波 司 登 國 際 控 股 有 限 公 司

**Bosideng International Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3998)**

# ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2012

## HIGHLIGHTS

- Revenue increased by 19.0% to approximately RMB8,376.1 million
- Non-down apparel contribution increased to 16.1% of the total revenue
- Gross profit margin increased 3.1 percentage points to 50.0%
- Net profit attributable to equity holders of the Company increased by 12.6% to approximately RMB1,436.6 million
- The Board proposed a final dividend of HKD12.0 cents per ordinary share

## ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Bosideng International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended March 31, 2012, together with the comparative figures for the year ended March 31, 2011, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended March 31, 2012*

| | *Note* | **For the year ended March 31, 2012** | 2011 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Revenue | 3 | **8,376,062** | 7,037,805 |
| Cost of sales | | **(4,187,428)** | (3,738,436) |
| **Gross profit** | | **4,188,634** | 3,299,369 |
| Other income | 4 | **46,319** | 19,617 |
| Distribution expenses | | **(2,268,135)** | (1,706,556) |
| Administrative expenses | | **(337,398)** | (207,239) |
| Other expenses | 4 | **(8,027)** | (33,223) |
| **Profit from operations** | | **1,621,393** | 1,371,968 |
| Finance income | | **148,080** | 142,153 |
| Finance costs | | **(47,737)** | (13,447) |
| **Net finance income** | 6 | **100,343** | 128,706 |
| **Profit before income tax** | | **1,721,736** | 1,500,674 |
| Income tax expense | 7 | **(270,991)** | (228,678) |
| **Profit for the year** | | **1,450,745** | 1,271,996 |
| **Other comprehensive income for the year** | | | |
| Foreign translation differences-foreign operations | 6 | **13,557** | (6,232) |
| Net change in fair value of available-for-sale financial assets | 6 | **(18,075)** | (29,407) |
| Income tax on other comprehensive income | | **2,023** | 3,447 |
| **Other comprehensive income for the year, net of tax** | | **(2,495)** | (32,192) |
| **Total comprehensive income for the year** | | **1,448,250** | 1,239,804 |

| | Note | For the year ended March 31, 2012 RMB'000 | 2011 RMB'000 |
|---|---|---|---|
| **Profit/(loss) attributable to:** | | | |
| Equity shareholders of the Company | | **1,436,642** | 1,276,446 |
| Non-controlling interests | | **14,103** | (4,450) |
| **Profit for the year** | | **1,450,745** | 1,271,996 |
| **Total comprehensive income attributable to:** | | | |
| Equity shareholders of the Company | | **1,434,858** | 1,244,254 |
| Non-controlling interests | | **13,392** | (4,450) |
| **Total comprehensive income for the year** | | **1,448,250** | 1,239,804 |
| **Earnings per share** | 9 | | |
| – basic (RMB cents) | | **18.29** | 16.42 |
| – diluted (RMB cents) | | **18.29** | 16.42 |

## CONSOLIDATED BALANCE SHEET

*At March 31, 2012*

| | | At March 31, | |
|---|---|---|---|
| | *Note* | **2012** | 2011 |
| | | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **734,803** | 313,382 |
| Prepayment for purchase of properties | | **118,502** | — |
| Lease prepayments | | **33,853** | 31,203 |
| Intangible assets | 10 | **1,412,130** | 509,453 |
| Investment properties | | **17,821** | — |
| Deferred tax assets | | **200,708** | 171,031 |
| | | **2,517,817** | 1,025,069 |
| **Current assets** | | | |
| Inventories | 11 | **1,398,861** | 1,214,783 |
| Trade, bills and other receivables | 12 | **1,251,657** | 1,046,527 |
| Receivables due from related parties | | **88,275** | 97,127 |
| Prepayments for materials and service suppliers | | **517,871** | 730,587 |
| Other financial assets | | **755,000** | — |
| Available-for-sale financial assets | | **1,467,550** | 1,519,102 |
| Pledged bank deposits | | **862,738** | 760,378 |
| Time deposits with maturity over 3 months | | **471,021** | 1,300,479 |
| Cash and cash equivalents | | **1,906,951** | 1,417,629 |
| | | **8,719,924** | 8,086,612 |

| | Note | At March 31, 2012 RMB'000 | 2011 RMB'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Current income tax liabilities | | **215,462** | 199,254 |
| Interest-bearing borrowings | | **1,740,662** | 586,880 |
| Trade and other payables | 13 | **1,329,913** | 1,178,692 |
| Payables due to related parties | | **604** | 14,365 |
| | | **3,286,641** | 1,979,191 |
| **Net current assets** | | **5,433,283** | 6,107,421 |
| **Total assets less current liabilities** | | **7,951,100** | 7,132,490 |
| **Non-current liabilities** | | | |
| Non-current other payables | 14 | **330,439** | — |
| Derivative financial liabilities | 15 | **14,230** | — |
| Deferred tax liabilities | | **254,729** | 165,759 |
| | | **599,398** | 165,759 |
| **Net assets** | | **7,351,702** | 6,966,731 |
| **EQUITY** | | | |
| Share capital | | **622** | 607 |
| Reserves | | **7,137,619** | 6,872,579 |
| **Equity attributable to equity shareholders of the Company** | | **7,138,241** | 6,873,186 |
| **Non-controlling interests** | | **213,461** | 93,545 |
| **Total equity** | | **7,351,702** | 6,966,731 |

## NOTES

### 1 GENERAL INFORMATION OF THE REPORTING ENTITY

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 branded menswear 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

#### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(b) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Changes in accounting policies

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

- IAS 24 (revised 2009), *Related party disclosures*

- Improvements to IFRSs (2010)

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

The impacts of these developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods.

- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the disclosures of the Group's financial instruments in the financial statements.

## 3 REVENUE AND SEGMENT REPORTING

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 reportable segments.

- Down apparels - The down apparels segment carries on the business of sourcing and distributing branded down apparels.

- OEM management - The OEM management segment carries on the business of sourcing and distributing OEM products.

- Non-down apparels - The non-down apparels segment carries on the business of sourcing and distributing non-seasonal apparels, including branded apparels of menswear, womenswear, casual wear and kids wear.

**(a) Segment results**

| | For the year ended March 31, 2012 | | | |
|---|---|---|---|---|
| | **Down apparels** | **OEM management** | **Non-down apparels** | **Group** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| Revenue from external customers | **6,119,492** | **909,389** | **1,347,181** | **8,376,062** |
| Inter-segment revenue | **—** | **—** | **21,699** | **21,699** |
| **Reportable segment revenues** | **6,119,492** | **909,389** | **1,368,880** | **8,397,761** |
| **Reportable segment profit from operations** | **1,280,177** | **125,459** | **314,050** | **1,719,686** |
| Depreciation | **36,141** | **642** | **37,152** | **73,935** |

| | For the year ended March 31, 2011 | | | |
|---|---|---|---|---|
| | Down apparels | OEM management | Non-down apparels | Group |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from external customers | 5,684,635 | 768,703 | 584,467 | 7,037,805 |
| Inter-segment revenue | — | — | 18,299 | 18,299 |
| **Reportable segment revenues** | 5,684,635 | 768,703 | 602,766 | 7,056,104 |
| **Reportable segment profit from operations** | 1,226,130 | 85,676 | 172,143 | 1,483,949 |
| Depreciation | 24,732 | 224 | 18,255 | 43,211 |

**(b) Reconciliations of reportable segment revenues, profit before income tax**

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Reportable segment revenues | **8,397,761** | 7,056,104 |
| Elimination of inter-segment revenue | **(21,699)** | (18,299) |
| Consolidated revenue | **8,376,062** | 7,037,805 |

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| **Profit before income tax** | | |
| Reportable segment profit derived from the Group's external customers | **1,719,686** | 1,483,949 |
| Amortization expenses | **(34,199)** | (17,645) |
| Government grants | **24,342** | 5,851 |
| Gain on disposal of subsidiaries | **3,191** | — |
| Unallocated expenses | **(91,627)** | (100,187) |
| Finance income | **148,080** | 142,153 |
| Finance costs | **(47,737)** | (13,447) |
| Consolidated profit before income tax | **1,721,736** | 1,500,674 |

**(c) Geographic information**

Except for land and buildings, construction in progress and investment properties with the aggregate carrying amount of RMB262,128,000 (March 31, 2011: Nil) located in the United Kingdom, all of the Group's property, plant and equipment, investment property and intangible assets were located in mainland China at March 31, 2012.

The geographical location of an asset is based on the physical location of the asset, in the case of property, plant and equipment and investment property, and the location of the operation to which they are allocated, in the case of intangible assets.

At March 31, 2012, the Group's European business was at the pre-operation status and no revenue from third parties except for rental income of RMB1,638,000 was derived from its European operation for the year ended March 31, 2012.

## 4 OTHER INCOME/(EXPENSES)

| | | **For the year ended March 31,** | |
|---|---|---|---|
| | *Note* | **2012** | 2011 |
| | | ***RMB'000*** | *RMB'000* |
| Royalty income | (i) | **18,786** | 13,766 |
| Government grants | (ii) | **24,342** | 5,851 |
| Gain on disposal of subsidiaries | | **3,191** | — |
| Other income | | **46,319** | 19,617 |
| Other expenses - Donations | | **(8,027)** | (33,223) |

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

(ii) The Group received unconditional discretionary grants amounting to RMB24,342,000 for the year ended March 31, 2012 (2011: RMB5,851,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

## 5 EXPENSES BY NATURE

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

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Cost of inventories recognized as expenses included in cost of sales | **4,178,516** | 3,740,116 |
| Provision/(Reversal) of inventories to net realizable value | **8,912** | (1,680) |
| Depreciation | | |
| – Assets leased out under operating leases | **865** | — |
| – Other assets | **73,070** | 43,211 |
| Amortization | **34,199** | 17,645 |
| Operating lease charges | **171,054** | 125,677 |
| Reversal for impairment of bad and doubtful debts | **(9,814)** | (51,529) |
| Auditors' remuneration | **6,600** | 6,000 |

## 6 NET FINANCE INCOME

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| **Recognized in profit or loss:** | | |
| Interest income on held-to-maturity investments | **—** | 3,732 |
| Interest income on bank deposits | **60,884** | 48,865 |
| Interest income on available-for-sale financial assets | **76,239** | 89,556 |
| Interest income on other financial assets | **1,730** | — |
| Net foreign exchange gain | **9,227** | — |
| Finance income | **148,080** | 142,153 |
| Interest on interest-bearing borrowings | **(24,629)** | (1,666) |
| Bank charges | **(20,989)** | (9,542) |
| Change in fair value of contingent considerations | **(1,957)** | — |
| Change in fair value of derivative financial liabilities | **(162)** | — |
| Net foreign exchange loss | **—** | (2,239) |
| Finance costs | **(47,737)** | (13,447) |
| Net finance income recognized in profit or loss | **100,343** | 128,706 |
| **Recognized in other comprehensive income:** | | |
| Foreign translation differences-foreign operations | **13,557** | (6,232) |
| Net change in fair value of available-for-sale financial assets | **(18,075)** | (29,407) |
| Income tax on finance income recognized in other comprehensive income | **2,023** | 3,447 |
| Net finance income recognized in other comprehensive income, net of tax | **(2,495)** | (32,192) |

## 7 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax expenses** | | |
| Provision for PRC income tax | **318,439** | 318,767 |
| **Deferred tax benefit** | | |
| Origination of temporary differences | **(47,448)** | (90,089) |
| | **270,991** | 228,678 |

(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 and Bosideng UK Limited, subsidiaries of the Group incorporated in the United States (the "US") and the United Kingdom (the "UK"), respectively, as they do not have assessable profits subject to any US or UK income tax during the year.

(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 any Hong Kong Profits Tax during the year.

(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.

On March 16, 2007, the PRC government enacted the new Enterprise Income Tax law ("new EIT law"), which unified the income tax rate to 25% for all companies. The new EIT law was effective as of January 1, 2008. Consequently, the Group's domestic subsidiaries established in the PRC are subject to income tax at 25% from 2008 onwards, except for those subsidiaries of the Group that are foreign investment enterprises, which will continue to enjoy tax-exemption or 50% reduction on the applicable income tax rates under the new EIT law during the transitional period of five years starting from January 1, 2008 until the expiry of the tax holidays previously granted under the Foreign Enterprise Income Tax Law. Thereafter these subsidiaries are subject to the unified rate of 25%.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

| | **For the year ended March 31,** | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Profit before income tax | **1,721,736** | 1,500,674 |
| Income tax at the applicable PRC income tax rate of 25% | **430,434** | 375,168 |
| Tax losses not recognized as deferred tax assets | **12,058** | 8,193 |
| Non-deductible expenses | **24,028** | 25,892 |
| Effect of tax concessions of PRC operations | **(195,109)** | (215,797) |
| Tax effect on undistributed profits of PRC subsidiaries | **—** | 31,000 |
| Others | **(420)** | 4,222 |
| Income tax expense | **270,991** | 228,678 |

## 8 DIVIDENDS

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

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Interim dividend declared and paid of RMB3.8 cents per ordinary share (2011: interim dividend of RMB6.5 cents per ordinary share) | **304,279** | 505,203 |
| Final dividend proposed after balance sheet date of RMB9.8 cents per ordinary share (2011: RMB6.8 cents per ordinary share) | **780,717** | 528,520 |
| Special dividend proposed after balance sheet date of Nil (2011: RMB6.0 cents per ordinary share) | **—** | 466,341 |
| | **1,084,996** | 1,500,064 |

The final and special dividends proposed after the balance sheet date have 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 year, approved and paid during the year:

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Final dividend in respect of the previous financial year, approved and paid during the year, of RMB6.8 cents per ordinary share (2011: final dividend of RMB8.8 cents per ordinary share) | **528,520** | 683,967 |
| Special dividend approved and paid during the year, of RMB6.0 cents per ordinary share (2011: Nil) | **466,341** | — |
| | **994,861** | 683,967 |

## 9 EARNINGS PER SHARE

**Basic earnings per share:**

The calculation of basic and diluted earnings per share for the year ended March 31, 2012 is based on the profit attributable to equity shareholders of the Company for the year of RMB1,436,642,000 (2011: RMB1,276,446,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2012 of 7,854,046,000 shares (2011: 7,772,350,000 shares), calculated as follows:

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

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Profit attributable to ordinary equity shareholders | **1,436,642** | 1,276,446 |

Weighted average number of ordinary shares (in thousands):

| | For the year ended March 31, | |
|---|---|---|
| | **2012** | 2011 |
| Issued ordinary shares at 1 April | **7,772,350** | 7,772,350 |
| Effect of ordinary shares issued related to business combination | **95,669** | — |
| Effect of treasury shares held for Share Award Scheme | **(13,973)** | — |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **7,854,046** | 7,772,350 |
| Basic and diluted earnings per share (RMB cents) | **18.29** | 16.42 |

The diluted earnings per share for the year ended March 31, 2012 are the same as 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 are anti-dilutive.

## 10 INTANGIBLE ASSETS

| | Goodwill RMB'000 | Customer relationships RMB'000 | Trademarks RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| At April 1, 2010 and 2011 | 292,741 | 352,769 | — | 645,510 |
| Additions | — | — | 5,000 | 5,000 |
| Acquisition through a business combination (note 16) | 484,312 | 245,113 | 201,765 | 931,190 |
| At March 31, 2012 | 777,053 | 597,882 | 206,765 | 1,581,700 |
| **Amortization and impairment losses:** | | | | |
| At April 1, 2010 | — | (119,598) | — | (119,598) |
| Amortization charge for the year | — | (16,459) | — | (16,459) |
| At March 31, 2011 | — | (136,057) | — | (136,057) |
| Amortization charge for the year | — | (29,225) | (4,288) | (33,513) |
| At March 31, 2012 | — | (165,282) | (4,288) | (169,570) |
| **Net book value:** | | | | |
| At March 31, 2012 | 777,053 | 432,600 | 202,477 | 1,412,130 |
| At March 31, 2011 | 292,741 | 216,712 | — | 509,453 |

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

**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 amounts of goodwill are allocated to the following cash generating units (CGUs).

| | **The Group** | |
|---|---|---|
| | **At March 31,** | |
| | **2012** | 2011 |
| | **RMB'000** | RMB'000 |
| Menswear | **292,741** | 292,741 |
| Womenswear | **484,312** | — |
| | **777,053** | 292,741 |

The recoverable amount of this cash-generating unit of Menswear is determined based on value in use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU with the assistance of an independent valuer. 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 CGU's specific weighted average cost of capital.

The recoverable amount of the cash-generating unit of Womenswear is determined based on fair value less cost to sell, which was assessed by management based on a market value basis as at March 31, 2012.

## 11 INVENTORIES

| | **The Group** | |
|---|---|---|
| | **At March 31,** | |
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Raw materials | **97,719** | 117,214 |
| Work in progress | **67,742** | 22,666 |
| Finished goods | **1,233,400** | 1,074,903 |
| | **1,398,861** | 1,214,783 |

At March 31, 2012, inventories carried at net realizable value amounted to approximately RMB378,318,000 (2011: RMB414,584,000).

## 12 TRADE, BILLS AND OTHER RECEIVABLES

| | The Group | |
|---|---|---|
| | At March 31, | |
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **748,272** | 560,807 |
| Bills receivables | **101,693** | 82,077 |
| | **849,965** | 642,884 |
| Third party other receivables: | | |
| • VAT recoverable | **146,199** | 114,189 |
| • Deposits | **185,486** | 108,104 |
| • Advances to employees | **9,376** | 3,963 |
| • Deposit within an escrow account | **—** | 130,000 |
| • Others | **60,631** | 47,387 |
| | **1,251,657** | 1,046,527 |

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

The Group normally allows a credit period ranging from 30 days to 90 days from the date of billing to its customers.

At March 31, 2012, trade and bills receivables of approximately RMB74,304,000 (2011: RMB59,294,000) were past due but considered to be not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of trade and bills receivables (net of impairment losses on bad and doubtful debts) is as follows:

| | **The Group** | |
|---|---|---|
| | **At March 31,** | |
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Within credit terms | **775,661** | 583,590 |
| 1 to 3 months past due | **69,741** | 51,121 |
| Over 3 months but less than 6 months past due | **2,726** | 528 |
| Over 6 months but less than 12 months past due | **1,097** | 1,378 |
| Over 1 year past due | **740** | 6,267 |
| | **849,965** | 642,884 |

Movements in the provision for impairment losses for trade and bills receivables are as follows:

| | **The Group** | |
|---|---|---|
| | **For the year ended March 31,** | |
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| At the beginning of the year | **130,534** | 190,565 |
| Reversal for impairment of bad and doubtful debts | **(9,814)** | (51,529) |
| Write off | **(4,367)** | (8,502) |
| At the end of the year | **116,353** | 130,534 |

The creation and release of provision for impaired receivables have been included in administrative expenses in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of trade and bills receivables disclosed above.

## 13 TRADE AND OTHER PAYABLES

| | The Group | |
|---|---|---|
| | At March 31, | |
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **450,623** | 333,429 |
| Other payables and accrued expenses | | |
| • Deposits from customers | **273,373** | 359,531 |
| • Accrued rebates and commissions | **198,994** | 165,141 |
| • Accrued advertising expenses | **21,119** | 52,424 |
| • Accrued payroll and welfare | **142,405** | 97,862 |
| • VAT payable | **65,151** | 23,771 |
| • Consideration payables in connection with Menswear acquisition | **—** | 130,000 |
| • Contingent considerations payable | **96,099** | — |
| • Dividends payable | **5,000** | 5,000 |
| • Others | **77,149** | 11,534 |
| | **1,329,913** | 1,178,692 |

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

An ageing analysis of trade payables is set out below:

| | The Group | |
|---|---|---|
| | At March 31, | |
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Due within 1 month or on demand | **203,869** | 108,326 |
| Due after 1 month but within 3 months | **246,754** | 225,103 |
| | **450,623** | 333,429 |

## 14 NON-CURRENT OTHER PAYABLES

| | The Group At March 31, | |
|---|---|---|
| | **2012** | 2011 |
| | **RMB'000** | RMB'000 |
| Contingent consideration payables (note 16) | **94,968** | — |
| Cash-settled written put option (note 15) | **235,471** | — |
| | **330,439** | — |

## 15 WRITTEN PUT OPTION TO NON-CONTROLLING EQUITY HOLDER

On November 4, 2011, the Group granted a written put option to Talent Shine International Limited, the non-controlling equity shareholder of Talent Shine Limited and Sunny Bright Global Investments Limited, ("the Target Companies") after their acquisition by the Group as described in note 16. The put option gives the non-controlling equity holder the right to sell its entire interest in the Target Companies after March 31, 2015 at a consideration which comprises cash and a variable number of shares. The consideration for exercising the put option is dependent on the net profit of the Target Companies and their subsidiaries and in total shall not exceed RMB900,000,000.

As at March 31, 2012, the Group has recorded the present value of the redemption price of the cash settled portion of the written put option of RMB235,471,000 as a non current payable with the corresponding decrease in other reserve, and the fair value of the share settled portion of the written put option as derivative financial liabilities of RMB14,230,000 with the corresponding decrease in other reserve.

## 16 BUSINESS COMBINATION

### Acquisition of Talent Shine Limited and Sunny Bright Global Investments Limited

On November 4, 2011 ("the Acquisition Date"), the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "the Target Companies") by acquiring 70% of the shares and voting interests in the Target Companies. The Target Companies and their subsidiaries ("the Target Group") are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of JESSIE-branded womenswear apparels in the PRC market.

The revenue and net profit that the Target Group contributed to the Group during the year ended March 31, 2012 are RMB169,561,000 and RMB41,562,000 respectively. If the acquisition had occurred on April 1, 2011, management estimates that the Group's consolidated revenue and consolidated profit for the year ended March 31, 2012 would have been RMB8,524,571,000 and RMB1,458,954,000, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the above acquisition would have been the same if the acquisition had occurred on April 1, 2011.

The total considerations payable by the Group comprises a cash consideration of RMB 147,500,000, issuance of 235,000,000 new ordinary shares on the Acquisition Date with the fair value based on the closing market price of HK$2.16 per share, and contingent considerations depending on the Target Group's adjusted net profits (as defined by the Sales and Purchase Agreement (the "SPA")) from March 31, 2012 to March 31, 2015, which are repayable within three years. The fair value of the contingent considerations payable at the Acquisition Date is RMB189,110,000. At March 31, 2012, the fair value of contingent considerations payable had increased to RMB191,067,000, of which RMB96,099,000 is included in Trade and other payables (note 13) and RMB94,968,000 is included in Non-current other payables (note 14) respectively on the Group's consolidated balance sheet as of March 31, 2012.

The above acquisition had the following effect on the Group's assets and liabilities:

| | Pre-acquisition carrying amounts RMB'000 | Fair value adjustments RMB'000 | Recognised values on acquisition RMB'000 |
|---|---|---|---|
| Property, plant and equipment | 989 | — | 989 |
| Intangible assets (note 10) | — | 446,878 | 446,878 |
| Inventories | 47,106 | — | 47,106 |
| Trade and other receivables | 49,084 | — | 49,084 |
| Prepayments for materials and service suppliers | 3,746 | — | 3,746 |
| Available-for-sale financial assets | 40,621 | — | 40,621 |
| Cash and cash equivalents | 51,508 | — | 51,508 |
| Trade and other payables | (135,229) | — | (135,229) |
| Income tax payables | (18,641) | — | (18,641) |
| Deferred tax assets/(liabilities) | 3,853 | (111,720) | (107,867) |
| Net identified assets | 43,037 | 335,158 | 378,195 |
| Non-controlling interests arising from the acquisition | | | (113,458) |
| Goodwill arising from the acquisition (note 10) | | | 484,312 |
| Total consideration | | | 749,049 |
| Representing: | | | |
| Cash | | | 147,592 |
| Allotment of new ordinary shares | | | 412,347 |
| Contingent considerations payable | | | 189,110 |
| | | | 749,049 |
| Analysis of the net cash outflow in respect of the acquisition: | | | |
| Cash consideration paid | | | 147,592 |
| Less: cash acquired | | | (51,508) |
| Net cash outflow in acquisition | | | 96,084 |

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

The Goodwill recognized on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the Target Companies into the Group's existing apparel business.

## 17 POST-BALANCE SHEET EVENTS

Subsequent to March 31, 2012, the Company proposed a final dividend of RMB780,717,000 representing RMB9.8 cents per ordinary share to the equity shareholders of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

In 2011, a faltering global economic recovery received another setback as the European debt crisis deepened, destabilizing markets around the world. Against this backdrop, the Chinese government launched a series of economic measures to curb inflation, while maintaining relatively strong economic growth. According to the National Bureau of Statistics of China, the GDP of China for 2011 was RMB47,200 billion, representing an increase of 9.2% as compared to that of the previous year. Total sales of consumer goods of China in 2011 amounted to RMB18,400 billion, representing a year-on-year increase of 17.1%. In the last five years, one of the major policies of China was to transform its economic structure by promoting the domestic demand. Supported by favorable economic policies, consumption power of urban and rural households continuously improved. The expanding consumer market will open up more opportunities for China's apparel industry, which can further consolidate its position in the international market through improving competitiveness.

### Business Review

***Down apparel business achieved steady growth fostering its leading position in the industry***

The Group's down apparel business maintained steady growth in the 2011/2012 financial year, the annual sales of down apparel was approximately RMB6,119.5 million, representing an increase of 7.7% compared with last year. According to the China Industrial Information Issuing Center and the National Bureau of Statistics of China, sales of the *Bosideng* branded down apparel ranked No.1 in the down apparel market in China for 17 consecutive years. The aggregate market share of the four down apparel brands, namely *Bosideng, Snow Flying, Kangbo* and *Bengen*, was 34.5% in 2011. The Group continued to maintain its dominant position in the industry.

Steady growth of the down apparel business during the year was mainly attributable to the following factors:

**High brand awareness and extensive sales network** Each of our four down apparel brands targets different consumer groups. Each of the down apparel brands further increased its sales channels in order to access respective target consumers effectively. The customer base of *Kangbo* was further expanded by the introduction of reasonably priced products to fourth and fifth-tier cities. During the year, the Group continued to convert multi-brand stores into mono-brand stores so as to highlight the uniqueness of each brand for higher brand awareness. As of March 31, 2012, there were 8,344 down apparel sales outlets, representing an increase of 765 sales outlets compared with the corresponding period of last year. Total sales area was approximately 872,000 square meters (March 31, 2011: 867,000 square meters).

**Cost advantage** Material and labor costs further increased during the year, pushing up the operating costs and prices in the industry. However, the Group enjoyed a higher bargaining power over its suppliers due to economies of scale. With strong cashflow, the Group was able to lock prices of some materials at favorable levels by making prepayments. The Group increased the unit price of its down apparel to reflect the increase in costs and competitiveness of its brands and products. As a result, the down apparel business of the Group was able to maintain a relatively high gross profit margin.

**Experienced salesforce** With more than 20 years of experience, the Group is able to identify sales cycle accurately, and deploy flexible sales strategies to quickly respond to weather changes. Effective operation and logistics arrangements also guarantee the accomplishment of flexible sales plans. The Group is able to meet strong demands in a very short period of time.

**Introduction of innovative products** *Bosideng* introduced the "Autumn Down" collection (秋羽絨) and "Memory Fabric" (紡記憶), representing a breakthrough in the traditional concept of down apparel. "Autumn Down" is based on the concept of light down, with excellent cutting, 90% of filling and weight of down of 260 grams. The "Autumn Down" collection features the use of distinctive colors and perfectly matching fabrics. "Memory Fabric" is an innovative fabric with tailoring techniques that allows warmth and trendy design. Both collections gained great attention at professional exhibitions including Jiangsu International Apparel Fair (江蘇國際服

裝節) and China International Exhibition for Down Apparel (中國國際羽博會). Both were well received from the domestic market and became the highlights of the apparel market in the autumn/winter season of 2011.

**Improved inventory control of down apparel** During the reporting period, implementation of the down apparel order management system saw good progress. As of the end of the financial year, approximately 25% of sales from the down apparel was recorded under the order management system, significantly higher than the 12% in the previous financial year. The implementation of the order management system had improved the marketability of our products and effectively controlled inventory levels. It also increased operation efficiency and encouraged distributors to take initiatives.

***New development of non-down apparel business***

During the year, the Group continued to introduce non-seasonal apparel products under different brands as part of its product diversification strategy. We have redefined the objectives and development direction of non-down apparel business and invested more resources to optimize our product portfolio. In November 2011, the Group completed the acquisition of *JESSIE*, a famous ladies' fashion brand. The acquisition complemented the ladies' wear lines of the Group and provided an important source of profits to the non-down apparel business. The share of revenue from the non-down apparel business in the total revenue of the Group was 16.1%, compared to 8.4% last year. The Group will focus on the development of men's and ladies' apparel businesses under the *Bosideng MAN* and *JESSIE* brands. The Group will also identify more acquisition and merger targets which are in line with the development direction of the Group to further expand the non-down apparel business and improve profitability.

During the year, the major non-down apparel brands of the Group were successfully expanded as planned:

***Bosideng MAN***: *Bosideng MAN* is the major menswear project of the non-down apparel businesses of the Group. It had been through two years of rapid growth after acquisition, and slowed down its pace of development as the project company focused on improvements of brand image, R&D, and distribution during the year under review. In particular, it consolidated the sales channel. The project company closed down stores with unsatisfactory performance or unfavorable locations, and opened up new stores in desirable locations. In addition, it was prudent on selecting new distributors to ensure healthy sales growth and inventory level. As of March 31, 2012, *Bosideng MAN* had 901 stores, representing a decrease of 78 stores compared to the corresponding period of last year. The project company closely monitored the performance of self-operated and franchised stores to manage the quality of distribution channel and enhance profitability. As a result, *Bosideng MAN* recorded an increase of 18.3% in sales.

According to the market research by *Bosideng MAN*, mature male consumers have a growing emphasis on fitting. Therefore, *Bosideng MAN* adopted the strategy of "perfect fitting and original design" in product development. *Bosideng MAN* hired a team of renowned designers from U.K. and Hong Kong, established a database of body measurement of Chinese males, adopted advanced computerized 3D cutting technique to provide perfect fitting to customers. The autumn/winter collection of *Bosideng MAN* is of great originality, innovative and in line with the new slogan of *Bosideng MAN* -- "Excellence in Quality and Style".

***JESSIE***: *JESSIE* is a major ladies' wear brand of the non-down apparel segment of the Group. The Group entered into an equity transfer agreement with Talent Shine International Limited on October 28, 2011, pursuant to which, the Group acquired 70% equity interest in each of Talent Shine Limited and Sunny Bright Global Investments Limited at a provisional consideration of RMB892.5 million (subject to adjustments provided for in the agreement), consisting of cash consideration of RMB297.5 million and share consideration in terms of issuance of 235 million shares of the Company.

*JESSIE* is a famous local mid to high-end ladies' wear brand with business and casual styles targeting office ladies aged between 28 and 45. The acquisition of *JESSIE* strengthened the Group's non-down apparel business and improved the Group's revenue structure. With the financial support and other resources invested by the Group, *JESSIE* realized rapid growth. The contribution made by *JESSIE* to the Group's net profit from the acquisition date up to March 31, 2012 amounted to RMB41,562,000. The net profit attributable to *JESSIE* for the financial year ended

March 31, 2012 as adjusted in accordance with the equity transfer agreement was RMB90,126,000 and exceeded the profit guarantee under the agreement. Talent Shine International Limited has guaranteed the net profits (after tax) of Talent Shine Limited, Sunny Bright Global Investments Limited and their subsidiaries of not less than RMB85,000,000, RMB108,800,000, RMB136,000,000 and RMB165,920,000 for each of the four financial years ended/ending March 31, 2012, 2013, 2014 and 2015, respectively. *JESSIE* had 81 self-operated stores and 172 franchised stores in October 2011. As at March 31, 2012, the number of outlets of *JESSIE* increased to 277 with 84 self-operated stores and 193 franchised stores. The brand will further expand its sales network and it plans to open approximately 200 new stores in three years.

**Other non-down apparel brands:** other non-down apparel brands of the Group, including *Mogao*, *VETALLO* and *BOSIDENG RICCI*, have developed in an orderly manner. The Group will continue to pay close attention to the development of all brands and make corresponding adjustments.

***Termination of small scale non-down apparel business***

Pursuant to our long-term business development strategy, the Group would concentrate its resources on sizable M&A projects. The Group restructured its business in March 2012 and withdrew from certain small scale non-down projects. On March 12, 2012, the Group transferred its 51% equity interest in Shanghai Lanboxing Kids Clothing Co., Ltd. ("Lanboxing") to a third party for an aggregate consideration of approximately RMB10.4 million, equivalent to the original capital injected by Bosideng in 2011. Lanboxing is mainly engaged in the design as well as brand management of kids' wear and related products. Its brands include *D.D. Cat, Mikyo, r100* and *M&Q*. In addition, after thorough consideration the Group decided to cease another small scale non-down apparel business, *ROCAWEAR*, in March 2012.

***Grand product launch shows that lead the trend***

The 2011/2012 fashion show of *Bosideng* took place in Jiuzhaigou, Sichuan on August 21, 2011. The autumn/winter collections had three themes, namely the "Water of Elf" (精靈之水), "Colorful Forest" (絢彩之林) and "Picturesque Paradise' (天境風情), reinforced *Bosideng*'s design concepts. The show was held at an outdoor venue against the natural scenery of Jiuzhaigou using the advanced "naked eye

3D" technology to enhance the visual effect. Hundreds of new down jackets were introduced to distributors, showing the latest trends as well as the Group's attention to customer needs and fully demonstrating the innovative spirit of *Bosideng*.

On March 10, 2012, the 2012 autumn/winter collections of *Bosideng MAN* were introduced in the show, "World Journey of Fashion", which showcased more than 60 autumn/winter products of the three major series under *Bosideng MAN*. It also exhibited unique fittings of men's wear to guests and distributors, demonstrating the new slogan of *Bosideng MAN,* "Excellence in Quality and Style".

On March 28, 2012, the 2011/2012 autumn/winter fashion show with the theme of "Tranquillity" was held in Workshop 1 in D•PARK Beijing House. This was the 16th time that *Bosideng* represented China (as the only Chinese company) to unveil the trend of winter apparel to the world. On the same day, *Bosideng*, together with *Bosideng MAN*, *BOSIDENG RICCI, BENGEN*, took part in the 20th China International Clothing and Accessories Fair, declaring the transformation of *Bosideng* into an integrated multi-brand apparel operator.

***Establishment of the first Europe flagship store in London***

During the year, the Group invested GBP20,050,000 (approximately HKD240 million) in a commercial property at the center of London for setting up the *Bosideng* down apparel and *Bosideng MAN* flagship store and the Group's European headquarters. It is *Bosideng*'s first Europe flagship store and an important milestone of the Group's expansion into the international market, which will further improve the brand awareness and reputation.

The property is located at the center of London West End, the most prosperous commercial district in London and one of the largest commercial districts in Europe. The building adjoins Oxford Street which attracts approximately 30 million tourists every year and is the shopping center of London West End. The property is only 20 meters away from the Bond Street subway exit which has a traffic flow of approximately 24 million people every year, and is opposite to the Bond Street exit of Cross Rail Line, which is under construction. The Group will invest more than GBP9 million to transform the property into a landmark of London West End. The

Group will leverage on the prime location and use wall advertisement to promote brand internationalisation. The project is under renovation and is planned to complete in July 2012 to catch the Olympics Games in London.

***Implementation of effective marketing strategies through various promotion methods***

The Group promoted its wide-ranging brands with different styles and market positioning through various promotion methods. During the reporting period, apart from TV commercials, the Group also integrated resources, established high-end flagship stores in major commercial centers, organized product launch shows, sponsored sports events, appointed celebrities as spokespersons, launched outdoor advertisements, websites, in-store promotions and product displays, sponsored popular videos/concerts and established VIP programs, so as to highlight its brand concept and product uniqueness and enhance the recognition of the Group's products among consumers in the target markets.

***Strengthen store image***

The Group's flagship stores in prosperous commercial districts in major cities of the PRC offer spacious and comfortable shopping environment for customers and promote the brands of the Group. The Group focused on the improvement of retail outlets. Experienced prefessionals from the world's renowned retail brands were recruited to carry out renovation of flagship stores and international standards were adopted for sales outlets. During the reporting period, the flagship store in Nanjing East Road in Shanghai was renovated. The store image was significantly enhanced through the improvement of window displays, store layout and customer services. In addition, *Bosideng MAN* will rearrange its store displays to distinguish its three main lines, namely business suits, elegant attire and trendy casual wear for its 2012 autumn/winter collections and set as a guideline for all franchised stores.

***Enhancement of ERP information system***

During the reporting period, the Group improved its traditional business proactively by leveraging on network information technology. ERP information system was used in order management, BOM, purchase management, supplier management, raw material examination, production and manufacturing, outsourcing and processing, quality control on apparel, storage and logistics and marketing services. As such, a responsive and effective integrated supply chain was established for reducing the inventory level and increasing the logistics turnover rate. During the reporting period, the Group further adjusted and improved the basic hardware of its information system. It also optimized its software system structure by introducing a mature software development platform so as to improve the stability of the information system and data security. The two versions of ERP system for its two major segments of down apparel products and non-down apparel products were also refined. By strengthening the application of ERP system in mobile phones, ERP data can be sent through mobile phone text messages. In addition, any abnormality of the system can be picked up and alerts were accordingly sent through mobile phones, allowing relevant personnel to obtain important operating information in time and make prompt response to market changes. More than 90% of the Group's outlets have installed the ERP information system.

***Emphasis on e-commerce development***

During the reporting period, the Group established an e-commerce company to further develop the e-commerce business. The e-commerce business of the Group achieved two-fold growth each year from 2008 to 2011. The Group targets to secure a leading position in PRC's e-commerce industry within five years. After three years of successful operation, the Group has established an online distribution system on its e-commerce platform and secured loyal online platform operators, distributors and end-users. Sales stores are usually facing restrictions in sales and storage space, credit limit, time lag in inventory replenishment, inventory control and insufficient ordering experience, and may not be able to satisfy customers' demand in styles, colors and sizes of products. Therefore, the e-commerce department launched an online/offline dynamic sales system to reduce the loss of orders during the peak season. It helped improve customers' satisfaction and service quality of sales outlets, resulting in the increase in revenue, market share and sales volume, and also secured more orders from distributors. The Group will continue to optimize the management system of its online sales channel and e-commerce platform. It will make use of its online sales channel and offer products of other brands under the *Bosideng* family of brands through its e-commerce platform when a critical mass of membership is established in order to become the leading e-commerce platform in the apparel industry.

### *Improvement in logistics*

In view of the rapid development of the Group and the need of modern logistics support, the Group increased its investment in the development of logistics infrastructure during the reporting period, including a logistics center with a floor area of more than 70,000 square meters in Changshu to coordinate the procurement, production and sales of the Group. In addition, the Group also cooperates with local logistics service providers in each of its sales regions for the handling of packaging, delivery and distribution to improve the efficiency of order management and provide strong support for a smooth sales process.

### *Social responsibility and charitable activities*

The Group has been actively participating in public affairs, including science research, education, cultural events, sports activities, charitable events and environmental protection activities. Mr. Gao Dekang, the Chairman of the Board, has contributed RMB50 million to establish the "Dekang Charitable Foundation" to help those in need. In the past, *Bosideng* donated during SARS outbreak, the snowstorm in Southern China, the Wenchuan earthquake on 12 May in Sichuan, the Yushu earthquake in Qinghai and Typhoon Morakot in Taiwan. *Bosideng* has contributed a total of RMB534 million over the years to various charitable organizations and the community in cash and in kind. *Bosideng* was awarded "China Charity Award"(中華慈善獎) by the Ministry of Civil Affairs this year.

"China Charity Award" (中華慈善獎) from the Ministry of Civil Affairs of the PRC is the top charity prize granted by the PRC government to appreciate individuals, entities and projects that have significant contribution to charity including disaster relief, care for the elderly, the disabled, orphans and the poor, provision of financial assistance to poor students and patients, support to culture and art and environmental protection. It plays an important role in promoting the spirit of charity and charitable activities.

## RETAIL NETWORK

### *Retail network composition by outlet type*

| | **As at March 31, 2012** | | | As at March 31, 2011 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| **Outlet types** | **Down apparels** | **Non-down apparels** | **Total** | Down apparels | Non-down apparels | Total | Down apparels | Non-down apparels | Total |
| Specialty stores | | | | | | | | | |
| — operated by the Group | **67** | **69** | **136** | 51 | 47 | 98 | 16 | 22 | 38 |
| — operated according to franchise agreement | **—** | **99** | **99** | — | 477 | 477 | — | (378) | (378) |
| — operated by third party distributors | **4,946** | **675** | **5,621** | 5,066 | 619 | 5,685 | (120) | 56 | (64) |
| Subtotal | **5,013** | **843** | **5,856** | 5,117 | 1,143 | 6,260 | (104) | (300) | (404) |
| Concessionary retail outlets | | | | | | | | | |
| — operated by the Group | **1,094** | **360** | **1,454** | 1,062 | 59 | 1,121 | 32 | 301 | 333 |
| — operated according to franchise agreement | **—** | **81** | **81** | — | 300 | 300 | — | (219) | (219) |
| — operated by third party distributors | **2,237** | **388** | **2,625** | 1,400 | 354 | 1,754 | 837 | 34 | 871 |
| Subtotal | **3,331** | **829** | **4,160** | 2,462 | 713 | 3,175 | 869 | 116 | 985 |
| Total | **8,344** | **1,672** | **10,016** | 7,579 | 1,856 | 9,435 | 765 | (184) | 581 |

### *Retail network composition by geographic location*

| | As at March 31, 2012 | | | As at March 31, 2011 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| **Sales areas*** | **Down apparel** | **Non-down apparel** | **Total** | Down apparel | Non-down apparel | Total | Down apparel | Non-down apparel | Total |
| Northern China areas | **4,582** | **863** | **5,445** | 4,052 | 898 | 4,950 | 530 | (35) | 495 |
| Eastern China areas | **1,962** | **434** | **2,396** | 1,817 | 423 | 2,240 | 145 | 11 | 156 |
| Central China area | **1,800** | **375** | **2,175** | 1,710 | 535 | 2,245 | 90 | (160) | (70) |
| Total | **8,344** | **1,672** | **10,016** | 7,579 | 1,856 | 9,435 | 765 | (184) | 581 |

* *Northern China areas:* *Beijing, Chongqing, Gansu, Guizhou, Hebei, Heilongjiang, Inner Mongolia, Jilin, Liaoning, Ningxia, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Tianjin, Tibet, Xinjiang, Yunnan*

*Eastern China areas:* *Anhui, Fujian, Jiangsu, Shanghai, Zhejiang*

*Central China areas:* *Guangdong, Guangxi, Hainan, Henan, Hubei, Hunan, Jiangxi*

## FINANCIAL REVIEW

### *Revenue*

Branded down apparel business remained the largest contributor, which accounted for 73.1% of the Group's revenue, with the remaining 10.8% and 16.1% coming from the OEM management business and non-down apparel business, in comparison with 80.7%, 10.9% and 8.4%, respectively in the previous year.

The Group's revenue for the year ended March 31, 2012 increased by 19.0% year-on-year to approximately RMB8,376.1 million. This was mainly due to the active expansion of the non-down apparel business to increase its revenue. Sales of the Group's branded down apparel business, the OEM management business and non-down apparel business increased by 7.7%, 18.3% and 128.6% to approximately RMB6,119.5 million, RMB909.4 million and RMB1,347.2 million, respectively.

***Sales analysis by products***

| | Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | **2012** | | 2011 | | |
| | | **% of** | | % of | Changes |
| | **(RMB million)** | **total revenue** | (RMB million) | total revenue | (in %) |
| **Branded down apparel** | | | | | |
| • Self-owned | **1,844.6** | **22.0%** | 1,732.0 | 24.6% | 6.5% |
| • Wholesales | **4,268.6** | **51.0%** | 3,936.0 | 55.9% | 8.5% |
| • Others* | **6.3** | **0.1%** | 11.7 | 0.2% | (46.2)% |
| Total down apparel revenue | **6,119.5** | **73.1%** | 5,679.7 | 80.7% | 7.7% |
| **OEM management** | **909.4** | **10.8%** | 768.7 | 10.9% | 18.3% |
| **Non-down apparel** | | | | | |
| • Self-owned | **259.6** | **3.1%** | 100.6 | 1.4% | 158.1% |
| • Wholesales | **1,086.0** | **12.9%** | 488.8 | 7.0% | 122.2% |
| • Other# | **1.6** | **0.1%** | — | — | N/A |
| Total non-down apparel revenue | **1,347.2** | **16.1%** | 589.4 | 8.4% | 128.6% |
| Total revenue | **8,376.1** | **100.0%** | 7,037.8 | 100.0% | 19.0% |

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

\# *Represents revenue from rental income*

A majority of the Group's products were branded down apparel sold through the wholesale model, which accounted for 69.8% of the Group's branded down apparel revenue, compared to 69.3% in the previous year.

The Group is actively involved in "non-seasonal products" development, and the contribution from the non-down apparel business has kept increasing. With the introduction of *JESSIE* ladies' wear and *Mogao* casual wear, during the year ended March 31, 2012, the revenue contribution from the non-down apparel business to the total revenue of the Group was 16.1% (approximately RMB1,347.2 million), as compared to 8.4% (approximately RMB589.4 million) last year.

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

| | Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | **2012** | | 2011 | | |
| **Brands** | **(RMB million)** | **% of branded down apparel sales** | (RMB million) | % of branded down apparel sales | Changes (in %) |
| Bosideng | **3,848.2** | **62.9%** | 3,554.2 | 62.6% | 8.3% |
| Snow Flying | **1,222.4** | **20.0%** | 1,146.2 | 20.2% | 6.6% |
| Bengen | **468.2** | **7.7%** | 410.9 | 7.2% | 13.9% |
| Kangbo | **580.2** | **9.5%** | 572.5 | 10.1% | 1.3% |
| Other brands | **53.3** | **0.8%** | 40.7 | 0.7% | 31.0% |
| Others | **6.4** | **0.1%** | 11.7 | 0.2% | (45.3)% |
| Subtotal | **6,178.7** | **101.0%** | 5,736.2 | 101.0% | 7.7% |
| Sales rebates | **(59.2)** | **(1.0)%** | (56.5) | (1.0)% | 4.8% |
| Total down apparel reveune | **6,119.5** | **100.0%** | 5,679.7 | 100.0% | 7.7% |

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

| | Year ended March 31 | | | | |
|---|---|---|---|---|---|
| | **2012** | | 2011 | | |
| **Brands** | **(RMB Million)** | **% of branded non-down apparel sales** | (RMB Million) | % of branded non-down apparel sales | Changes (in %) |
| Bosideng MAN | **691.2** | **51.3%** | 584.5 | 99.2% | 18.3% |
| JESSIE | **169.7** | **12.6%** | — | N/A | N/A |
| Mogao | **381.1** | **28.3%** | — | N/A | N/A |
| Others | **105.2** | **7.8%** | 4.9 | 0.8% | 2,046.9% |
| Total non-down apparel revenue | **1,347.2** | **100.0%** | 589.4 | 100.0% | 128.6% |

The Group's core brand, *Bosideng*, continues to be marketed as a mid to high-end brand, targeting customers with greater consumption power, who seek trendy and fashionable designs, *Snow Flying* appeals to young and energetic customers. *Kangbo* and *Bengen* branded apparel offer traditional down apparel lines for men, and colourful, youthful down apparel lines for ladies, respectively, and is targeted at the mass market. As a result of such brand positioning strategy, *Bosideng* remained the highest contributor and contributed 62.9% or approximately RMB3,848.2 million to the total branded down apparel sales. *Snow Flying* contributed 20.0% or approximately RMB1,222.4 million to the total branded down apparel sales. *Kangbo* and *Bengen* recorded revenues of approximately RMB580.2 million and RMB468.2 million, which represented 9.5% and 7.7% of the total branded down apparel sales, respectively.

*Bosideng MAN* is the major menswear brand of non-seasonal apparel products of the Group, which contributed 51.3% or approximately RMB691.2 million to the total non-down apparel revenue. In November 2011, the Group completed the acquisition of *JESSIE*. *JESSIE* is a famous local mid to high-end ladies' wear brand with business and casual styles targeting office ladies. In January 2011, the Group started to develop the *Mogao* brand which targets young consumers aged between 20 to 30. This brand offers affordable trendy casual wear and is designed to reflect the happy, healthy, natural and sincere nature of the youth. *JESSIE* and *Mogao* recorded revenues of approximately RMB169.7 million and RMB381.1 million, which represented 12.6% and 28.3% of the total non-down apparel revenue, respectively.

***Cost of sales and gross profit***

In response to the increasing labour cost and raw material cost, the Group reacted quickly, taking advantage of its strong cash position to make prepayment to its suppliers and manufacturers in order to minimize the raw materials and processing cost. As a result, the Group's cost of sales increased from approximately RMB 3,738.4 million (amounting to 53.1% of the Group's total revenue) last year to approximately RMB4,187.4 million (amounting to 50.0% of the total revenue) during the period.

The sales margin of the branded down apparel, OEM management and non-down apparel businesses for the period was 54.7%, 19.5% and 49.3%, respectively, compared to 50.4%, 16.7% and 52.7%, respectively for last year.

***Distribution expenses***

The Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees and salary and welfare, amounted to approximately RMB2,268.1 million, representing an increase of 32.9%, compared with approximately RMB1,706.6 million in the previous year. The increase of actual spending was mainly due to the increase in the number of self-operated stores. In terms of percentage to revenue, distribution expenses constituted 27.1% of the total revenue, signifying a slight rise of 2.9 percentage points compared with 24.2% for the same period of last year.

### *Administrative expenses*

The administrative expenses of the Group, which mainly comprise salary and welfare, travelling and office expenses, amounted to approximately RMB337.4 million, representing an increase of 62.8%, compared with approximately RMB207.2 million in the previous year. The increase mainly resulted from the increase in the headcount and office expenses for the development of the non-down apparel business. During the year under review, administrative expenses accounted for 4.0% of the Group's revenue, representing an increase of 1.1 percentage point as compared with 2.9% for the same period of last year.

### *Operating profit*

During the year under review, the Group's operating profit increased by 18.2% to approximately RMB1,621.4 million. Operating profit margin was 19.4%, which was similar to 19.5% for the same period of last year. It was mainly due to the strategic control on selling prices and costs, and the increasing proportion of non-down apparel business in the Group's total sales as a result of the successful non-down apparel business expansion.

### *Finance income*

The Group's finance income for the year under review increased by approximately 4.1% to approximately RMB148.1 million from approximately RMB142.2 million in the previous year.

### *Finance expenses and taxation*

The Group's finance expenses for the year under review increased by 255.0% to approximately RMB47.7 million mainly due to bank borrowings raised in Hong Kong for the purpose of capital allocation during the year.

For the year ended March 31, 2012, income tax expenses increased from approximately RMB228.7 million to approximately RMB271.0 million. The Group's four principal operating subsidiaries in the PRC, being foreign investment enterprises, were entitled to a tax exemption of 50% during the period from January 1, 2008 to December 31, 2011.

### *Final dividends*

The Board has recommended the payment of a final dividend of HKD12.0 cents (equivalent to approximately RMB9.8 cents) per ordinary share for the year ended March 31, 2012. The proposed dividend payments are subject to approval by the shareholders of the Company at the annual general meeting to be held on or around August 28, 2012. Upon shareholders' approval, the proposed final dividend will be paid on or around September 12, 2012 to shareholders whose names appear on the register of members of the Company on September 6 2012.

### *Liquidity and financial resources*

The Group adopted prudent funding and treasury management policies while maintaining an overall healthy financial position. The Group's source of funding was cash generated from operating activities.

For the year ended March 31, 2012, the Group's net cash generated from operating activities amounted to approximately RMB1,315.8 million, compared to approximately RMB49.5 million as at March 31, 2011. Cash and cash equivalents as at March 31, 2012 was in the amount of approximately RMB1,907.0 million, compared to approximately RMB1,417.6 million as at March 31, 2011. The increase in cash and cash equivalents was due to the decrease in the prepayment made to suppliers for securing stable supply of raw materials as the prices of raw materials were stable.

In order to maximize returns on the Group's available cash reserves, the Group had available-for-sales financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets have expected but not guaranteed returns ranging from 3.1% to 6.8% per annum.

As at March 31, 2012, the Group had bank borrowings amounting to approximately RMB1,740.7 million (2011: RMB586.9 million). The gearing ratio (total debt/total equity) of the Group was 23.7% (March 31, 2011: 8.4%).

### *Contingent liabilities*

As at March 31, 2012, the Group had no material contingent liabilities.

***Capital commitments***

As at March 31, 2012, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB241.2 million (March 31, 2011: RMB231.9 million).

***Operating lease commitment***

As at March 31, 2012, the Group had a non-cancellable operating lease commitment which amounted to approximately RMB432.4 million (March 31, 2011: approximately RMB429.4 million).

***Pledge of assets***

As at March 31, 2012, bank deposits amounting to approximately RMB862.7 million had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letters of credit (March 31, 2011: approximately RMB760.4 million).

***Financial management and treasury policy***

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

***Foreign currency exposure***

The business operations of the Group were conducted mainly in the PRC with revenues and expenses of the Group denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries selected USD 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 March 31, 2012, the Directors considered the Group's foreign exchange risk to be insignificant. During the year, the Group did not use any financial instruments for hedging purposes.

***Human resources***

As at March 31, 2012, the Group had approximately 4,785 full-time employees (March 31, 2011: 2,690 full-time employees). Staff costs for the twelve months ended March 31, 2012 (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB553.6 million (2011: approximately RMB398.1 million). Such increase was mainly due to the increase of headcount for the expansion of the non-down apparel business, including *JESSIE* ladies' wear and *Mogao* casual wear, and self-operated stores for down apparel and non-down apparel products, and the strengthening of the design, quality control and marketing teams of the Group. The Group's salary and bonus policy is primarily based on the duties, performance and length of service of each individual employee with reference to the prevailing market conditions.

To provide a comfortable and harmonious living environment to employees, the Group renovated the staff dormitory according to the standard of a three-star hotel. Each room is equipped with television, telephone, internet cable and air-conditioner and provided with hotel-style management services. The renovation project was completed in June 2010 and all testing and examination were passed. University graduates, professional technicians and management members who come from other cities and do not possess a living place in Changshu are entitled to apply for accommodation once they are employed by the Company. Currently, all employees are living in the dormitory.

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

As at March 31, 2012, no share option had been granted by the Group under the Share Option Scheme.

## BUSINESS OUTLOOK

Looking ahead, the Group remains cautiously optimistic. Inflation is expected to slow down, domestic consumption will continue to grow, bringing steady contribution to the GDP growth of the PRC. Room for growth in the apparel market in 2012 is still substantial. The Group will continue to maintain the steady growth of its core down apparel business, with *Bosideng* being the core brand by integrating the style positioning, design, research and development as well as sales channels of its brands in order to satisfy different demands of various consumer groups. The Group will further expand the non-seasonal apparel market and implement the strategy of brand diversification, and continue to increase the contribution of non-down apparel products to overall profits by expanding the existing brands and actively seeking merger and acquisition targets to optimize product mix, so as to develop *Bosideng* as an internationally well-known multi-brand apparel operator.

### *Dedicated team to develop down brands separately*

In order to sustain steady growth, reinforce the leading position in the down apparel industry and further enhance the operational efficiency of the Group in the highly competitive market, various down apparel brands of the Group will focus on developing in their respective market segments in terms of positioning, design, research and development and sales by capturing market opportunities, strengthening product competitiveness, adopting specific marketing activities for different target groups and improving service quality.

### *Strengthen design, research and development capabilities and develop green fashion*

Creative and innovative designs contribute to the establishment of an excellent brand, and only a brand with trend setting ability can lead the transformation and upgrading of the apparel industry. The Group will continue to expand and strengthen its research, design and development team. The Group has also planned to cooperate with locally and internationally renowned research institutions to develop and apply new fabrics in order to enhance the product competitiveness and value of the brand. The Group will create and offer space and platform to its designers to develop their artistic talents and inspire them in a stimulating environment. Their design capabilities will also be enhanced through various exchange, learning and cooperation opportunities with locally and internationally renowned design institutions. As such, the leading position of the Group in the PRC cold-resistant clothing market will be consolidated. The Group will also expand its non-down apparel product portfolio and business and further consolidate its leadership in the non-seasonal apparel market by leveraging on its excellent and innovative design capabilities.

In the generation of low-carbon consumption and green living, the Group will strive to develop innovative, stylish and environmentally-friendly products with low-carbon production. It will strive to reduce material consumption while setting the fashion trend, so as to contribute to environmental protection and low-carbon living.

***Strengthen marketing efforts to enhance sales***

Amid the increasingly intense market competition, the Group will further step up its marketing efforts and improve its marketing strategies based on the demand of customers in order to expand the market, increase its brand value and maximize profitability of the Group's business. Depending on the style and market positioning of various brand products, the Group will selectively adopt various flexible strategies to promote each of the brands under the Group, so as to demonstrate their respective positioning and product images in a comprehensive way.

For the down apparels segment, apart from the original promotion channels such as commercials, outdoor advertisements, product launch shows, appointing spokespersons, sponsoring sports events, websites, shop promotion and product display, the Group will place more emphasis on its interactions with consumers. All retail outlets will organize different activities such as trial experience, exhibitions and offering privileges, enabling consumers to experience "fashion transformation" with *Bosideng*. During the reporting period, Yang Mi, a young pop idol who has performed in high rated drama series, entered into a contract with the Group as the new spokesperson for the Group's brand *Bengen*, which also made frequent breakthroughs in sales volume. The Mi-styled *Bengen* products designed by Yang Mi as a crossover fashion designer have become hot celebrity picks and were pursued by trend followers. *Bosideng MAN* promoted its brand with appearance on high-end media channels, such as CCTV, and by inviting Leehom Wang, a well-known musician, together with 1,200 guests to experience a "stylish world tour" at its latest new product launch show.

***Continuous to improve the retail system, strengthen store image and optimize retail network***

The Group will continue to upgrade its retail outlets. It will conduct renovation for the flagship stores in Shanghai, Beijing and other major cities to create a new stylish visual image of the outlets. In addition to plotting distribution networks appropriately, including the proportion and geographical location of different types of stores, the Group will establish more flagship stores in major cities when opportunities arise to provide a better shopping environment and all round shopping experience for its consumers in terms of decorations, showcases, product display and services.

The Group will further optimize and integrate the sales channels for its down apparel, while the non-down apparel business will focus on market expansion. *Bosideng MAN* is expected to have 100 new stores in the next year and increase the proportion of self-operated stores and franchised stores. *JESSIE* is expected to have 200 more stores by 2015.

Benefiting from the development of e-commerce, the brands of the Group swiftly cope with the trend of online shopping and strive to strengthen their sales performance.

**Rapid growth of e-commerce and orderly implementation of information management**

In view of the rapid development of the internet, the Group will enhance its e-commerce platform to provide a more convenient shopping channel for consumers and offer different sales experience on the internet and in stores. The e-commerce service of the Group has expanded from the down apparel business to the non-down apparel business in order to achieve better sales result.

The Group will strengthen the corporate information system by expanding the application and improving the management of the information system to ensure accurate collection of information, timely delivery of data and the implementation of a quantitative performance assessment system and streamlined management process.

The Group will continue to rationalize its management in order to improve the quality of corporate management.

### *Development of non-down apparel businesses*

While maintaining its market shares and satisfactory results in the down apparel industry, the Group will continue to implement the strategies of developing non-seasonal apparel business and brand diversification after taking into full account the market situation in order to increase the contribution of non-down apparel businesses to overall sales effectively.

The Group will devote intensive efforts to drive the development of its major non-down brand *Bosideng MAN* and *JESSIE*, and at the same time acquire more menswear and ladies, wear brands with good potential to cater to consumers looking for high quality products in all seasons, so as to enrich the brand culture and ehance the brand value of *Bosideng*, transforming *Bosideng* into an internationally well-known multi-brand apparel operator.

## Closure of Register of Members

The register of members of the Company will be closed from (i) August 23, 2012 to August 28, 2012 and (ii) September 3, 2012 to September 6, 2012, both days inclusive, during which period no transfer of shares will be effected. In order to (i) determine the identity of the members who are entitled to attend and vote at the forthcoming annual general meeting and (ii) qualify for the proposed final dividends payable on September 12, 2012, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. (i) on August 22, 2012 and (ii) on August 31, 2012, respectively.

## Purchase, Sale or Redemption of the Company's Listed Securities

The Company had not purchased, sold or redeemed any of its own listed shares during the year ended March 31, 2012, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and deed of settlement of the Share Award Scheme, purchased on the Stock Exchange a total of 28,096,000 shares of the Company at an aggregate consideration of about HK$42.3 million.

**Code on Corporate Governance Practices**

The Directors are of the opinion that the Company had complied with the Code on Corporate Governance Practices ("Code"), as set out in Appendix 14 to the Listing Rules for the year ended March 31, 2012, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

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

**Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers ("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 have confirmed that they had complied with all relevant requirements as set out in the Model Code during the year ended March 31, 2012.

**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 Rule 3.21 of the Listing Rules and paragraph C3 of the Code, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. The Company's consolidated financial statements for the year ended March 31, 2012 have been reviewed by the Audit Committee and audited by KPMG. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie.

**Remuneration Committee**

The remuneration committee of the Company (the "Remuneration Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph B1 of the Code, whose primary duties are to evaluate the performance and make recommendations on the remuneration packages of the directors and senior management, and evaluate and make recommendations on the retirement scheme and performance assessment system and bonus and commission policies. The Remuneration Committee is consisted of five members, comprising three independent non-executive Directors, one non-executive Director and one executive Director (namely Mr. Gao Dekang, Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao (Chairman)).

Mr. Gao Dekang, an executive Director, ceased to be the Chairman of the Remuneration Committee and Mr.Wang Yao, an independent non-executive Director, was appointed as the Chairman of the Remuneration Committee, with effect from March 28, 2012.

**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 paragraph A.4.5 of the Code, which primary functions are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The Nomination Committee is consisted of three members, comprising two independent non-executive Directors and one executive Director (namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie).

**Publication of Final Results on the Websites of the Stock Exchange and the Company**

This announcement will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://company.bosideng.com). The annual report for the year ended March 31, 2012 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

## Appreciation

The remarkable results of the Group were attributed to the efforts of all the staff and the support of consumers for the Group's products. I would like to express my heartfelt gratitude to all the staff for their dedication and outstanding performance and to our shareholders, distributors, customers and suppliers for their long term support.

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

Hong Kong, June 28, 2012

*As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Dr. Kong Shengyuan, Ms. Gao Miaoqin, Ms. Huang Qiaolian and Ms. Wang Yunlei; the non-executive Director is Mr. Shen Jingwu; and the independent non-executive Directors are Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung.*