% | 3.7 pts |
| Profit attributable to equity shareholders of the Company | **316,398** | 327,398 | -3.4 |
| Net profit margin | **10.3%** | 12.0% | -1.7 pts |
| Earnings per share (RMB cents) | | | |
| – Basic and diluted | **3.97** | 4.21 | -5.7 |

## Revenue Analysis

**Revenue: RMB3,080.0 million** **Revenue: RMB2,739.1 million**



# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

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

## THE GROUP'S STRATEGIC PLAN – THE "3+1" STRATEGY

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

### Down Apparel As the Core Business

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

### Multi-brand Development

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

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

# Management Discussion and Analysis
*(continued)*

## Non-seasonal Business

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

## Internationalization

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

# Management Discussion and Analysis
*(continued)*

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

## BUSINESS REVIEW

### Down Apparel Business

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

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

# Management Discussion and Analysis
*(continued)*

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

Features of the four brands after adjustment are as follows:

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

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

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

# Management Discussion and Analysis
*(continued)*

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

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

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

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

## Non-down Apparel Business

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

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

### *Bosideng MAN*

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

During the period under review, the Group continued to close down stores with unsatisfactory operations or unfavourable locations. A total of 112 stores were closed down during the period under review. The Group also opened new stores at attractive locations. As at September 30, 2012, the total number of retail outlets of *Bosideng MAN* was 887, representing a decrease of 14 outlets as compared to March 31, 2012. During the period under

# Management Discussion and Analysis

*(continued)*

review, *Bosideng MAN* recorded a revenue of RMB146 million, representing a decrease of 13.8% as compared to the corresponding period of last year. Besides, in order to control the quality of sales channels effectively and mitigate the inventory risk of retail channels, *Bosideng MAN* was prudent in selecting distributors and cooperated closely with existing distributors to reduce their inventory level. The Group aims to achieve effective cooperation and healthy development with its distributors in the long run.

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

### *JESSIE*

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

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

### *Mogao*

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

## OEM Management Business

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

# Management Discussion and Analysis
*(continued)*

## Grand Opening of London Flagship Store

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

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

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

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# Management Discussion and Analysis
*(continued)*

## Retail Upgrade

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

## E-commerce

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

## RETAIL NETWORK

### Retail network composition by outlet type

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

# Management Discussion and Analysis

*(continued)*

## Retail network composition by geographic location

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

* *Description of geographical classification:*

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

## FINANCIAL REVIEW

### Revenue

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

# Management Discussion and Analysis
*(continued)*

**Sales analysis by product**

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

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

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

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

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

# Management Discussion and Analysis

*(continued)*

**Revenue analysis of down apparel sales by brand**

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

**Revenue analysis of non-down apparel sales by brand**

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

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

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

## Cost of sales and gross profit margin

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

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

## Distribution expenses

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

## Administrative expenses

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

## Operating profit

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

## Finance income

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

## Finance costs and taxation

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

# Management Discussion and Analysis

*(continued)*

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

## Liquidity and financial resources

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

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

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

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

## Capital commitments

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

## Operating lease commitment

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

## Contingent liabilities

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

## Pledge of assets

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

## Financial management and treasury policy

The financial risk management of the Group is the responsibility of the Group's treasury function at our head office. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuations in interest rates and foreign currency exchange rates.

## Foreign currency exposure

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries selected US Dollars as their functional currency. Any significant exchange rate fluctuations of Hong Kong Dollars or US Dollars against each entity's respective functional currency may have a financial impact on the Group.

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

# Management Discussion and Analysis
*(continued)*

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

## Human Resources

As at September 30, 2012, the Group had approximately 5,134 full-time employees (March 31, 2012: 4,785 full-time employees). Staff costs for the six months ended September 30, 2012 (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB261.7 million (2011: approximately RMB193.3 million). This increase was mainly due to the increase in headcount for *JESSIE* ladies' wear which was acquired by the Group in November 2011, and the expansion of self-operated stores for down apparel products. The Group's remuneration and bonus policy is primarily based on duties, performance and length of service of each employee with reference to the prevailing market conditions.

To provide a comfortable and harmonious living environment to employees, the Group renovated the staff dormitory, upgraded various facilities and provided employees with hotel-style management services. Non-local university graduates, professional technicians and management staff who do not have a living place in Changshu are entitled to apply for accommodation once they are employed by the Company. Currently, all relevant employees live in the dormitory.

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

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

## Outlook

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

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

## Appreciation

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

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

Hong Kong, November 28, 2012

# 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 21 to 48 which comprises the consolidated balance sheet of Bosideng International Holdings Limited as of September 30, 2012, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed 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, 2012 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 28, 2012

# Consolidated Statement of Comprehensive Income

*For the Six Months Ended September 30, 2012 (Unaudited)*

| | Note | **Six months ended September 30, 2012 RMB'000** | Six months ended September 30, 2011 RMB'000 |
|---|---|---|---|
| Revenue | 6 | **3,080,018** | 2,739,114 |
| Cost of sales | | **(1,676,815)** | (1,659,808) |
| **Gross profit** | | **1,403,203** | 1,079,306 |
| Other income | 7 | **23,690** | 28,040 |
| Distribution expenses | | **(790,094)** | (644,495) |
| Administrative expenses | | **(210,070)** | (179,000) |
| Other expenses | 7 | **(192)** | (7,981) |
| **Profit from operations** | | **426,537** | 275,870 |
| Finance income | | **90,699** | 99,908 |
| Finance costs | | **(57,960)** | (21,457) |
| **Net finance income** | 10 | **32,739** | 78,451 |
| **Profit before income tax** | | **459,276** | 354,321 |
| Income tax expense | 11(a) | **(142,059)** | (27,772) |
| **Profit for the period** | | **317,217** | 326,549 |
| **Other comprehensive income for the period:** | | | |
| Foreign translation differences - foreign operations | | **(3,126)** | 11,495 |
| Net change in fair value of available-for-sale financial assets | | **9,758** | (17,923) |
| Income tax on other comprehensive income | | **(2,440)** | 2,118 |
| **Other comprehensive income for the period, net of income tax** | | **4,192** | (4,310) |
| **Total comprehensive income for the period** | | **321,409** | 322,239 |
| **Profit attributable to:** | | | |
| Equity shareholders of the Company | | **316,398** | 327,398 |
| Non-controlling interests | | **819** | (849) |
| **Profit for the period** | | **317,217** | 326,549 |
| **Total comprehensive income attributable to:** | | | |
| Equity shareholders of the Company | | **320,647** | 323,088 |
| Non-controlling interests | | **762** | (849) |
| **Total comprehensive income for the period** | | **321,409** | 322,239 |
| **Earnings per share** | | | |
| – basic and diluted (RMB cents) | 13 | **3.97** | 4.21 |

The notes on pages 27 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 12.

# Consolidated Balance Sheet

*At September 30, 2012 (Unaudited)*

| | Note | **At September 30, 2012 RMB'000** | At March 31, 2012 RMB'000 (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **830,735** | 734,803 |
| Investment properties | 15 | **17,796** | 17,821 |
| Lease prepayments | 16 | **33,483** | 33,853 |
| Intangible assets | 17 | **1,383,453** | 1,412,130 |
| Prepayments for purchase of properties | | **118,502** | 118,502 |
| Deferred tax assets | 11(b) | **240,781** | 200,708 |
| | | **2,624,750** | 2,517,817 |
| **Current assets** | | | |
| Inventories | 18 | **2,278,490** | 1,398,861 |
| Trade, bills and other receivables | 19 | **2,414,547** | 1,251,657 |
| Receivables due from related parties | 31(b) | **27,295** | 88,275 |
| Prepayments for materials and service suppliers | | **608,620** | 517,871 |
| Other financial assets | | **–** | 755,000 |
| Available-for-sale financial assets | 20 | **1,291,067** | 1,467,550 |
| Pledged bank deposits | 21 | **1,510,696** | 862,738 |
| Time deposits with maturity over 3 months | 22 | **443,642** | 471,021 |
| Cash and cash equivalents | 23 | **1,440,567** | 1,906,951 |
| | | **10,014,924** | 8,719,924 |
| **Current liabilities** | | | |
| Current income tax liabilities | | **308,982** | 215,462 |
| Interest-bearing borrowings | 24 | **1,668,985** | 1,740,662 |
| Trade and other payables | 25 | **2,263,592** | 1,329,913 |
| Payables due to related parties | 31(b) | **4,064** | 604 |
| | | **4,245,623** | 3,286,641 |
| **Net current assets** | | **5,769,301** | 5,433,283 |
| **Total assets less current liabilities** | | **8,394,051** | 7,951,100 |

The notes on pages 27 to 48 form part of this interim financial report.

# Consolidated Balance Sheet

*(continued)*

*At September 30, 2012 (Unaudited)*

| | Note | At September 30, 2012 RMB'000 | At March 31, 2012 RMB'000 (audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Interest-bearing borrowings | 24 | **951,150** | – |
| Non-current other payables | 26 | **307,350** | 330,439 |
| Derivative financial liabilities | 27 | **12,029** | 14,230 |
| Deferred tax liabilities | 11(b) | **251,088** | 254,729 |
| | | **1,521,617** | 599,398 |
| **Net assets** | | **6,872,434** | 7,351,702 |
| **Equity** | | | |
| Share capital | 28 | **622** | 622 |
| Reserves | | **6,657,589** | 7,137,619 |
| **Equity attributable to equity shareholders of the Company** | | **6,658,211** | 7,138,241 |
| **Non-controlling interests** | | **214,223** | 213,461 |
| **Total equity** | | **6,872,434** | 7,351,702 |

Approved and authorized for issue by the board of directors on November 28, 2012.

**Gao Dekang**
*Chairman of the Board of Directors*

**Kong Shengyuan**
*Director*

The notes on pages 27 to 48 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

***For the Six Months Ended September 30, 2012 (Unaudited)***

| | Attributable to the equity shareholders of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (note 28) | Share premium RMB'000 | Treasury shares held for the Share Award Scheme RMB'000 | Capital reserves RMB'000 | Statutory reserves RMB'000 | Translation reserves RMB'000 | Fair value reserves RMB'000 | Other reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at April 1, 2011** | 607 | 2,843,200 | – | 76,066 | 597,881 | (342,454) | 16,822 | – | 3,681,064 | 6,873,186 | 93,545 | 6,966,731 |
| **Total comprehensive income for the period:** | | | | | | | | | | | | |
| Profit for the period | – | – | – | – | – | – | – | – | 327,398 | 327,398 | (849) | 326,549 |
| Foreign translation differences - foreign operations | – | – | – | – | – | 11,495 | – | – | – | 11,495 | – | 11,495 |
| Net change in fair value of available-for-sale financial assets, net of tax | – | – | – | – | – | – | (15,805) | – | – | (15,805) | – | (15,805) |
| | – | – | – | – | – | 11,495 | (15,805) | – | 327,398 | 323,088 | (849) | 322,239 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | | | |
| Treasury shares held for Share Award Scheme (note 29) | – | – | (10,231) | – | – | – | – | – | – | (10,231) | – | (10,231) |
| Dividends (note 12) | – | (994,861) | – | – | – | – | – | – | – | (994,861) | – | (994,861) |
| | – | (994,861) | (10,231) | – | – | – | – | – | – | (1,005,092) | – | (1,005,092) |
| **Balance at September 30, 2011** | 607 | 1,848,339 | (10,231) | 76,066 | 597,881 | (330,959) | 1,017 | — | 4,008,462 | 6,191,182 | 92,696 | 6,283,878 |

The notes on pages 27 to 48 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

*(continued)*

***For the Six Months Ended September 30, 2012 (Unaudited)***

| | Attributable to the equity shareholders of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (note 28) | Share premium RMB'000 | Treasury shares held for the Share Award Scheme RMB'000 | Capital reserves RMB'000 | Statutory reserves RMB'000 | Translation reserves RMB'000 | Fair value reserves RMB'000 | Other reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at April 1, 2012** | 622 | 1,957,439 | (34,518) | 76,066 | 689,359 | (328,897) | 1,481 | (249,539) | 5,026,228 | 7,138,241 | 213,461 | 7,351,702 |
| **Total comprehensive income for the period:** | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 316,398 | 316,398 | 819 | 317,217 |
| Foreign translation differences - foreign operations | - | - | - | - | - | (3,126) | - | - | - | (3,126) | - | (3,126) |
| Net change in fair value of available-for-sale financial assets, net of tax | - | - | - | - | - | - | 7,375 | - | - | 7,375 | (57) | 7,318 |
| | - | - | - | - | - | (3,126) | 7,375 | - | 316,398 | 320,647 | 762 | 321,409 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | | | |
| Treasury shares held for Share Award Scheme (note 29) | - | - | (37,260) | - | - | - | - | - | - | (37,260) | - | (37,260) |
| Written put option of non-controlling interests (note 27) | - | - | - | - | - | - | - | 12,057 | - | 12,057 | - | 12,057 |
| Dividends | - | (775,474) | - | - | - | - | - | - | - | (775,474) | - | (775,474) |
| | - | (775,474) | (37,260) | - | - | - | - | 12,057 | - | (800,677) | - | (800,677) |
| **Balance at September 30, 2012** | 622 | 1,181,965 | (71,778) | 76,066 | 689,359 | (332,023) | 8,856 | (237,482) | 5,342,626 | 6,658,211 | 214,223 | 6,872,434 |

The notes on pages 27 to 48 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

***For the Six Months Ended September 30, 2012 (Unaudited)***

| | **Six months ended September 30, 2012 RMB'000** | Six months ended September 30, 2011 RMB'000 |
|---|---|---|
| **Net cash used in operating activities** | **(736,605)** | (738,385) |
| **Net cash generated from investing activities** | **857,999** | 1,202,915 |
| **Net cash used in financing activities** | **(578,472)** | (136,874) |
| **Net (decrease)/increase in cash and cash equivalents** | **(457,078)** | 327,656 |
| **Cash and cash equivalents at the beginning of the period** | **1,906,951** | 1,417,629 |
| **Effect of foreign currency exchange rate changes** | **(9,306)** | 11,495 |
| **Cash and cash equivalents at the end of the period** | **1,440,567** | 1,756,780 |

The notes on pages 27 to 48 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

*For the Six Months Ended September 30, 2012*

## 1. REPORTING ENTITY AND CORPORATE INFORMATION

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

## 2. BASIS OF PREPARATION

The Company has a financial year end date of March 31. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB").

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

This interim financial report contains the condensed interim consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to understanding the changes in the financial position and performance of the Group since the annual financial statements for the year ended March 31, 2012 were issued on June 28, 2012 (the "2011/12 Annual Financial Statements"). The condensed interim consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the 2011/12 Annual Financial Statements.

The interim financial report for the six-month period ended September 30, 2012 is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the board of directors (the "Board") on November 28, 2012. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's review report to the Board is included on page 20.

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

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the 2011/2012 Annual Financial Statements and should be read in conjunction with the 2011/2012 Annual Financial Statements.

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

## 4. 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 2011/2012 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, womenswear and casual wear.

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 6. REVENUE AND SEGMENT INFORMATION (continued)

### (a) Segment results

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

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

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 6. REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 7. OTHER INCOME AND EXPENSES

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

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

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

## 8. PERSONNEL EXPENSES

| | **Six months ended September 30, 2012 RMB'000 (unaudited)** | Six months ended September 30, 2011 RMB'000 (unaudited) |
|---|---|---|
| Salaries, wages and other benefits | **237,855** | 169,745 |
| Contributions to defined contribution plans | **23,882** | 23,553 |
| | **261,737** | 193,298 |

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 obligation for the payment of retirement benefits other than the contributions described above.

# Notes to the Unaudited Interim Financial Report

*(continued)*

***For the Six Months Ended September 30, 2012***

## 9. EXPENSES BY NATURE

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

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

## 10. NET FINANCE INCOME

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

No interest was capitalized during the periods.

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 11. INCOME TAX EXPENSE

### (a) Income tax in profit or loss represents:

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

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

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

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

(iv) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

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

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 11. INCOME TAX EXPENSE (continued)

### (b) Deferred tax assets and liabilities:

The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheet 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 RMB'000 | Undistributed retained earnings of PRC subsidiaries RMB'000 | Unrealized profits arising from intra-group transactions RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| At April 1, 2012 | 50,463 | 2,660 | (153,571) | (95,828) | 48,307 | 93,948 | (54,021) |
| Credited to profit or loss | 1,237 | 1,547 | 6,121 | – | 155 | 37,094 | 46,154 |
| Charged to other comprehensive income | – | – | – | – | – | (2,440) | (2,440) |
| Balance at September 30, 2012 | 51,700 | 4,207 | (147,450) | (95,828) | 48,462 | 128,602 | (10,307) |

| | At September 30, 2012 RMB'000 (unaudited) | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| Deferred tax assets | 240,781 | 200,708 |
| Deferred tax liabilities | (251,088) | (254,729) |
| | (10,307) | (54,021) |

## 12. DIVIDENDS

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

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

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

# Notes to the Unaudited Interim Financial Report

*(continued)*

***For the Six Months Ended September 30, 2012***

## 12. DIVIDENDS (continued)

(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, 2012 RMB'000 (unaudited)** | Six months ended September 30, 2011 RMB'000 (unaudited) |
|---|---|---|
| Final dividend in respect of the previous financial year, approved and paid during the period, of RMB9.8 cents per ordinary share (2011: final dividend of RMB6.8 cents per ordinary share) | **780,717** | 528,520 |
| Special dividend approved and paid during the period, of Nil (2011: RMB 6 cents per ordinary share) | **–** | 466,341 |
| | **780,717** | 994,861 |

## 13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended September 30, 2012 was based on the profit attributable to equity shareholders of the Company for the six months of RMB316,398,000 (2011: RMB 327,398,000) and the weighted average number of shares in issue during the six months ended September 30, 2012 of 7,961,730,000 (2011: 7,772,225,891).

Weighted average number of ordinary shares (in thousands):

| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 |
|---|---|---|
| Issued ordinary shares at April 1 | **7,979,254** | 7,772,226 |
| Effect of treasury shares held for Share Award Scheme (note 29) | **(17,524)** | – |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **7,961,730** | 7,772,226 |
| Basic and diluted earnings per share (RMB cents) | **3.97** | 4.21 |

The diluted earnings per share for the six months ended September 30, 2012 are the same as the basic earnings per share because the potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 27) are anti-dilutive.

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 14. 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, 2012 (audited) | 404,209 | 19,369 | 220,257 | 61,758 | 165,876 | 871,469 |
| Additions for the period (unaudited) | – | 1,644 | 29,928 | 12,179 | 97,136 | 140,887 |
| Transfer for the period (unaudited) | 69,579 | – | 3,165 | 37 | (72,781) | – |
| Movement of exchange rate (unaudited) | 5,217 | 6 | (93) | – | 570 | 5,700 |
| Disposals for the period (unaudited) | – | (32) | (7,722) | (4,227) | – | (11,981) |
| At September 30, 2012 (unaudited) | 479,005 | 20,987 | 245,535 | 69,747 | 190,801 | 1,006,075 |
| **Depreciation** | | | | | | |
| At April 1, 2012 (audited) | (17,517) | (7,977) | (89,993) | (21,179) | – | (136,666) |
| Depreciation charge for the period (unaudited) | (5,271) | (1,425) | (28,409) | (13,962) | – | (49,067) |
| Movement of exchange rate (unaudited) | (13) | (1) | 72 | – | – | 58 |
| Disposals for the period (unaudited) | – | 29 | 6,177 | 4,129 | – | 10,335 |
| At September 30, 2012 (unaudited) | (22,801) | (9,374) | (112,153) | (31,012) | – | (175,340) |
| **Carrying amount** | | | | | | |
| At September 30, 2012 (unaudited) | 456,204 | 11,613 | 133,382 | 38,735 | 190,801 | 830,735 |
| At March 31, 2012 (audited) | 386,692 | 11,392 | 130,264 | 40,579 | 165,876 | 734,803 |

Except for the land and buildings with the carrying amount of RMB295,203,000, which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2012. The properties located in the United Kingdom were acquired by the Group in June 2011, and functioned as the Group's European flagship store as well as its headquarter in Europe.

## 15. INVESTMENT PROPERTIES

| | RMB'000 |
|---|---|
| **Cost:** | |
| At April 1, 2012 (audited) | 18,666 |
| Additions (unaudited) | – |
| Effect of movement in exchange rates (unaudited) | 447 |
| At September 30, 2012 (unaudited) | 19,113 |
| **Accumulated depreciation:** | |
| At April 1, 2012 (audited) | (845) |
| Charge for the period (unaudited) | (447) |
| Effect of movement in exchange rates (unaudited) | (25) |
| At September 30, 2012 (unaudited) | (1,317) |
| **Carrying amounts:** | |
| At September 30, 2012 (unaudited) | 17,796 |
| At March 31, 2012 (audited) | 17,821 |

Investment properties comprise land and buildings that are leased to third parties. All of the investment properties of the Group represent office buildings and are located in the United Kingdom. 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 six to eight years.

The aggregate fair value of the investment properties at September 30, 2012 was approximately GBP1,900,000 (equivalent of RMB19,556,000). The valuation was estimated by the directors based on the present value of future cash flow expected to be received from renting out the properties.

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 16. LEASE PREPAYMENTS

| | RMB'000 |
|---|---|
| **Cost:** | |
| At April 1, 2012 (audited) | 35,770 |
| At September 30, 2012 (unaudited) | 35,770 |
| **Accumulated depreciation:** | |
| At April 1, 2012 (audited) | (1,917) |
| Charge for the period (unaudited) | (370) |
| At September 30, 2012 (unaudited) | (2,287) |
| **Carrying amounts:** | |
| At September 30, 2012 (unaudited) | 33,483 |
| At March 31, 2012 (audited) | 33,853 |

## 17. INTANGIBLE ASSETS

| | Goodwill RMB'000 | Customer relationships RMB'000 | Trademarks RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| At April 1, 2012 (audited) | 777,053 | 597,882 | 206,765 | 1,581,700 |
| At September 30, 2012 (unaudited) | 777,053 | 597,882 | 206,765 | 1,581,700 |
| **Amortization and impairment loss:** | | | | |
| At April 1, 2012 (audited) | – | (165,282) | (4,288) | (169,570) |
| Amortization charge for the period (unaudited) | – | (23,550) | (5,127) | (28,677) |
| At September 30, 2012 (unaudited) | – | (188,832) | (9,415) | (198,247) |
| **Net book value:** | | | | |
| At September 30, 2012 (unaudited) | 777,053 | 409,050 | 197,350 | 1,383,453 |
| At March 31, 2012 (audited) | 777,053 | 432,600 | 202,477 | 1,412,130 |

The amortization charge for the period is included in distribution expenses in the consolidated statement of comprehensive income.

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 18. INVENTORIES

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

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

## 19. TRADE, BILLS AND OTHER RECEIVABLES

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

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

# Notes to the Unaudited Interim Financial Report

*(continued)*

***For the Six Months Ended September 30, 2012***

## 19. TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

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

## 20. 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 2.85% to 6.81% per annum. (2011: 1.6% to 6.8%)

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 21. PLEDGED BANK DEPOSITS

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

| | **At September 30, 2012 RMB'000 (unaudited)** | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| Standby letters of credit (note 24) | **1,354,949** | 547,238 |
| Bank borrowings (note 24) | **150,000** | 312,500 |
| Bills payable and other bank facilities | **5,747** | 3,000 |
| | **1,510,696** | 862,738 |

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

## 22. TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB443,642,000 as at September 30, 2012 (March 31, 2012: RMB471,021,000) were deposited in banks for a period of over three months.

## 23. CASH AND CASH EQUIVALENTS

| | **At September 30, 2012 RMB'000 (unaudited)** | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| Cash at banks and on hand | **3,394,905** | 3,240,710 |
| Less: pledged bank deposits | **(1,510,696)** | (862,738) |
| time deposits with maturity over 3 months | **(443,642)** | (471,021) |
| Cash and cash equivalents | **1,440,567** | 1,906,951 |

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 24. INTEREST-BEARING BORROWINGS

| | At September 30, 2012 | | At March 31, 2012 | |
|---|---|---|---|---|
| | **Nominal Interest rate** | **RMB'000 (unaudited)** | Nominal Interest rate | RMB'000 (audited) |
| **Non-Current** | | | | |
| **Unsecured long-term bank loans** | | | | |
| – US$ | **LIBOR+2.25%** | **951,150** | | – |
| **Current** | | | | |
| **Secured short-term bank loans** | | | | |
| – HK$ | **HIBOR+1.4%~ HIBOR+2.7%** | **1,351,823** | HIBOR+1.6%~ HIBOR+1.7% | 1,268,589 |
| – US$ | **LIBOR+3%** | **317,050** | LIBOR+1.5%~ LIBOR+3% | 472,073 |
| **Unsecured short-term bank loans** | | | | |
| – RMB | **6.3%** | **112** | | – |
| | | **1,668,985** | | 1,740,662 |
| | | **2,620,135** | | 1,740,662 |

The USD denominated unsecured long-term bank loans of RMB951,150,000 as at September 30, 2012 (March 31, 2012: Nil) had maturities ranging from 29 months to 35 months from the balance sheet date. Such loan is subject to the fulfillment of certain financial covenants of the Group. As at September 30, 2012, the Group was in compliance with these financial covenants.

Bank borrowings of RMB1,370,376,000 as at September 30, 2012 (March 31, 2012: RMB1,287,435,000) were secured by standby letters of credit (see note 21).

Bank borrowings of RMB298,497,000 as at September 30, 2012 (March 31, 2012: RMB453,227,000) were secured by pledged bank deposits of RMB150,000,000 (March 31, 2012: RMB312,500,000) (see note 21).

# Notes to the Unaudited Interim Financial Report

*(continued)*

***For the Six Months Ended September 30, 2012***

## 25. TRADE AND OTHER PAYABLES

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

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

An ageing analysis of trade payables is set out below:

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

## 26. NON-CURRENT OTHER PAYABLES

| | **At September 30, 2012 RMB'000 (unaudited)** | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| Contingent considerations payable | **83,936** | 94,968 |
| Cash-settled written put option (note 27) | **223,414** | 235,471 |
| | **307,350** | 330,439 |

# Notes to the Unaudited Interim Financial Report

*(continued)*

***For the Six Months Ended September 30, 2012***

## 27. WRITTEN PUT OPTION TO NON-CONTROLLING EQUITY SHAREHOLDER

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

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

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

## 28. SHARE CAPITAL

The issued capital of the Group as of September 30, 2012 of RMB622,000 represents 8,007,350,000 ordinary shares at par value of US$0.00001 per share.

## 29. 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 will remain in force for a period commencing on September 23, 2011 and ending 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, 2012, the Trustee purchased 53,508,000 shares (March 31, 2012: 28,096,000 shares) of the Company at a total cost (including related transaction costs) of RMB71,778,000 (March 31, 2012: RMB34,518,000). No shares have been awarded to selected employees as of September 30, 2012 under the Share Award Scheme.

## 30. COMMITMENTS AND CONTIGENT LIABILITIES

### (a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at September 30, 2012 not provided for in the interim financial report are as follows:

| | **At September 30, 2012 RMB'000 (unaudited)** | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| Contracted for | **139,691** | 153,076 |
| Authorized but not contracted for | **30,381** | 88,104 |
| | **170,072** | 241,180 |

### (b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

| | **At September 30, 2012 RMB'000 (unaudited)** | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| Within 1 year | **173,812** | 136,724 |
| After 1 year but within 5 years | **248,831** | 294,587 |
| More than 5 years | **4,930** | 1,078 |
| | **427,573** | 432,389 |

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 RMB120,391,000 for the period ended September 30, 2012 (September 30, 2011: RMB63,136,000).

### (c) Contingent liabilities

As at the balance sheet date, the Group did not have any significant contingent liabilities.

# Notes to the Unaudited Interim Financial Report

*(continued)*

***For the Six Months Ended September 30, 2012***

## 31. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2012 and 2011, transactions with the following parties are considered as related party transactions.

| Name of party | Relationship |
|---|---|
| Bosideng Corporation<br>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 |
| Shanghai Bosideng Holdings Group<br>上海波司登控股集團有限公司 | Effectively controlled by the Gao Family, the controlling equity shareholders of the Group |
| Shandong Kangbo Industry Co., Ltd. ("Shandong Kangbo")<br>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")<br>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")<br>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")<br>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 |

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 31. RELATED PARTY TRANSACTIONS (continued)

### (a) Transactions with related parties

| | **Six months ended September 30, 2012 RMB'000 (unaudited)** | Six months ended September 30, 2011 RMB'000 (unaudited) |
|---|---|---|
| **Purchase of raw materials:** | | |
| Bosideng Corporation | **171** | 82 |
| Zhongke Bosideng | **2,151** | 9,534 |
| Total | **2,322** | 9,616 |
| **Rental expenses for lease of properties:** | | |
| Bosideng Corporation | **3,731** | 3,228 |
| Shanghai Bosideng Holdings Group | **–** | 329 |
| Shandong Kangbo | **1,155** | 1,068 |
| Jiangsu Suyong | **2,074** | 2,475 |
| Total | **6,960** | 7,100 |
| **Processing fee:** | | |
| Bosideng Corporation | **142,134** | 120,195 |
| Jiangsu Kangxin | **3,434** | 2,010 |
| Shandong Kangbo | **9,306** | – |
| Total | **154,874** | 122,205 |
| **Integrated service fees:** | | |
| Bosideng Corporation | **5,350** | 2,690 |

# Notes to the Unaudited Interim Financial Report

*(continued)*

*For the Six Months Ended September 30, 2012*

## 31. RELATED PARTY TRANSACTIONS (continued)

### (b) Balances with related parties

| | At September 30, 2012 RMB'000 (unaudited) | At March 31, 2012 RMB'000 (audited) |
|---|---|---|
| **Other receivables due from:** | | |
| Bosideng Corporation | **27,295** | 86,102 |
| Jiangsu Kangxin | **–** | 101 |
| Zhongke Bosideng | **–** | 2,072 |
| | **27,295** | 88,275 |
| **Total receivables due from related parties** | **27,295** | 88,275 |
| **Trade payables due to:** | | |
| Zhongke Bosideng | **1,244** | – |
| Jiangsu Kangxin | **2,820** | 604 |
| | **4,064** | 604 |
| **Total payables due to related parties** | **4,064** | 604 |

## 32. NON-ADJUSTING POST-BALANCE SHEET EVENTS

### Interim dividends

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

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

As at September 30, 2012, the interests and short positions of the Directors and chief executives 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% |
| Ms. Mei Dong | Other *(Note 1 and 4)* | 5,208,791,201 | 65.05% |
| | Beneficial owner *(Note 2)* | 2,763,697 | 0.035% |
| Dr. Kong Shengyuan | Beneficial owner *(Note 2)* | 2,763,697 | 0.035% |
| Ms. Gao Miaoqin | Beneficial owner *(Note 2)* | 2,763,697 | 0.035% |
| Ms. Huang Qiaolian | Beneficial owner *(Note 2)* | 2,763,697 | 0.035% |
| Ms. Wang Yunlei | Beneficial owner *(Note 2)* | 1,878,242 | 0.023% |

*Notes:*

*(1) These shares are 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 Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK 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, Dr. Kong Shengyuan, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 shares respectively, and Ms. Wang Yunlei was granted 1,878,242 shares, under the Share Scheme over a vesting period.*

*(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.*

# General Information

*(continued)*

## (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% and 0.66% of the shares of the Company (comprising 5,156,219,202 shares and 52,571,999 shares, respectively), each of which is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK 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, 2012, 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.

# General Information

*(continued)*

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

As at September 30, 2012, 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 executives of the Company, the following persons, other than Directors or chief executives of the Company, had an interest or short position in the Shares 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% |

*Note:*

*These shares are 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 Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK 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.*

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

# General Information

*(continued)*

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from January 3, 2013 to January 8, 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend payable on or around January 15, 2013, all duly completed transfer forms must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on January 2, 2013.

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

During the six months ended September 30, 2012, the Company had not 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 53,508,000 shares of the Company at a consideration of about HKD88.1 million.

## CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

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

Mr. Gao Dekang is the Chairman and CEO of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decision-making of the Company. As all major decisions are made in consultation with members of the Board and the relevant Board committees, and there are four independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that adequate safeguards are in place to ensure balance of powers within the Board.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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 had confirmed that they have complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2012.

# General Information

*(continued)*

## 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. The unaudited consolidated interim financial statements for the six months ended September 30, 2012 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 20 of this report. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie.

## REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.25 and 3.26 of the Listing Rules, whose primary duties are to evaluate the performance and make recommendations on the remuneration packages of the Directors and senior management of the Company, and evaluate and make recommendations on the retirement scheme, performance assessment system and bonus and commission policies. As at the date of this report, the Remuneration Committee consisted of five members, comprising one executive Director, one non-executive Director and three independent non-executive Directors (namely Mr. Wang Yao (Chairman), Mr. Gao Dekang, Mr. Shen Jingwu, Mr. Dong Binggen and Mr. Jiang Hengjie).

## 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 duties are to make recommendations to the Board regarding candidates to fill vacancies on the Board. 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. Jiang Hengjie).

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Gao Dekang
(Chairman of the Board of Directors and
Chief Executive Officer) (Notes 1 & 2)
Ms. Mei Dong
Dr. Kong Shengyuan
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Ms. Wang Yunlei

### Non-executive Director

Mr. Shen Jingwu (Note 1)

### Independent Non-executive Directors

Mr. Dong Binggen (Notes 1, 2 & 3)
Mr. Jiang Hengjie (Notes 1, 2 & 3)
Mr. Wang Yao (Note 1)
Mr. Ngai Wai Fung (Note 3)

## COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mak Yun Kuen

## AUTHORIZED REPRESENTATIVES

Dr. Kong Shengyuan
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

Room 1703A, 17th Floor, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

# Corporate Information
*(continued)*

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

## HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shop 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
DBS Bank Ltd.
Bank of Communications Co., Ltd., Hong Kong Branch

Notes:

(1) Members of Remuneration Committee, Mr. Wang is the Chairman of the Committee

(2) Members of Nomination Committee, Mr. Gao is the Chairman of the Committee

(3) Members of Audit Committee, Mr. Ngai is the Chairman of the Committee

# Shareholder Information

## IMPORTANT DATES

### Closure of Register of Members

January 3, 2013 to January 8, 2013
(both days inclusive)

### Dividend

| | | |
|---|---|---|
| Interim Dividend | : | HKD6.0 cents per ordinary share |
| Paid on | : | January 15, 2013 |

### Interim Period End

September 30

### Board Lot

2,000 Shares