波司登 BSD BOSIDENG 世界名牌

Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3998

INTERIM REPORT 2014/15

Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is the largest down apparel company in the People's Republic of China ("PRC") with four core down apparel brands, namely Bosideng, Snow Flying, Combo and Bengen. The Group satisfies different consumers through product differentiation of its brands and further strengthens its leading position in the PRC down apparel industry.

According to the data issued by China Industrial Information Issuing Center ("CIIIC"), the combined sales of Bosideng, Snow Flying, Combo and Bengen in 2013 accounted for 37.8%# 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 19 consecutive years from 1995 to 2013. 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 18 consecutive years.

With down apparel as its core business, the Group is actively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation. Currently, key non-down apparel brands of the Group include Bosideng MAN, JESSIE ladies' wear and Mogao casual wear.

Among the top 30 down apparel brands

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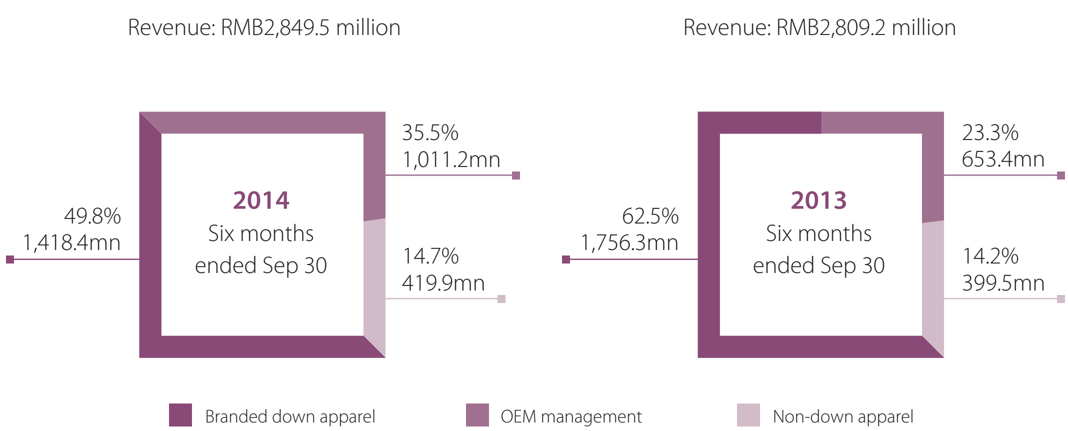
FINANCIAL HIGHLIGHTS

- Revenue increased by 1.4% to approximately RMB2,849.5 million
- Gross profit margin decreased by 2.0 percentage points to 47.4%
- Operating profit margin decreased by 1.4 percentage points to 10.8%
- Profit attributable to equity shareholders of the Company decreased by 22.5% to approximately RMB252.7 million
- Interim dividend of HKD1.2 cents per ordinary share was declared by the board of directors of the Company (the "Board")

Interim Results Highlights

	Six months ended September 30		
	2014	2013	Change
RMB'000	**Unaudited**	Unaudited	(%)
Revenue	**2,849,533**	2,809,239	1.4
Gross profit	**1,349,499**	1,387,113	-2.7
Gross profit margin	**47.4%**	49.4%	-2.0 pts
Profit from operation	**306,604**	343,398	-10.7
Operating profit margin	**10.8%**	12.2%	-1.4 pts
Profit attributable to equity shareholders of the Company	**252,733**	326,144	-22.5
Net profit margin	**8.9%**	11.6%	-2.7 pts
Earnings per share (RMB cents)			
– Basic and diluted	**3.18**	4.10	-22.4

Revenue Analysis



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's macro-economy remains uncertain. According to the statistics from the National Bureau of Statistics of China, total retail sales of consumer goods in the first nine months of 2014 grew 12% year on year, slightly lower than the 13% growth last year. Although the country's consumption remained stable, it decelerated slightly amid the persistently weak consumer sentiment. This year, the Chinese government sets the tone for its economic policy as "seeking progress in stability and advocating reform and innovation", aiming for healthier social and economic development with economic reform that emphasizes quality and efficiency. It is expected that China's future economic growth will become moderate and steady.

Meanwhile, China's apparel industry continued to face challenges, such as over-capacity, inventory backlog and excessive expansion of retail networks in the past. The apparel enterprises, however, had been generally well aware of the problems and already proactively adjusted their businesses in response. In addition, the apparel industry continued to put efforts to explore sales channels apart from the traditional ones. For instance, it is promoting the interaction between online and offline channels to adapt to new mode of consumption. Short-term impact to the industry is unavoidable amid the country's economic restructuring and industrial consolidation. However, this also presents good opportunities for enterprises to review and reform their businesses. The Group will strive to stay up to date on the market trends and thus enhance the competitiveness to maintain a sustainable and healthy growth for the long term.

BUSINESS REVIEW

Down Apparel Business

In the first half of financial year, which is low season for down apparel sales, the Group mainly sold off-season products. During the first half of 2014/15 financial year, the revenue of the down apparel business decreased by 19.2% year on year to RMB1,418.4 million, and accounted for 49.8% of the Group's total revenue. Sales volume of branded down apparel slightly decreased by 8.2% year on year to 6.0 million units.

As of September 30, 2014, the total number of retail outlets of the down apparel business under the Group (net) decreased by 3,436 to 8,216, and sales area decreased by approximately 18.7% as compared with those as of March 31, 2014. During the period, the number of self-operated retail outlets (net) decreased by 304 to 3,519; the number of third party distributor-operated retail outlets (net) decreased by 3,132 to 4,697. The percentage of self-operated retail outlets in the entire retail network increased to 42.8% from 32.8% recorded as at the end of March 2014. The number of retail outlets decreased mainly because the Group assessed regions and business districts and streamlined and consolidated the retail network of its down apparel brands during the low season to avoid the overlapping of the channels, in order to rationalise its retail network. In addition, the Group also closed those retail outlets which failed to meet its sales expectations or unable to meet its requirements in terms of brand image and services.

Retail network breakdown by down apparel brand

As at September 30, 2014	Bosideng Number of stores	Bosideng Change	Snow Flying Number of stores	Snow Flying Change	Combo Number of stores	Combo Change	Bengen Number of stores	Bengen Change	Total* Number of stores	Total* Change
Specialty stores										
Operated by the Group	495	106	92	-83	19	-9	4	-15	610	-3
Operated by third party distributors	2,457	22	409	-309	96	-374	95	-597	3,057	-1,621
Subtotal	2,952	128	501	-392	115	-383	99	-612	3,667	-1,624
Concessionary retail outlets										
Operated by the Group	1,586	351	638	-294	565	-272	120	-83	2,909	-301
Operated by third party distributors	963	251	294	-239	307	-682	76	-633	1,640	-1,511
Subtotal	2,549	602	932	-533	872	-954	196	-716	4,549	-1,812
Total	**5,501**	**730**	**1,433**	**-925**	**987**	**-1,337**	**295**	**-1,328**	**8,216**	**-3,436**

Change: Compared with that as at March 31, 2014

* *As at March 31, 2014, the Group's down apparel retail network included 576 retail outlets of other small down apparel brands, and all retail outlets under these brands were closed down during the period under review.*

Retail network of down apparel business breakdown by region

	As at September 30, 2014	As at March 31, 2014	Change
Eastern China area	**3,430**	4,615	-1,185
Central China area	**1,368**	2,411	-1,043
Northern China area	**1,068**	1,285	-217
Northeast China area	**928**	1,274	-346
Northwest China area	**695**	1,206	-511
Southwest China area	**727**	861	-134
Total	**8,216**	11,652	-3,436

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

Main Tasks in the First Half of the Financial Year:

1. Planning and implementation of inventory reduction

   Sale of old inventories: The Group formulated new sales prices for the inventories accumulated in different years to effectively accelerate sales. The Group added sales channels that specialise in reducing inventories and boosted sales, including discount stores, temporary promotional stores, chain stores, large-scale bargains in villages and towns in remote areas and factory stores.

   Control of new inventories: New production was mainly for products of Bosideng and Snow Flying brands. The Group will fully control the production amount of new products in 2014. The Group will make adjustment to orders placed by distributors and strictly control the overall production amount based on actual sales. It is expected that the final total production volume would decrease by approximately 25% as compared to that of last year. In addition, the Group continued to improve its logistics. The Central Logistic Center will enable the sharing of inventories and further reduce the inventories needed in each area, so as to enhance operational efficiency and flexibility of inventories allocation.

2. Strengthening retail management and enhancing data analysis and application

   Striving for operation refinement: During the period under review, the Group adopted a series of measures to enhance retail operating capability: more meticulous store data analysis such as product portfolio, sales speed and profitability, etc.; quicker responses to market through real-time data collection, automatic statement release and prompt adjustment to sales strategy; higher efficiency of logistics and warehouses for immediate stock replenishment to ensure sufficient product supply; enhancing training, especially professional training for frontline employees such as store managers to foster the efficient use of human resources, financial resources and information.

3. Taking more efficient advertisement and promotion channels to proactively support business development

   Adjustment of media strategies: The Group will moderately reduce overt advertisements this year and increase the use of new media. In the past, the Group placed its overt advertisements mainly in CCTVs, satellite television stations and highway billboards. This year, the Group will take more advantage of the Internet, to enhance the brand and image. The Group will apply the We Media (such as subscription services at WeChat) to increase the consumers' understanding on the functions of its products and enhance brand experience through emotional relation of brand image. It will also capitalize on the new trends in consumption by increasing the media exposure of its brands through deep cooperation with popular media channels (such as Youku) on the Internet. The Group will also leverage on the social media to promote its brands and increase consumer participation in its interactive marketing campaigns. The new media strategy will save promotional costs and will bring comprehensive marketing effects.

   Marketing campaigns at commercial districts to support retail outlets nearby: Apart from traditional and emerging advertisements, the Group displayed and promoted its brand image simultaneously in over 2,000 retail outlets. The Group launched campaigns to promote its brand in key business districts and strengthened close collaboration with adjacent stores. In addition, this year, the Group also explored cross border cooperation in popular public relation activities to carry out product placement. Such event prominently displayed the brand image and enabled the Group to obtain customer information in the process.

4. Exploration of O2O model in e-commerce

   Offline supply chain and logistics support online sales: The Group actively explored and gradually connected online channels with offline channels. During the period under review, the Group realized sharing of offline goods in 19 sales regions nationwide such as Shanghai and Beijing, indicating that the delivery, return and replacement of online orders could be done by places closest to where the orders were placed, as a result of which, the time of delivery was reduced. The sharing of online and offline channels enriched online product lines, and improved customer experience effectively. It is expected that approximately 30% of e-commerce orders in this financial year would be completed by offline distribution.

   Proactively boosting mobile e-commerce: The Group leveraged on its offline business to boost online business, by introducing the WeChat function into its online shopping terminals through which it encouraged customers to download online shopping application and register membership. On the other hand, the Group conducted promotional activities at the retail stores by making use of membership information, so as to realize the interaction between online and offline platforms.

OEM Management Business

During the period under review, the revenue from the Group's OEM management business increased significantly by 54.8% year on year to RMB1,011.2 million, and accounted for 35.5% of the Group's revenue. The revenue from this business segment increased mainly because a majority of orders in this financial year was completed and delivered by the end of September.

The Group had 11 major OEM clients this financial year. Revenue from the top five clients accounted for approximately 78% of the revenue from the OEM management business.

Non-down Apparel Business

During the period under review, the revenue from non-down apparel business increased by approximately 5.1% year on year to RMB419.9 million, and accounted for 14.7% of the Group's revenue. During the period, the Group continued to adjust the sales channels, reduce inventory and optimize product portfolio for its non-down apparel brands.

Retail outlets of different brands which had been underperforming were gradually closed down during the period. As of September 30, 2014, the total number of non-down apparel retail outlets decreased by 114 to 1,049 as compared to that as of March 31, 2014.

Retail network breakdown by non-down apparel brand

	Bosideng MAN		JESSIE		Mogao		Total*	
As at September 30, 2014	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**	**Number of stores**	**Change**
Specialty stores								
Operated by the Group	27	-5	3	–	–	–	30	-6
Operated by third party distributors	248	-40	40	-3	93	-16	381	-59
Subtotal	275	-45	43	-3	93	-16	411	-65
Concessionary retail outlets								
Operated by the Group	54	-22	109	3	194	-15	357	-57
Operated by third party distributors	212	16	69	-5	–	–	281	8
Subtotal	266	-6	178	-2	194	-15	638	-49
Total	**541**	**-51**	**221**	**-5**	**287**	**-31**	**1,049**	**-114**

Change: Compared with that as at March 31, 2014

* *The Group has terminated the RICCI brand during the period under review, RICCI was a non-down apparel brand under the Group and had 27 retail outlets as at March 31, 2014.*

Retail network of non-down apparel business breakdown by region

	As at September 30, 2014	As at March 31, 2014	Change
Eastern China area	**258**	297	-39
Central China area	**308**	322	-14
Northern China area	**55**	64	-9
Northeast China area	**113**	130	-17
Northwest China area	**150**	168	-18
Southwest China area	**165**	182	-17
Total	**1,049**	1,163	-114

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

Bosideng MAN

During the period, the revenue of the Bosideng MAN business increased by approximately 16.4% year on year to RMB111.7 million. The Group adjusted the positioning of Bosideng MAN by emphasizing good value for money of its products, and now targeting aspirants for success in the 25-40 age group with style of products approximately 5-10 years younger when compared with the previous one.

The Group streamlined its retail network for Bosideng MAN: (1) The sales channels are classified by types and quality in the thorough assessment; (2) The Group assisted those agents with poor performance to enhance their businesses by streamlining and offering technical support after an assessment; and (3) It strengthened the retail management of direct retail outlets to increase operational capability. During the period, same-store sales growth of major direct retail outlets significantly improved. As of September 30, 2014, the total number of menswear retail outlets (net) decreased by 51 to 541, of which, self-operated retail outlets (net) decreased by 27 to 81 and distributor-operated retail outlets (net) decreased by 24 to 460.

JESSIE

During the period, the revenue of the JESSIE business increased by approximately 9.0% year on year to RMB133.3 million. The Group adjusted the product portfolio, increased the proportion of accessories and improved revenue through sales of related products for the brand during the period. Major goals of JESSIE for the period include reducing inventory and optimizing retail network. It assigned sales of different products to different types of sales channels such as hypermarkets, in order to clear inventories. It adjusted and optimized its retail network by slowing down the opening of new stores and closing the underperforming retail outlets. It also successfully tapped into key department stores such as Yaohan and Ginza in major regions including Shanghai and Shandong. In addition, the Group also succeeded in expanding its JESSIE business to other cities with huge potential such as Hainan, which will provide a springboard for further business expansion. As of September 30, 2014, the total number of retail outlets for JESSIE (net) decreased by 5 to 221, including 112 self-operated outlets and 109 distributor-operated retail outlets.

Mogao

During the period, the revenue of the Mogao business slightly decreased by approximately 2.7% year on year to RMB164.1 million. During the period, the Group effectively cleared inventories by exploring new channels such as factory stores and hypermarkets for Mogao. At the same time, the Group reduced costs and further improved efficiency by combining and centralizing the orders for its products as it decreased the number of processing factories in its supply chain. Furthermore, the Group lets stores to procure stock alone instead of doing so through a centralized order as they used to do in the past so that the product portfolios in the stores could better satisfy demands in various regions. During the period, the Group also started to adjust its retail networks and continued to improve its sales channels for Mogao so as to prepare for further business and retail network expansion in the future. As of September 30, 2014, the total number of retail outlets for Mogao (net) decreased by 31 to 287, including 194 self-operated retail outlets and 93 distributor-operated retail outlets.

Overseas Operations

London Flagship Store: London flagship store continued to develop its business in an orderly manner during the period. Entering the third year of operation, with the stronger operational and retail experience accumulated and after thorough study and consideration, London flagship store plans to actively expand the down apparel series this year. By leveraging on the enormous resources and brand awareness of the Group in down apparel products, the Group will introduce more down apparel products, which is expected to account for more than half of the fall/winter collection. Such move will not only enrich the product portfolio of the flagship store, but is also expected to effectively boost sales.

Export Business of Own Brand Products: During the period under review, the Group achieved good progress in export of its own brand products. The orders for 2014 fall/winter collection were 28,100 pieces as compared to 7,600 pieces in the corresponding period last year, while the orders for 2015 spring/summer collection were 38,700 pieces as compared to 4,700 pieces in the corresponding period last year. During the period under review, the Group held or participated in three major product exhibitions: it continued to join Panorama Fair in Germany, held the Bosideng Product Launch Show in Italy and participated in Milan Fashion Week. The Group presented designs tailored for the local markets and demonstrated the strength of its Bosideng brand in the events, and received recognition and orders for its products from the local distributors and industry players alike. This has boosted the Group's confidence in its development in the European market.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group will remain prudent when developing the market in view of weak consumption, uncertain weather conditions and intensifying competition. It will continue to strive to enhance its competitiveness in order to lay the foundations in the second half of the financial year for its long-term development.

Adjustment and improvement of down apparel business: We will prepare for the new mode of consumption. The Group has adopted measures to decrease its inventory level and improve its cash flow. We are gradually improving our operating efficiency by improving data management. Our move to reshape the brand will enhance our brand equity. The Group will also leverage on the Internet to further promote O2O.

International layout: We will further expand the operation of our overseas flagship stores and our own down apparel brands and fully consolidate the Group's resources to enhance Bosideng's status and competitiveness in the global down apparel market.

Diversified development: The Group will proactively pursue opportunities for new business and external alliances as it is aspiring to become an integrated and multi-brand apparel operator.

FINANCIAL REVIEW

Revenue

For the six months ended September 30, 2014, the Group recorded a revenue of approximately RMB2,849.5 million (2013: approximately RMB2,809.2 million), representing an increase of approximately 1.4% as compared to the corresponding period of last year. The increase of revenue is mainly attributable to the increase of revenue from the OEM management business and the non-down apparel business, up approximately 54.8% and 5.1%, respectively as compared to the corresponding period of last year. In respect of the down apparel business, the Group focused on minimising inventory in the period, as well as re-positioning the brand and optimising the management and sales channels to meet the market demand, and during the restructuring period, the revenue decreased by approximately 19.2% as compared to the corresponding period of last year.

The revenue of the Group is mainly derived from branded down apparel business, the revenue from which amounted to approximately RMB1,418.4 million, accounting for approximately 49.8% of the Group's total revenue. The revenue from non-down apparel business amounted to approximately RMB419.9 million, accounting for approximately 14.7% of the Group's total revenue. The revenue from OEM management business amounted to approximately RMB1,011.2 million, accounting for approximately 35.5% of the Group's total revenue.

Revenue breakdown by segment

	For the six months ended September 30				
	2014		2013		
	RMB million	**% of total revenue**	RMB million	% of total revenue	Changes in %
Down apparel					
– Self-owned	**286.9**	**10.1%**	318.4	11.3%	-9.9%
– Wholesale	**1,088.2**	**38.2%**	1,382.7	49.2%	-21.3%
– Others[(1)]	**43.3**	**1.5%**	55.2	2.0%	-21.6%
Sub-total	**1,418.4**	**49.8%**	1,756.3	62.5%	-19.2%
Non-down apparel					
– Self-owned	**258.6**	**9.1%**	242.6	8.6%	6.6%
– Wholesale	**158.7**	**5.5%**	154.7	5.5%	2.6%
– Others[(2)]	**2.6**	**0.1%**	2.2	0.1%	18.2%
Sub-total	**419.9**	**14.7%**	399.5	14.2%	5.1%
OEM management	**1,011.2**	**35.5%**	653.4	23.3%	54.8%
Total	**2,849.5**	**100.0%**	2,809.2	100.0%	1.4%

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

(2) *Represents revenue from rental income, etc.*

The down apparel business of the Group is mainly derived from the revenue of wholesale, which accounted for approximately 76.7% of the total down apparel revenue during the period under review, as compared to 78.7% for the corresponding period of last year. Among the four down apparel brands, Bosideng contributed the largest part of the revenue of approximately RMB1,039.9 million, accounting for approximately 73.3% of the total down apparel revenue, while Snow Flying contributed approximately RMB150.1 million, accounting for approximately 10.6% of the total down apparel revenue. The revenue from sales of Bengen and Combo amounted to approximately RMB9.3 million and RMB128.8 million, accounting for approximately 0.7% and 9.1% of the total down apparel revenue, respectively.

Revenue breakdown by down apparel brand

	For the six months ended September 30				
	2014		2013		
Brand	**RMB million**	**% of branded down apparel sales**	RMB million	% of branded down apparel sales	Changes in %
Bosideng	**1,039.9**	**73.3%**	1,007.5	57.4%	3.2%
Snow Flying	**150.1**	**10.6%**	280.6	16.0%	-46.5%
Bengen	**9.3**	**0.7%**	164.6	9.4%	-94.3%
Combo	**128.8**	**9.1%**	202.3	11.5%	-36.3%
Other brands	**47.0**	**3.3%**	46.1	2.6%	2.0%
Others	**43.3**	**3.0%**	55.2	3.1%	-21.6%
Total down apparel revenue	**1,418.4**	**100.0%**	1,756.3	100.0%	-19.2%

The Group's non-down apparel brands included Bosideng MAN, JESSIE and Mogao. The revenue from sales of Bosideng MAN and JESSIE ladies' wear amounted to approximately RMB111.7 million and RMB133.3 million, accounting for approximately 26.6% and 31.7% of the total non-down apparel revenue, respectively. The revenue from sales of Mogao amounted to approximately RMB164.1 million, accounting for approximately 39.1% of the total non-down apparel revenue.

Revenue breakdown by non-down apparel brand

	For the six months ended September 30				
	2014		2013		
Brand	**RMB million**	**% of non-down apparel sales**	RMB million	% of non-down apparel sales	Changes in %
Bosideng MAN	**111.7**	**26.6%**	96.0	24.0%	16.4%
JESSIE	**133.3**	**31.7%**	122.3	30.6%	9.0%
Mogao	**164.1**	**39.1%**	168.7	42.2%	-2.7%
Others	**10.8**	**2.6%**	12.5	3.2%	-13.6%
Total non-down apparel revenue	**419.9**	**100.0%**	399.5	100.0%	5.1%

COST OF SALES AND GROSS PROFIT MARGIN

During the period under review, cost of sales increased as a percentage of revenue as compared to the corresponding period of the last year. It amounted to approximately RMB1,500.0 million, accounting for 52.6% of the Group's revenue, as compared to approximately RMB1,422.1 million, accounting for 50.6% of the Group's revenue, for the corresponding period of last year.

The gross profit margin of branded down apparel, non-down apparel and OEM management business for the period under review were approximately 67.8%, 51.0% and 17.1%, respectively, as compared to 58.7%, 56.2% and 20.0% for the corresponding period of last year. The gross profit margin of branded down apparel was 9.1 percentage points higher as compared to the corresponding period of the last year, which was mainly attributable to the increase in the proportion of Bosideng branded apparel sales with higher gross profit margin and the utilization of provision for price-loss of inventory. The gross profit margin of non-down apparel decreased by 5.2 percentage points, which was mainly attributable to the reduction of menswear inventory through various promotion platforms. The gross profit margin of OEM management business decreased by 2.9 percentage points, which was mainly attributable to the change of order mix.

DISTRIBUTION EXPENSES

The Group's distribution expenses, mainly comprising of advertising, promotion, concession fees, rental and salary and welfare, amounted to approximately RMB671.5 million, representing a decrease of 18.9%, as compared to approximately RMB828.2 million for the corresponding period of last year. Distribution expenses accounted for 23.6% of total revenue, representing a decrease of 5.9 percentage points as compared to 29.5% for the corresponding period of last year. The decrease in actual expenditure during the period under review was due to the decrease in the number of stores, as well as the decrease of salary and welfare, expenses of store decoration and rental, which was caused by sales channel streamlining by the Group; and the Group has implemented a series of cost-saving measures to promote directly in the stores, thus reducing the overt advertising expenses.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group, which mainly comprised of salary and welfare, travel expenses, office expenses and bad and doubtful debts provision, amounted to approximately RMB339.3 million, representing an increase of 37.0% as compared to approximately RMB247.6 million for the corresponding period of last year. The increase was mainly attributable to the provision for bad and doubtful debts and the one-off expenses from deployment of human resources and restructure. During the period, administrative expenses accounted for 11.9% of the Group's revenue, representing an increase of 3.1 percentage points as compared to 8.8% for the corresponding period of last year.

OPERATING PROFIT

For the reasons stated above, for the six months ended September 30, 2014, the Group's operating profit decreased by 10.7% to RMB306.6 million. Operating profit margin for the period under review was 10.8%, representing a decrease of 1.4 percentage points as compared to 12.2% for the corresponding period of last year, such decrease was mainly due to the one-off impairment of goodwill for apparels of menswear and ladieswear.

FINANCE INCOME

During the period under review, the Group's finance income recognized in profit or loss decreased by 12.7% to approximately RMB96.4 million from approximately RMB110.5 million for the corresponding period of last year.

FINANCE COSTS

During the period under review, the Group's finance costs mainly comprised interest for the loans borrowed from banks outside China, which increased by 49.5% to RMB57.5 million during the period.

TAXATION

For the six months ended September 30, 2014, income tax expenses increased from RMB97.4 million to RMB101.7 million. The effective tax rate was approximately 28.5%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses not recognized as deferred tax assets of certain subsidiaries of the Group and preferential tax rate enjoyed by the subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended September 30, 2014, the Group's net cash used in operating activities amounted to approximately RMB1,643.0 million, as compared to a net cash used of approximately RMB150.6 million for the year ended March 31, 2014. Cash and cash equivalents as at September 30, 2014 amounted to approximately RMB1,986.5 million, as compared to approximately RMB2,118.0 million as at March 31, 2014.

The Group had available-for-sales financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets had expected but not guaranteed returns ranging from 2.27% to 5.7% (March 31, 2014: 3.8% to 6.21%) per annum.

As at September 30, 2014, the bank borrowings of the Group amounted to approximately RMB3,411.9 million (March 31, 2014: approximately RMB3,259.2 million). The gearing ratio (total debt/total equity) of the Group was 45.2% (March 31, 2014: 44.2%).

CAPITAL COMMITMENTS

As at September 30, 2014, the Group had capital commitments amounting to approximately RMB89.9 million (March 31, 2014: approximately RMB110.0 million).

OPERATING LEASE COMMITMENT

As at September 30, 2014, the Group had irrevocable operating lease commitments amounting to approximately RMB212.7 million (March 31, 2014: approximately RMB299.4 million).

CONTINGENT LIABILITIES

As at September 30, 2014, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at September 30, 2014, bank deposits amounting to approximately RMB571.6 million (March 31, 2014: approximately RMB468.9 million) had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letters of credit.

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

FOREIGN CURRENCY EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries adopted US Dollars 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, 2014, the Directors considered the Group's foreign exchange risk was insignificant.

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

HUMAN RESOURCES

The Group has implemented the restructuring of human resources to reduce the expenses during the period. As at September 30, 2014, the Group had approximately 4,598 full-time employees (March 31, 2014: 5,940 full-time employees). Staff costs for the six months ended September 30, 2014 (including directors' remuneration in the form of salaries and other allowances) were approximately RMB353.7 million (2013: approximately RMB355.3 million).

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

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

As at September 30, 2014, no share option was granted by the Group under the Share Option Scheme.

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 22 to 56 which comprises the consolidated balance sheet of Bosideng International Holdings Limited as of September 30, 2014, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at September 30, 2014 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 27, 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended September 30, 2014 (Unaudited)

	Note	**Six months ended September 30, 2014 RMB'000**	Six months ended September 30, 2013 RMB'000
Revenue	6	**2,849,533**	2,809,239
Cost of sales		**(1,500,034)**	(1,422,126)
Gross profit		**1,349,499**	1,387,113
Other income	7	**38,744**	36,463
Selling and distribution expenses		**(671,503)**	(828,243)
Administrative expenses		**(339,309)**	(247,635)
Impairment losses on goodwill		**(70,000)**	–
Other expenses	7	**(827)**	(4,300)
Profit from operations		**306,604**	343,398
Finance income		**96,444**	110,490
Finance costs		**(57,507)**	(38,455)
Net finance income	10	**38,937**	72,035
Share of profits of associates, net of tax		**10,903**	3,608
Profit before taxation		**356,444**	419,041
Income tax expense	11(a)	**(101,660)**	(97,436)
Profit for the period		**254,784**	321,605
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**1,783**	9,941
Change in the fair value of available-for-sale financial assets		**2,283**	8,009
Available-for-sale financial assets reclassified to profit or loss on disposal		**–**	(14,031)
Income tax on items that may be reclassified subsequently to profit or loss		**(571)**	1,506
Other comprehensive income for the period, net of tax		**3,495**	5,425
Total comprehensive income for the period		**258,279**	327,030

The notes on pages 30 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended September 30, 2014 (Unaudited)

	Note	**Six months ended September 30, 2014 RMB'000**	Six months ended September 30, 2013 RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		**252,733**	326,144
Non-controlling interests		**2,051**	(4,539)
Profit for the period		**254,784**	321,605
Total comprehensive income attributable to:			
Equity shareholders of the Company		**255,714**	331,318
Non-controlling interests		**2,565**	(4,288)
Total comprehensive income for the period		**258,279**	327,030
Earnings per share	12		
– basic (RMB cents)		**3.18**	4.10
– diluted (RMB cents)		**3.18**	4.10

The notes on pages 30 to 56 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 25(a).

CONSOLIDATED BALANCE SHEET

At September 30, 2014 (Unaudited)

	Note	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	13	**983,825**	991,332
Non-current other receivables		**54,992**	30,715
Lease prepayments		**40,121**	32,371
Intangible assets and goodwill	14	**920,009**	1,007,800
Investment properties	15	**211,684**	219,474
Interest in associates		**178,488**	167,585
Deferred tax assets	11(b)	**491,182**	451,501
		2,880,301	2,900,778
Current assets			
Inventories	16	**2,407,898**	2,042,715
Trade, bills and other receivables	17	**3,670,205**	2,099,018
Receivables due from related parties	29(b)	**255,145**	144,261
Prepayments for materials and service suppliers		**431,894**	334,161
Other financial assets		**–**	420,000
Available-for-sale financial assets	18	**995,056**	2,082,930
Pledged bank deposits	19	**571,593**	468,933
Time deposits with maturity over 3 months	20	**137,200**	147,400
Cash and cash equivalents	21	**1,986,472**	2,117,996
		10,455,463	9,857,414
Current liabilities			
Current income tax liabilities		**233,821**	197,078
Interest-bearing borrowings	22	**2,084,308**	1,048,638
Trade and other payables	23	**1,961,995**	1,558,758
Payables due to related parties	29(b)	**2,698**	2,806
		4,282,822	2,807,280
Net current assets		**6,172,641**	7,050,134
Total assets less current liabilities		**9,052,942**	9,950,912

The notes on pages 30 to 56 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At September 30, 2014 (Unaudited)

	Note	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000 (audited)
Non-current liabilities			
Interest-bearing borrowings	22	**1,327,622**	2,210,514
Non-current other payables	24	**–**	181,691
Derivative financial liabilities	24	**11,226**	12,050
Deferred tax liabilities	11(b)	**167,282**	169,424
		1,506,130	2,573,679
Net assets		**7,546,812**	7,377,233
Capital and reserves			
Share capital	25	**622**	622
Reserves		**7,321,281**	7,154,267
Equity attributable to equity shareholders of the Company		**7,321,903**	7,154,889
Non-controlling interests		**224,909**	222,344
Total equity		**7,546,812**	7,377,233

Approved and authorized for issue by the board of directors on November 27, 2014.

Gao Dekang
Chairman of the Board of Directors

Gao Miaoqin
Director

The notes on pages 30 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2014 (Unaudited)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 (note 25(b))	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, 2013 (audited)	**622**	**794,521**	**(71,778)**	**76,066**	**756,301**	**(315,683)**	**8,356**	**(187,954)**	**6,037,936**	**7,098,387**	**187,281**	**7,285,668**
Total comprehensive income for the period:												
Profit for the period	–	–	–	–	–	–	–	–	326,144	326,144	(4,539)	321,605
Foreign currency translation differences – foreign operations	–	–	–	–	–	9,941	–	–	–	9,941	–	9,941
Net movement in the fair value reserve of available-for-sale financial assets, net of tax	–	–	–	–	–	–	(4,767)	–	–	(4,767)	251	(4,516)
	–	–	–	–	–	9,941	(4,767)	–	326,144	331,318	(4,288)	327,030
Transactions with owners, recorded directly in equity												
Written put option of non-controlling interests (note 24)	–	–	–	–	–	–	–	(16,946)	–	(16,946)	–	(16,946)
Appropriation to reserves	–	–	–	–	308	–	–	–	(308)	–	–	–
Dividends	–	(411,147)	–	–	–	–	–	–	–	(411,147)	–	(411,147)
	–	(411,147)	–	–	308	–	–	(16,946)	(308)	(428,093)	–	(428,093)
Balance at September 30, 2013	**622**	**383,374**	**(71,778)**	**76,066**	**756,609**	**(305,742)**	**3,589**	**(204,900)**	**6,363,772**	**7,001,612**	**182,993**	**7,184,605**

The notes on pages 30 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2014 (Unaudited)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 (note 25(b))	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, 2014 (audited)	**622**	**150,538**	**(71,778)**	**76,066**	**822,692**	**(277,866)**	**(1,429)**	**(195,100)**	**6,651,144**	**7,154,889**	**222,344**	**7,377,233**
Total comprehensive income for the period:												
Profit for the period	–	–	–	–	–	–	–	–	252,733	252,733	2,051	254,784
Foreign currency translation differences – foreign operations	–	–	–	–	–	1,783	–	–	–	1,783	–	1,783
Net movement in the fair value reserve of available-for-sale financial assets, net of tax	–	–	–	–	–	–	1,198	–	–	1,198	514	1,712
	–	–	–	–	–	1,783	1,198	–	252,733	255,714	2,565	258,279
Transactions with owners, recorded directly in equity												
Written put option of non-controlling interests (note 24)	–	–	–	–	–	–	–	37,591	–	37,591	–	37,591
Dividends	–	(126,291)	–	–	–	–	–	–	–	(126,291)	–	(126,291)
	–	(126,291)	–	–	–	–	–	37,591	–	(88,700)	–	(88,700)
Balance at September 30, 2014	**622**	**24,247**	**(71,778)**	**76,066**	**822,692**	**(276,083)**	**(231)**	**(157,509)**	**6,903,877**	**7,321,903**	**224,909**	**7,546,812**

The notes on pages 30 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2014 (Unaudited)

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Operating activities		
Profit for the period	**254,784**	321,605
Adjustments for:		
Income tax expense	**101,660**	97,436
Depreciation	**78,445**	61,050
Amortization	**18,384**	18,454
Impairment losses	**70,000**	–
Change in fair value of contingent considerations	**(659)**	(3,992)
Change in fair value of derivative financial liabilities	**(824)**	73
Net interest income	**(43,471)**	(52,804)
Share of profits of associates	**(10,903)**	(3,608)
Operating profit before changes in working capital	**467,416**	438,214
Increase in inventories	**(365,183)**	(732,124)
Increase in trade, bills and other receivables and prepayments	**(1,733,260)**	(1,534,164)
(Increase)/decrease in receivables due from related parties	**(110,884)**	64,412
Increase in trade and other payables	**257,743**	637,810
(Decrease)/increase in payables due to related parties	**(108)**	23,925
Cash used in operations	**(1,484,276)**	(1,101,927)
Interest paid	**(51,490)**	(29,887)
Income tax paid	**(107,311)**	(105,191)
Net cash used in operating activities	**(1,643,077)**	(1,237,005)
Investing activities		
Collection of deposits	**40,063**	–
Acquisition of associates	**–**	(150,000)
Acquisition of property, plant and equipment	**(71,442)**	(103,598)
Acquisition of lease prepayments	**(8,343)**	–
Proceeds from disposal of property, plant and equipment	**2,853**	1,049
Acquisition of available-for-sale financial assets	**(1,937,200)**	(795,700)
Proceeds from disposal of available-for-sale financial assets	**3,027,357**	1,240,860
Acquisition of other financial assets	**–**	(200,000)
Proceeds from disposal of other financial assets	**420,000**	460,000
Decrease in pledged bank deposits	**15,688**	570
Decrease in time deposits with maturity over 3 months	**10,200**	6,030
Interest received	**94,961**	82,691

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2014 (Unaudited)

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Net cash generated from investing activities	**1,594,137**	541,902
Financing activities		
Proceeds from interest-bearing borrowings	**595,883**	1,072,473
Repayment of interest-bearing borrowings	**(443,105)**	(1,259,701)
Increase in bank deposits pledged for bank loans	**(110,000)**	–
(Increase)/decrease in bank deposits pledged for standby letter of credit	**(8,348)**	711,354
Dividends paid	**(126,291)**	(411,147)
Net cash (used in)/generated from financing activities	**(91,861)**	112,979
Net decrease in cash and cash equivalents	**(140,801)**	(582,124)
Cash and cash equivalents at the beginning of the period	**2,117,996**	1,935,356
Effect of foreign currency exchange rate changes	**9,277**	(2,754)
Cash and cash equivalents at the end of the period	**1,986,472**	1,350,478

The notes on pages 30 to 56 form part of this interim financial report.

1. REPORTING ENTITY AND CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013/14 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014/15 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

This interim financial report contains 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 2013/14 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 2014/15 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 21.

The financial information relating to the financial year ended March 31, 2014 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 2013/14 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 26, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

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

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*
- IFRIC 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group's interim financial report as the recoverable amounts of the Group's non-financial assets are estimated based on the value in use.

Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

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 2013/14 annual financial statements.

6. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organized by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments.

- Down apparels – The down apparel segment carries on the business of sourcing and distributing branded down apparels.
- OEM management – The OEM management segment carries on the business of sourcing and distributing OEM products.
- Non-down apparels – The non-down apparel segment carries on the business of sourcing and distributing non-seasonal apparels, including branded apparels of menswear, ladieswear and casual wear.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment results

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

	For the six months ended September 30, 2013			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group RMB'000
Revenue from external customers	1,756,325	653,423	399,491	2,809,239
Inter-segment revenue	5,455	–	8,020	13,475
Reportable segment revenues	1,761,780	653,423	407,511	2,822,714
Reportable segment profit/(loss) from operations	314,910	115,903	(36,747)	394,066
Depreciation	(30,699)	(212)	(30,139)	(61,050)
Share of profits of associates	–	–	3,608	3,608

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	For the six months ended September 30 2014 RMB'000	2013 RMB'000
Revenue		
Reportable segment revenues	**2,856,299**	2,822,714
Elimination of inter-segment revenue	**(6,766)**	(13,475)
Consolidated revenue	**2,849,533**	2,809,239

	For the six months ended September 30 2014 RMB'000	2013 RMB'000
Profit before taxation		
Reportable segment profit derived from the Group's external customers	**407,166**	394,066
Amortization expenses	**(18,384)**	(18,454)
Government grants	**31,461**	31,086
Impairment losses	**(70,000)**	–
Unallocated expenses	**(32,736)**	(59,692)
Finance income	**96,444**	110,490
Finance costs	**(57,507)**	(38,455)
Consolidated profit before taxation	**356,444**	419,041

7. OTHER INCOME/(EXPENSES)

	Note	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Royalty income	(i)	**7,283**	5,377
Government grants	(ii)	**31,461**	31,086
Other income		**38,744**	36,463
Other expenses – Donations		**(827)**	(4,300)

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

(ii) The Group received unconditional discretionary grants amounting to RMB31,461,000 during the six month period ended September 30, 2014 (2013: RMB31,086,000) 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, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Salaries, wages and other benefits	**319,465**	321,236
Contributions to defined contribution plans	**34,262**	34,024
	353,727	355,260

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

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

9. EXPENSES BY NATURE

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

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**1,447,338**	1,480,701
Write down/(write back) of inventories to their net realizable value	**52,696**	(58,575)
Depreciation		
– Assets leased out under operating leases	**4,831**	875
– Other assets	**73,614**	60,175
Amortization	**18,384**	18,454
Operating lease charges	**87,151**	96,265
Provision for impairment of bad and doubtful debts	**84,588**	18,506

10. NET FINANCE INCOME

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**18,716**	31,258
Interest income on available-for-sale financial assets	**64,901**	46,272
Interest income on other financial assets	**11,344**	5,161
Total interest income on financial assets not at fair value through profit or loss	**94,961**	82,691
Change in fair value of contingent considerations (note 24)	**659**	3,992
Change in fair value of derivative financial liabilities (note 24)	**824**	–
Net foreign exchange gain	**–**	23,807
Finance income	**96,444**	110,490
Interest on interest-bearing borrowings	**(51,490)**	(29,887)
Bank charges	**(3,787)**	(8,495)
Change in fair value of derivative financial liabilities (note 24)	**–**	(73)
Net foreign exchange loss	**(2,230)**	–
Finance costs	**(57,507)**	(38,455)
Net finance income recognized in profit or loss	**38,937**	72,035

11. INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Current tax expenses		
Provision for PRC income tax	**144,054**	114,517
Deferred tax benefit		
Origination of temporary differences	**(42,394)**	(17,081)
	101,660	97,436

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

The effective tax rate for the six months ended September 30, 2014 was approximately 28.5%, which is higher than the standard PRC income tax rate of 25%, mainly because of the combined effect of non-deductible expenses, tax losses not recognized as deferred tax assets of certain subsidiaries of the Group and the preferential tax rate enjoyed by the subsidiary mentioned above.

11. INCOME TAX EXPENSE (CONTINUED)

(b) Deferred tax assets and liabilities:

The components of deferred tax assets/(liabilities) recognized in the consolidated 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 and trademark RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Tax loss expected to be utilized RMB'000	Others RMB'000	Total RMB'000
At April 1, 2014	95,098	20,172	(92,776)	(68,311)	162,035	122,094	43,765	282,077
(Charged)/credited to profit or loss	(20,938)	15,062	4,386	–	(34,905)	106,281	(27,492)	42,394
Charged to other comprehensive income	–	–	–	–	–	–	(571)	(571)
Balance at September 30, 2014	74,160	35,234	(88,390)	(68,311)	127,130	228,375	15,702	323,900

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

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Net deferred tax assets	**491,182**	451,501
Net deferred tax liabilities	**(167,282)**	(169,424)
	323,900	282,077

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended September 30, 2014 was based on the profit attributable to equity shareholders of the Company for the six months of RMB252,733,000 (2013: RMB326,144,000) and the weighted average number of shares in issue during the six months ended September 30, 2014 of 7,953,842,000 (2013: 7,953,842,000), calculated as follows:

Profit attributable to ordinary equity shareholders (basic and diluted):

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Profit attributable to ordinary equity shareholders	**252,733**	326,144

Weighted average number of ordinary shares (in thousands):

	Six months ended September 30, 2014	Six months ended September 30, 2013
Issued ordinary shares at April 1	**8,007,350**	8,007,350
Effect of treasury shares held for Share Award Scheme (note 26)	**(53,508)**	(53,508)
Effect of dilution-Written put option	**–**	–
	7,953,842	7,953,842
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,953,842**	7,953,842
Basic and diluted earnings per share (RMB cents)	**3.18**	4.10

The diluted earnings per share for the six months ended September 30, 2014 are the same as the basic earnings per share because the dilutive effect of 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 24) is nil as rounded down to the nearest 2 decimal places.

The diluted earnings per share for the six months ended September 30, 2013 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 24) were anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At April 1, 2014	722,593	27,602	255,136	156,105	98,225	1,259,661
Additions during the period	2,963	486	15,041	10,603	44,402	73,495
Transfer during the period	8,990	–	12,561	12,716	(34,267)	–
Movement of exchange rate	(5,002)	–	(66)	–	–	(5,068)
Disposals during the period	–	(181)	(6,763)	(9,830)	–	(16,774)
At September 30, 2014	729,544	27,907	275,909	169,594	108,360	1,311,314
Depreciation						
At April 1, 2014	(37,109)	(12,734)	(156,684)	(61,802)	–	(268,329)
Depreciation charge for the period	(17,020)	(1,458)	(23,935)	(31,201)	–	(73,614)
Movement of exchange rate	504	–	29	–	–	533
Disposals during the period	–	87	4,004	9,830	–	13,921
At September 30, 2014	(53,625)	(14,105)	(176,586)	(83,173)	–	(327,489)
Carrying amount						
At September 30, 2014	675,919	13,802	99,323	86,421	108,360	983,825
At March 31, 2014	685,484	14,868	98,452	94,303	98,225	991,332

Except for freehold land and buildings with the carrying amount of RMB193,672,000, which were located in the United Kingdom, all other buildings were located in mainland China at September 30, 2014. The properties located in the United Kingdom were acquired by the Group in June 2011, functioning as the Group's European flagship store as well as its headquarters in Europe.

As at September 30, 2014, no interest expense was capitalized as the borrowing costs directly attributable to the acquisition of qualifying assets are not significant.

14. INTANGIBLE ASSETS AND GOODWILL

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:				
At April 1, 2014	777,053	597,882	206,765	1,581,700
At September 30, 2014	777,053	597,882	206,765	1,581,700
Amortization and impairment loss:				
At April 1, 2014	(144,274)	(404,163)	(25,463)	(573,900)
Amortization charge for the period	–	(12,497)	(5,294)	(17,791)
Impairment losses	(70,000)	–	–	(70,000)
At September 30, 2014	(214,274)	(416,660)	(30,757)	(661,691)
Net book value:				
At September 30, 2014	562,779	181,222	176,008	920,009
At March 31, 2014	632,779	193,719	181,302	1,007,800

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

14. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each cash generating unit (CGU) is as follows:

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Menswear	**199,467**	228,467
Ladieswear	**363,312**	404,312
	562,779	632,779

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

Based on the assessment, the carrying amount of Menswear and Ladieswear CGU was higher than their respective recoverable amount, and impairment losses of RMB29,000,000 and RMB41,000,000 were recognized in profit or loss, respectively. The impairment losses were fully allocated to goodwill. The estimate of value in use of Menswear CGU and Ladieswear CGU was determined using a post-tax discount rate of 20% and 24%, respectively.

15. INVESTMENT PROPERTIES

	RMB'000
Cost:	
At April 1, 2014	228,540
Effect of movement in exchange rates	(3,053)
At September 30, 2014	225,487
Accumulated depreciation:	
At April 1, 2014	(9,066)
Charge for the period	(4,831)
Effect of movement in exchange rates	94
At September 30, 2014	(13,803)
Carrying amounts:	
At September 30, 2014	211,684
At March 31, 2014	219,474

Investment properties comprise land and buildings that are leased to third parties. As at September 30, 2014, freehold investment properties with the carrying amount of RMB117,503,000 (March 31, 2014: RMB121,275,000) represented land and buildings located in the United Kingdom and leasehold investment properties with the carrying amount of RMB94,181,000 (March 31, 2014: RMB98,199,000) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases typically carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at September 30, 2014, the estimated fair value of the investment properties that were acquired before April 1, 2014 had not significantly changed as compared to their respective fair value as at March 31, 2014, because having considered the latest property market condition and the market data on comparable properties, the directors were of the view that there were no indications of significant changes in the fair value since previous annual reporting date.

16. INVENTORIES

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Raw materials	**241,194**	157,183
Work in progress	**380,173**	17,061
Finished goods	**1,786,531**	1,868,471
	2,407,898	2,042,715

17. TRADE, BILLS AND OTHER RECEIVABLES

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Trade receivables	**2,962,613**	1,500,462
Bills receivable	**8,194**	79,410
Less: allowance for doubtful debts	**(190,664)**	(111,613)
	2,780,143	1,468,259
Third party other receivables:		
• VAT recoverable	**271,556**	288,320
• Deposits	**468,736**	282,033
• Advances to employees	**22,634**	7,485
• Others	**127,136**	52,921
	3,670,205	2,099,018

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

17. TRADE, BILLS AND OTHER RECEIVABLES (CONTINUED)

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

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Within credit terms	**2,521,338**	1,159,119
1 to 3 months past due	**36,106**	162,970
Over 3 months but less than 6 months past due	**220,391**	124,348
Over 6 months but less than 12 months past due	**551**	21,822
Over 1 year past due	**1,757**	–
	2,780,143	1,468,259

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

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 2.27% to 5.70% per annum (March 31, 2014: 3.80% to 6.21%).

19. PLEDGED BANK DEPOSITS

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

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Standby letters of credit	**308,348**	300,000
Bank borrowings (note 22)	**250,000**	140,000
Bills payable and other bank facilities	**13,245**	28,933
	571,593	468,933

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

20. TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB137,200,000 as at September 30, 2014 (March 31, 2014: RMB147,400,000) were deposited in banks for a period of over three months but within one year.

21. CASH AND CASH EQUIVALENTS

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Cash at banks and on hand	**2,695,265**	2,734,329
Less: pledged bank deposits	**(571,593)**	(468,933)
time deposits with maturity over 3 months	**(137,200)**	(147,400)
Cash and cash equivalents	**1,986,472**	2,117,996

22. INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were repayable as follows:

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Within 1 year or on demand	**2,084,308**	1,048,638
After 1 year but within 2 years	**676,775**	1,219,103
After 2 years but within 5 years	**650,847**	991,411
	1,327,622	2,210,514
	3,411,930	3,259,152

22. INTEREST-BEARING BORROWINGS (CONTINUED)

The interest-bearing borrowings were secured as follows:

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Bank loans		
– Secured	**1,169,192**	1,026,379
– Unsecured	**2,242,738**	2,232,773
	3,411,930	3,259,152

Bank borrowings of RMB676,992,000 as at September 30, 2014 (March 31, 2014: RMB749,719,000) were secured by standby letters of credit.

Bank borrowings of RMB492,200,000 as at September 30, 2014 (March 31, 2014: RMB276,660,000) were secured by pledged bank deposits of RMB250,000,000. (March 31, 2014: RMB140,000,000) (note 19).

Unsecured long-term bank loans of RMB2,242,738,000 are subject to the fulfillment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at September 30, 2014, none of the covenants relating to drawn down facilities had been breached (March 31, 2014: nil).

23. TRADE AND OTHER PAYABLES

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Trade payables	**890,923**	690,154
Other payables and accrued expenses		
• Deposits from customers	**359,557**	282,833
• Construction payables	**63,723**	61,670
• Accrued rebates and commissions	**–**	45,134
• Accrued advertising expenses	**16,036**	9,970
• Accrued payroll and welfare	**160,428**	145,292
• VAT payable	**177,866**	117,298
• Dividends payable	**5,000**	5,000
• Cash-settled written put option (note 24)	**143,441**	–
• Others	**145,021**	201,407
	1,961,995	1,558,758

23. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Within 1 month	**390,735**	316,007
1 month to 3 months	**500,188**	374,147
	890,923	690,154

24. NON-CURRENT OTHER PAYABLES

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Contingent considerations payable	**–**	659
Cash-settled written put option	**–**	181,032
	–	181,691

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Jessie") by acquiring 70% of the shares and voting interests of the Jessie business. Pursuant to the relevant sale and purchase agreement (the "SPA"), the total consideration payable comprised a cash consideration of RMB148,000,000, issuance of 235,000,000 new ordinary shares, and a contingent consideration, with the amount depending on Jessie's adjusted net profit (as defined in the SPA), and payable within three years from March 31, 2012 to March 31, 2015. In addition, the Group granted a written put option to Talent Shine International Limited, the non-controlling equity shareholder of Jessie, giving it the right to sell its entire interest in Jessie after March 31, 2015 at a consideration which comprises cash and a variable number of shares. The consideration for exercising the put option depends on Jessie's adjusted net profit for the year ending March 31, 2015 and in total shall not exceed RMB900,000,000.

(i) Contingent consideration payable

As at September 30, 2014, the fair value of the contingent consideration payable was nil (March 31, 2014: RMB659,000 recorded as non-current payable).

The decrease in the balance during the period is attributable to the decrease in the fair value of the contingent consideration payable, which was recorded in profit or loss (note 10).

24. NON-CURRENT OTHER PAYABLES (CONTINUED)

(ii) Written put option to non-controlling equity shareholder

As at September 30, 2014, the Group recorded the estimated present value of the redemption price of the cash settled portion of the written put option of RMB143,441,000 as a current payable (March 31, 2014: RMB181,032,000 as a non-current payable) with a corresponding increase in other reserves.

As at September 30, 2014, the fair value of the share settled portion of the written put option amounted to RMB11,226,000 (March 31, 2014: RMB12,050,000), and was recorded as derivative financial liabilities with the fair value change of RMB824,000 (note 10) being recognized in profit or loss.

25. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Interim dividend declared and paid of RMB1.0 cents per ordinary share (2013: interim dividend of RMB2.9 cents per ordinary share)	**76,080**	234,410

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

(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, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB1.6 cents per ordinary share (2013: final dividend of RMB5.2 cents per ordinary share)	**127,131**	413,743

(b) Share capital

The issued capital of the Group as of September 30, 2014 of RMB622,000 represents 8,007,350,000 ordinary shares at par value of US$0.00001 per share.

26. SHARE AWARD SCHEMES

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

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

As at September 30, 2014, the Trustee had purchased 53,508,000 shares (March 31, 2014: 53,508,000 shares) of the Company at a total cost (including related transaction costs) of RMB71,778,000 (March 31, 2014: RMB71,778,000). No shares have been awarded to selected employees as of September 30, 2014 under the Share Award Scheme.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

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

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

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair value hierarchy (continued)

	Fair value at September 30, 2014 RMB'000	Fair value measurements as at September 30, 2014 Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement			
Financial assets:			
Available-for-sale financial assets	**995,056**	**995,056**	**–**
Financial liabilities:			
Derivative financial liabilities	**11,226**	**–**	**11,226**
Contingent consideration payable	**–**	**–**	**–**

	Fair value at March 31, 2014 RMB'000	Fair value measurements as at March 31, 2014 Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement			
Financial assets:			
Available-for-sale financial assets	2,082,930	2,082,930	–
Financial liabilities:			
Derivative financial liabilities	12,050	–	12,050
Contingent consideration payable	659	–	659

During the six months ended September 30, 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

(iii) Information about Level 3 fair value measurements

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

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at March 31, 2014 and September 30, 2014.

28. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at September 30, 2014 not provided for in the interim financial report are as follows:

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Contracted for	**89,860**	106,569
Authorized but not contracted for	**–**	3,400
	89,860	109,969

28. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Within 1 year	**119,326**	159,617
After 1 year but within 5 years	**87,451**	133,635
More than 5 years	**5,900**	6,173
	212,677	299,425

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 RMB137,327,000 for the period ended September 30, 2014 (2013: RMB143,233,000).

(c) Contingent liabilities

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

29. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2014 and 2013, transactions with the following parties are considered as related party transactions.

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

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Six months ended September 30, 2014 RMB'000	Six months ended September 30, 2013 RMB'000
Purchase of raw materials:		
Bosideng Corporation	**59**	148
Zhongke Bosideng	**–**	2,597
Total	**59**	2,745
Rental expenses for lease of properties:		
Bosideng Corporation	**3,732**	3,732
Shandong Kangbo	**1,068**	1,155
Jiangsu Suyong	**120**	2,353
Total	**4,920**	7,240
Processing fee:		
Bosideng Corporation	**352,673**	202,526
Jiangsu Kangxin	**50**	2,068
Total	**352,723**	204,594
Integrated service fees:		
Bosideng Corporation (i)	**4,100**	3,484

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

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	At September 30, 2014 RMB'000	At March 31, 2014 RMB'000
Other receivables due from:		
Bosideng Corporation	**252,718**	144,045
Jiangsu Kangxin	**2,306**	95
Jiangsu Suyong	**121**	121
Total receivables due from related parties	**255,145**	144,261
Trade payables due to:		
Shandong Kangbo	**1,919**	1,397
Zhongke Bosideng	**779**	875
	2,698	2,272
Other payables due to:		
Shandong Kangbo	**–**	534
Total payables due to related parties	**2,698**	2,806

30. NON-ADJUSTING POST-BALANCE SHEET EVENTS

Interim dividends

Subsequent to September 30, 2014, the Board of the Company declared an interim dividend of RMB76,080,000, representing RMB1.0 cents per ordinary share to equity shareholders of the Company.

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

As at September 30, 2014, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") were as follows:

(a) Long position in the Company

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

Notes:

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

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

(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.*

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

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

Note:

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

Save as disclosed above, as at September 30, 2014, none of the Directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at September 30, 2014, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares of the Company which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Cititrust (Singapore) Limited	Trustee	5,208,791,201	65.05%
Kova Group Limited	Interest of controlled corporation	5,208,791,201	65.05%
Kong Bo Investment Limited	Corporate interest	5,156,219,202	64.39%
Brandes Investment Partners, L.P.	Investment Management	560,555,550	7.00%

Note:

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

Save as disclosed above, as at September 30, 2014, the Directors and the chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HKD1.2 cents (equivalent to approximately RMB1.0 cents) per ordinary share for the six months ended September 30, 2014. The proposed interim dividend is payable in Hong Kong Dollars on or around February 12, 2015 to shareholders whose names appear on the register of members of the Company on February 4, 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from February 2, 2015 to February 4, 2015, 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 February 12, 2015, 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 30, 2015.

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

During the six months ended September 30, 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed shares except that of the Trustee of the Share Award Scheme, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, purchased on the Stock Exchange a total of 53,508,000 shares of the Company at a consideration of about HKD88.1 million.

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

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange since the date of the 2013/14 Annual Report.

Dr. Ngai Wai Fung, an independent non-executive Director, has ceased to perform his duties as a director of China Railway Construction Corporation Limited (SEHK, Stock Code: 01186; SSE, Stock Code: 601186) since October 29, 2014.

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

CORPORATE GOVERNANCE CODE

The Directors are of the opinion that the Company has complied with the code provisions of Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules for the six months ended September 30, 2014, 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.

Mr. Gao Dekang is the Chairman and the founder of the Group. Mr. Gao Dekang had also been the CEO of the Company till May 15, 2014. The Board believes that it was 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 the efficient business planning and the 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.

However, with effect from May 15, 2014, Mr. Gao Dekang ceased to act as the CEO of the Company and Dr. Liang Sheuh-Hvei took up the role as the CEO of the Company. Such arrangement is principally attributable to the increasing scale of the Company, which triggers the need of the Company to attract more professional talents and have a precise division of labour and management, so as to lay a more solid foundation for its long term business development. At the same time, such arrangement enables the Company comply with the requirements of Code provision A.2.1 and to raise the level of corporate governance.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors confirmed that they had complied with all relevant requirements as set out in the Model Code during the six months ended September 30, 2014.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rules 3.21 and 3.22 of the Listing Rules, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The unaudited consolidated interim financial statements for the six months ended September 30, 2014 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 21 of this report. As at the date of this report, the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Gao Dekang
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing

The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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

WEBSITES

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

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

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

Notes:

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

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

(3) Members of Audit Committee, Dr. Ngai Wai Fung is the Chairman of the Committee

IMPORTANT DATES

Closure of Register of Members

February 2, 2015 to February 4, 2015 (both days inclusive)

Dividend

Interim Dividend	:	HKD1.2 cents per ordinary share
Payment Date	:	on or around February 12, 2015

Interim Period End

September 30

Board Lot

2,000 shares