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, 2013

HIGHLIGHTS

- Revenue increased by 11.3% to approximately RMB9,324.5 million
- Revenue from the down apparel business grew at a rate of 15.9%, representing an increase of 8.2 percentage points as compared to last year
- Gross profit margin remained at 50.6%
- Net profit attributable to equity holders of the Company decreased by 24.9% to approximately RMB1,078.7 million
- The Board proposed a final dividend of HKD6.5 cents per ordinary share

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Bosideng International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended March 31, 2013, together with the comparative figures for the year ended March 31, 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2013

(Expressed in Renminbi)

	Note	**For the year ended March 31, 2013** *RMB'000*	2012 *RMB'000*
Revenue	3	**9,324,539**	8,376,062
Cost of sales		**(4,603,990)**	(4,187,428)
Gross profit		**4,720,549**	4,188,634
Other income	4	**54,373**	46,319
Selling and distribution expenses		**(2,782,354)**	(2,268,135)
Administrative expenses		**(459,136)**	(337,398)
Impairment losses on goodwill	10	**(89,274)**	—
Impairment losses on customer relationships	10	**(166,790)**	—
Other expenses	4	**(5,698)**	(8,027)
Profit from operations		**1,271,670**	1,621,393
Finance income		**305,492**	148,080
Finance costs		**(120,246)**	(47,737)
Net finance income	6	**185,246**	100,343
Profit before income tax		**1,456,916**	1,721,736
Income tax expense	7	**(404,302)**	(270,991)
Profit for the year		**1,052,614**	1,450,745
Other comprehensive income for the year			
Foreign currency translation differences-foreign operations	6	**13,214**	13,557
Net change in fair value of available-for-sale financial assets	6	**8,975**	(18,075)
Income tax on other comprehensive income		**(2,244)**	2,023
Other comprehensive income for the year, net of tax		**19,945**	(2,495)
Total comprehensive income for the year		**1,072,559**	1,448,250

	Note	For the year ended March 31, 2013 RMB'000	2012 RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		**1,078,650**	1,436,642
Non-controlling interests		**(26,036)**	14,103
Profit for the year		**1,052,614**	1,450,745
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,098,739**	1,434,858
Non-controlling interests		**(26,180)**	13,392
Total comprehensive income for the year		**1,072,559**	1,448,250
Earnings per share			
- basic (RMB cents)	9	**13.55**	18.29
- diluted (RMB cents)		**13.55**	18.29

CONSOLIDATED BALANCE SHEET
At March 31, 2013
(Expressed in Renminbi)

	Note	**At March 31, 2013** *RMB'000*	2012 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,012,648**	734,803
Prepayment for purchase of properties		**19,776**	118,502
Lease prepayments		**33,112**	33,853
Intangible assets and goodwill	10	**1,098,672**	1,412,130
Investment properties		**30,922**	17,821
Deferred tax assets		**345,313**	200,708
		2,540,443	2,517,817
Current assets			
Inventories	11	**1,970,993**	1,398,861
Trade, bills and other receivables	12	**1,603,314**	1,251,657
Receivables due from related parties		**94,395**	88,275
Prepayments for materials and service suppliers		**319,911**	517,871
Other financial assets		**460,000**	755,000
Available-for-sale financial assets		**1,642,784**	1,467,550
Pledged bank deposits		**1,412,781**	862,738
Time deposits with maturity over 3 months		**233,230**	471,021
Cash and cash equivalents		**1,935,356**	1,906,951
		9,672,764	8,719,924
Current liabilities			
Current income tax liabilities		**267,130**	215,462
Interest-bearing borrowings		**1,736,988**	1,740,662
Trade and other payables	13	**1,618,632**	1,329,913
Payables due to related parties		**12,237**	604
		3,634,987	3,286,641
Net current assets		**6,037,777**	5,433,283
Total assets less current liabilities		**8,578,220**	7,951,100

	Note	At March 31, 2013 RMB'000	2012 RMB'000
Non-current liabilities			
Interest-bearing borrowings		**919,098**	—
Non-current other payables	14	**179,268**	330,439
Derivative financial liabilities	14	**10,400**	14,230
Deferred tax liabilities		**183,786**	254,729
		1,292,552	599,398
Net assets		**7,285,668**	7,351,702
EQUITY			
Share capital		**622**	622
Reserves		**7,097,765**	7,137,619
Equity attributable to equity shareholders of the Company		**7,098,387**	7,138,241
Non-controlling interests		**187,281**	213,461
Total equity		**7,285,668**	7,351,702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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**

(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 few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. None of the developments had a significant impact on the Group's 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 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.

(a) **Segment results**

	For the year ended March 31, 2013			
	Down apparels	**OEM management**	**Non-down apparels**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**7,093,695**	**954,880**	**1,275,964**	**9,324,539**
Inter-segment revenue	**—**	**2,084**	**36,886**	**38,970**
Reportable segment revenues	**7,093,695**	**956,964**	**1,312,850**	**9,363,509**
Reportable segment profit from operations	**1,533,866**	**175,380**	**(41,952)**	**1,667,294**
Depreciation	**38,745**	**637**	**60,940**	**100,322**
Impairment losses on customer relationships	**—**	**—**	**166,790**	**166,790**
Impairment losses on goodwill	**—**	**—**	**89,274**	**89,274**

	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

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

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenues	**9,363,509**	8,397,761
Elimination of inter-segment revenue	**(38,970)**	(21,699)
Consolidated revenue	**9,324,539**	8,376,062

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**1,667,294**	1,719,686
Amortization expenses	**(58,135)**	(34,199)
Government grants	**40,505**	24,342
Gain on disposal of subsidiaries	**—**	3,191
Impairment losses	**(256,064)**	—
Unallocated expenses	**(121,930)**	(91,627)
Finance income	**305,492**	148,080
Finance costs	**(120,246)**	(47,737)
Consolidated profit before income tax	**1,456,916**	1,721,736

4 **Other Income/(Expenses)**

		For the year ended March 31,	
	Note	**2013**	2012
		RMB'000	*RMB'000*
Royalty income	(i)	**13,868**	18,786
Government grants	(ii)	**40,505**	24,342
Gain on disposal of subsidiaries		**—**	3,191
Other income		**54,373**	46,319
Other expenses - Donations		**(5,698)**	(8,027)

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

(ii) The Group received unconditional discretionary grants amounting to RMB40,505,000 for the year ended March 31, 2013 (2012: RMB24,342,000) 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, selling and distribution expenses and administrative expenses:

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Cost of inventories recognized as expenses included in cost of sales	**4,476,147**	4,178,516
Provision of inventories to net realizable value	**127,843**	8,912
Depreciation		
- Assets leased out under operating leases	**1,200**	865
- Other assets	**99,122**	73,070
Amortization	**58,135**	34,199
Operating lease charges	**181,969**	171,054
Provision/(Reversal) for impairment of bad and doubtful debts	**21,283**	(9,814)
Auditors' remuneration	**6,950**	6,600

6 **Net Finance Income**

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Recognized in profit or loss:		
Interest income on bank deposits	**72,315**	60,884
Interest income on available-for-sale financial assets	**68,738**	76,239
Interest income on other financial assets	**27,424**	1,730
Change in fair value of contingent consideration (note 14)	**133,185**	—
Change in fair value of derivative financial liabilities (note 14)	**3,830**	—
Net foreign exchange gain	**—**	9,227
Finance income	**305,492**	148,080
Interest on interest-bearing borrowings	**(60,713)**	(24,629)
Bank charges	**(40,693)**	(20,989)
Change in fair value of contingent consideration (note 14)	**—**	(1,957)
Change in fair value of derivative financial liabilities (note 14)	**—**	(162)
Net foreign exchange loss	**(18,840)**	—
Finance costs	**(120,246)**	(47,737)
Net finance income recognized in profit or loss	**185,246**	100,343
Recognized in other comprehensive income:		
Foreign currency translation differences-foreign operations	**13,214**	13,557
Net change in fair value of available-for-sale financial assets	**8,975**	(18,075)
Income tax on finance income recognized in other comprehensive income	**(2,244)**	2,023
Net finance income recognized in other comprehensive income, net of tax	**19,945**	(2,495)

7 Income Tax Expense

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Current tax expenses		
Provision for PRC income tax	**622,094**	318,439
Deferred tax benefit		
Origination of temporary differences	**(217,792)**	(47,448)
	404,302	270,991

(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 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.

For the year ended March 31, 2013, the standard income tax rate for all domestic companies established in the PRC was 25%, except for Jiangsu Bosideng Garment Development Co., Ltd., a foreign investment enterprise, which enjoyed a 50% reduction on the applicable income tax rate in 2012 and is subject to the standard income tax rate of 25% thereafter, according to the transitional arrangement under the Enterprise Income Tax Law ("EIT Law") which became effective as of January 1, 2008.

The effective tax rate for the year ended March 31, 2013 was approximately 27.8%, which was higher than the standard PRC income tax rate of 25%. This was mainly attributable to the non-deductible expenses and tax losses not recognized as deferred tax assets of certain subsidiaries of the Group. The effective tax rate for the year ended March 31, 2012 was approximately 15.7%, which was mainly attributable to the fact that more subsidiaries of the Group were eligible for the 50% reduced income tax rate applicable to foreign investment enterprises during that year.

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

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**1,456,916**	1,721,736
Income tax at the applicable PRC income tax rate of 25%	**364,229**	430,434
Tax losses not recognized as deferred tax assets	**24,987**	12,058
Non-deductible expenses	**16,921**	24,028
Effect of tax concessions of PRC operations	**(1,986)**	(195,109)
Others	**151**	(420)
Income tax expense	**404,302**	270,991

8 **Dividends**

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

	For the year ended March 31,	
	2013	2012
	RMB'000	*RMB'000*
Interim dividend declared and paid of RMB4.9 cents per ordinary share (2012: interim dividend of RMB3.8 cents per ordinary share)	**389,958**	304,279
Final dividend proposed after balance sheet date of RMB5.2 cents per ordinary share (2012: RMB9.8 cents per ordinary share)	**413,743**	780,717
	803,701	1,084,996

The final 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, 2013 *RMB'000*	2012 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB9.8 cents per ordinary share (2012: final dividend of RMB6.8 cents per ordinary share)	**780,717**	528,520
Special dividend approved and paid during the year, nil (2012: RMB6 cents per ordinary share)	**—**	466,341
	780,717	994,861

9 **Earnings per Share**

The calculation of basic earnings per share for the year ended March 31, 2013 is based on the profit attributable to equity shareholders of the Company for the year of RMB1,078,650,000 (2012: RMB1,436,642,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2013 of 7,957,797,000 (2012: 7,854,046,000), calculated as follows:

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

	For the year ended March 31, 2013 *RMB'000*	2012 *RMB'000*
Profit attributable to ordinary equity shareholders	**1,078,650**	1,436,642

Weighted average number of ordinary shares (in thousand):

	For the year ended March 31,	
	2013	2012
Issued ordinary shares at 1 April	**7,979,254**	7,772,350
Effect of ordinary shares issued related to business combination	**—**	95,669
Effect of treasury shares held for Share Award Scheme	**(21,457)**	(13,973)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,957,797**	7,854,046
Basic and diluted earnings per share (RMB cents)	**13.55**	18.29

The diluted earnings per share for the year ended March 31, 2013 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 14) is nil as rounded down to the nearest 2 decimal places.

The diluted earnings per share for the year ended March 31, 2012 are the same as the basic earnings per share because the potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 14) were anti-dilutive.

10 INTANGIBLE ASSETS AND GOODWILL

The Group	Goodwill	Customer relationships	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At April 1 2011	292,741	352,769	—	645,510
Additions	—	—	5,000	5,000
Acquisition through a business combination	484,312	245,113	201,765	931,190
At March 31, 2012 and 2013	777,053	597,882	206,765	1,581,700
Amortization and impairment losses:				
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)
Amortization charge for the year	—	(47,098)	(10,296)	(57,394)
Impairment losses	(89,274)	(166,790)	—	(256,064)
At March 31, 2013	(89,274)	(379,170)	(14,584)	(483,028)
Net book value:				
At March 31, 2013	687,779	218,712	192,181	1,098,672
At March 31, 2012	777,053	432,600	202,477	1,412,130

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

Impairment loss on customer relationships

The customer relationships arising from the acquisitions of the Menswear and Ladieswear business within the Group's non-down apparel segment were initially determined at fair value by applying the income approach — multi-period excess earnings method and subject to annual amortization over the estimated beneficial period of 15 years and 8 years, respectively. Based on the latest market condition and the projected business performance of Menswear and Ladieswear, the directors assessed the recoverable amounts of the customer relationships and concluded that the estimated future economic benefits from the distributors concerned are significantly below the levels previously forecasted by the Group. The recoverable amounts of the customer relationships of Menswear and Ladieswear were estimated based on their respective value in use, determined by applying the income approach — multi-period excess earnings method.

Based on the assessment, the carrying amounts of the customer relationships of Menswear and Ladieswear were determined to be higher than their respective recoverable amount, and impairment losses of RMB51,790,000 (2012: nil) and RMB115,000,000 (2012: nil) were recognized in profit or loss, respectively. The estimate of value in use of the customer relationships of Menswear and Ladieswear was determined using a post-tax discount rate of 22% and 24%, respectively.

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:

	The Group	
	At March 31,	
	2013	2012
	RMB'000	*RMB'000*
Menswear	**228,467**	292,741
Ladieswear	**459,312**	484,312
	687,779	777,053

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 amounts of Menswear CGU and Ladieswear CGU were determined to be higher than their respective recoverable amount, and impairment losses of RMB64,274,000 (2012: nil) and RMB25,000,000 (2012: nil) 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 23%, respectively.

11 Inventories

	The Group At March 31,	
	2013	2012
	RMB'000	*RMB'000*
Raw materials	**153,948**	97,719
Work in progress	**98,478**	67,742
Finished goods	**1,718,567**	1,233,400
	1,970,993	1,398,861

At March 31, 2013, inventories carried at net realizable value amounted to approximately RMB542,818,000 (2012: RMB378,318,000).

12 Trade, Bills and Other Receivables

	The Group At March 31,		The Company At March 31,	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**940,289**	748,272	**—**	—
Bills receivables	**73,794**	101,693	**—**	—
	1,014,083	849,965	**—**	—
Third party other receivables:				
• VAT recoverable	**258,049**	146,199	**—**	—
• Deposits	**233,805**	185,486	**38,711**	28,072
• Advances to employees	**11,242**	9,376	**—**	—
• Others	**86,135**	60,631	**2,583**	2,940
	1,603,314	1,251,657	**41,294**	31,012

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, 2013, trade and bills receivables of approximately RMB71,423,000 (March 31, 2012: RMB74,304,000) were past due but considered to be not impaired. These relate to a number of independent customers in respect of whom there is no recent history of default. The ageing analysis of trade and bills receivables (net of impairment losses on bad and doubtful debts) is as follows:

	The Group		**The Company**	
	At March 31,		**At March 31,**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within credit terms	**942,660**	775,661	**—**	—
1 to 3 months past due	**57,842**	69,741	**—**	—
Over 3 months but less than 6 months past due	**11,066**	2,726	**—**	—
Over 6 months but less than 12 months past due	**2,322**	1,097	**—**	—
Over 1 year past due	**193**	740	**—**	—
	1,014,083	849,965	**—**	—

13 Trade and other payables

	The Group		**The Company**	
	At March 31,		**At March 31,**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**544,897**	450,623	**—**	—
Other payables and accrued expenses				
• Deposits from customers	**438,461**	273,373	**—**	—
• Construction payables	**49,474**	21,925	**—**	—
• Accrued rebates and commissions	**186,400**	198,994	**—**	—
• Accrued advertising expenses	**31,803**	21,119	**—**	—
• Accrued payroll and welfare	**144,176**	142,405	**1,642**	1,117
• VAT payable	**64,841**	65,151	**—**	—
• Contingent considerations payable	**—**	96,099	**—**	—
• Dividends payable	**5,000**	5,000	**—**	—
• Others	**153,580**	55,224	**5,416**	—
	1,618,632	1,329,913	**7,058**	1,117

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:

	The Group		**The Company**	
	At March 31,		**At March 31,**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due within 1 month or on demand	**215,862**	203,869	**—**	—
Due after 1 month but within 3 months	**329,035**	246,754	**—**	—
	544,897	450,623	**—**	—

14 **Non-current other payables**

	The Group	
	At March 31,	
	2013	2012
	RMB'000	*RMB'000*
Contingent consideration payable	**5,382**	94,968
Cash-settled written put option	**173,886**	235,471
	179,268	330,439

On November 4, 2011, the Group obtained control of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively known as "Ladieswear") by acquiring 70% of the shares and voting interests of the Ladieswear business. Pursuant to the relevant sales and purchase agreement (the "SPA"), the total consideration payable comprised cash consideration of RMB148,000,000, issuance of 235,000,000 new ordinary shares, and contingent consideration, the amount of which depended on Ladieswear's adjusted net profit (as defined in the SPA), and shall be 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 Ladieswear, giving it the right to sell its entire interest in Ladieswear 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 Ladieswear's adjusted net profit for the year ending March 31, 2015 and in total shall not exceed RMB900,000,000.

(i) Contingent consideration payable

At March 31, 2013, the fair value of the contingent consideration payable was RMB5,382,000 (2012: RMB191,067,000), of which nil (2012: RMB96,099,000) was included in Trade and other payables (note 13) and RMB5,382,000 (2012:RMB94,968,000) was included in the Non-current other payables, respectively in the Group's consolidated balance sheet as of March 31, 2013.

The decrease in the balance during the year is attributable to the payment of contingent consideration of RMB52,500,000 and the decrease in the fair value of the contingent consideration payable, which was recorded in profit or loss (note 6).

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

As at March 31, 2013, the Group recorded the present value of the redemption price of the cash settled portion of the written put option of RMB173,886,000 (2012:RMB235,471,000) as a non-current payable with the corresponding increase in other reserve.

As at March 31, 2013, the fair value of the share settled portion of the written put option amounted to RMB10,400,000 (2012:RMB14,230,000), which was recorded as derivative financial liabilities with fair value change being recognized in profit or loss.

15 **Post-Balance Sheet Events**

(i) Subsequent to March 31, 2013, the Company proposed a final dividend of RMB413,743,000, representing RMB5.2 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

2012 was a challenging year for the domestic apparel industry. On one hand, China's economic growth began to slow down since last year after its strong growth for nearly a decade. The GDP growth of China was 7.8% for last year and further decreased to 7.7% in the first quarter of 2013. China's economy is facing shrinking exports, decreasing foreign investment, sluggish domestic demand and weak economic growth. The slowing macroeconomic growth had a negative impact on the consumer retail market. Total retail sales of consumer goods in China amounted to a total of RMB20,716.7 billion in 2012, representing a year-on-year nominal increase of 14.3% (real increase of 12.1% net of price factor), signifying a decrease of 2.8 percentage points as compared to the corresponding period of last year, which reflected a decrease in consumers' desire to purchase. On the other hand, the consumption patterns in China are shifting slowly. Trends such as the emergence of online shopping, the gradual entry of foreign fast fashion brands into the domestic market and the increasing pursuit by Chinese consumers of personalized products have caused various levels of challenges and impacts on the apparel industry in China.

China's economy is currently undergoing structural adjustment from export and investment-oriented growth to an economic structure with a larger proportion of domestic private consumption. China adheres to the keynote of "seeking progress while ensuring stability", continues to implement stable fiscal and monetary policies and emphasizes on placing stable and healthy growth in a more important position, which facilitate industries to enter the stage of growth with structure improvement and quality enhancement through market behaviour and to secure more healthy and sustainable development. It puts enterprises with strength and vision in a better position to capture new potential market opportunities arising in the process of industry adjustment through their own competitiveness. Furthermore, the new session of government proposes to drive the transition and sustainable development of China's economy with "urbanization", which will contribute to the increase in people's overall income level, thereby creating new opportunities for the growth of the domestic demand.

Business Review

In the sophisticated and fast changing domestic and overseas environment, the Group has formulated the "3+1" development strategy for the 2012/13 financial year to keep down apparel as its core business, develop multi-brand, non-seasonal products and expand to the international markets. During the year under review, the Group has pushed forward with its development strategy in an orderly manner and has made progress, paving the way for becoming a world-renowned integrated apparel brand operator.

Down Apparel Business

Leveraging on its extensive resources and experience in the down apparel industry, the Group achieved a satisfactory performance in the 2012/13 financial year which was full of challenges. During the period under review, the sales of the down apparel business amounted to RMB7.09 billion, representing an increase of 15.9% as compared to last year. The average unit price of down apparel increased by approximately 5.6% and the sales volume increased by 9.6%. During the year, the overall growth of sales volume of down apparel was better than the low digit growth in previous years.

According to the China Industrial Information Issuing Centre, sales of the *Bosideng* branded down apparel ranked first in the down apparel market in China for the eighteenth consecutive year. The aggregate market share of the Group's four down apparel brands, namely *Bosideng*, *Snow flying*, *Combo* (formerly known as *Kangbo*) and *Bengen*, was 40.1% in 2012, representing an increase of 5.6 percentage points as compared to 2011. The Group continued to maintain its dominant position in the industry.

With down apparel as its core business, the Group is committed to the development of its down apparel business and to maintaining its leading market position. Steady growth of the down apparel business during the year under review was mainly attributable to the following factors:

Separate Brand Operation: The Group started to separate the operation for its down apparel brands, including *Bosideng*, *Snow Flying* and *Combo*, in the 2012/13 financial year. The design, product research and development, marketing and distribution of each brand were managed separately, while logistics and supply chain were under the central management of the Group to achieve optimal efficiency. After implementing separate operation for our brands, each brand's positioning, product styles were improved in order to enhance brand differentiation and fulfill the needs of each target customer base. Each brand re-defined its style and launched promotions in various channels and media that are popular among the target customers. Promotional directions that the four brands followed were:

Bosideng: The target group of *Bosideng* has shifted from the traditional and cautious customers to the modern quality-sensitive customers who pursue fashion and quality. *Bosideng* launched a new advertisement this year, "Defining new quality standards and selecting your down apparel by snapping, smelling and shaking (3S). Snapping: choose only down apparel which contains 90% down and provides you with utmost softness and warmth. Smelling: opt for down apparel which is made of ecologically friendly down to enjoy the smell of nature. Shaking: select down apparel which is made with sophisticated craftsmanship that tightly locks the down together."

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

Combo: The brand primarily sells apparel with basic and classic styles and targets customers pursuing a simple style. Emil Chau was appointed as the endorser of the brand.

Bengen: The brand is characterized by its young and lively style and its slogan is "My Fashion, My Style" (新時尚我主張). Mini Yang, a famous actress, was appointed as the endorser of the brand. "Mini Yang Collection", a down apparel collection inspired by Mini, was launched and became popular among young consumers.

Reallocation of Sales Channels: With the implementation of separate brand operation of the Group's down apparel brands, the Group also refined and separated its sales channels for the down apparel business accordingly. Multi-brand counters in department stores were transformed into mono-brand counters. The street stores operated by distributors were readjusted based on their locations and the positioning of the brands. As at March 31, 2013, the Group had 13,009 retail outlets in total, representing a net increase of 4,665 outlets. The significant increase in the number of outlets was mainly attributable to the division of sales channels which transformed the multi-brand stores into single brand stores, and the expansion of various brands into more department stores in accordance with their own positioning. The total sales area increased by 18.9% to 1,037,000 square metres (872,000 square metres as at March 31, 2012).

Continuously Strengthening Design and R&D of our Products: The Group has led the trends in the down apparel market for many years and launched new and marketable products incorporating the characteristics of down apparel products. During the period under review, the Group has implemented design differentiation for brands with different positioning and brought the styles and fabrics more in line with consumer preference and demand.

The Autumn Down collection has been well received by the market since its launch in 2011. During the period under review, the Group introduced new products under the Autumn Down collection with improved design and diversified colours and styles. The Group has also set out more distinct and specific requirements on product allocation in stores, including styles, colours and sizes, to prevent products from running out of stock and to ensure sales volume. During the period under review, sales volume of the Autumn Down collection increased more than three times to approximately 580,000 units as compared to the corresponding period of last year.

Development of four-seasonal products: The Group's four-seasonal apparel business has been developed in an orderly manner. The major styles of four-seasonal products are basic apparels and accessories which match down apparel. During the period under review, the Group has launched 932 items of four-seasonal products, which are displayed in about 50 selected regional flagship stores to test out the marketability of the products and the level of acceptance of customers to four-seasonal apparels being sold through the down apparel sales channel so that the four-seasonal apparel business can be developed in an orderly manner. Positive market response was seen from the performance of four-seasonal products with sales of RMB59.2 million during the period under review. The Group plans to conduct a three-year market research on the apparel market and on consumer needs for the determination of positioning and style of its products and the expansion of business scope from down apparel alone to various product lines with more variety and characteristics. The success of the non-seasonal apparel business development strategy will provide all seasons products for sale and improve the profitability of its stores, distributors and sales companies.

Continuous Realization of Supply Chain Advantage: During the period under review, the Group continued to optimize its advantages in resources accumulated over the years from its supply chains and tap into its economies of scale and well-established relationship with suppliers to effectively control costs of raw materials and stabilize their purchase prices at a level better than the market rate. This, coupled with slower growth of labour costs, has led to a slight increase in the gross profit margin of the Group's down apparel business.

Timely Adjustment to Progress of Order Management System: The Group has always emphasized on its healthy growth together with its distributors, and has therefore always had policies in place to provide support to its distributors, for example, the Group allows some of its distributors to return a certain proportion of goods by the end of each financial year with the average return rate ranging from approximately 20% to 25%. During the year under review, to encourage distributors to actively participate in the brand separation strategy and grow with the brands, the Group has adopted such product return arrangement for all brands except for the *Bosideng* brand. As for the *Bosideng* brand, the same product return arrangement also applies to some of the distributors except for certain distributors with great strength that continue to adopt the order without return mechanism introduced by the Group in the 2009/10 financial year to improve the marketability of down apparel. Such no return mechanism was further enhanced and pushed forward extensively in the 2010/11 financial year. As a result, the Group currently has two order systems running in parallel for the *Bosideng* brand. The Group flexibly adjusts its policies to support distributors for the purpose of encouraging distributors to support the Group's development strategy.

Promotion of Upgrade of Retail Terminal: The transformation of retail terminals is an inevitable trend for the down apparel industry. Due to intensifying market competition, the entry and rapid penetration of foreign affordable fashion brands, retail brands in China had to accelerate research on the scientific management to improve efficiency of their retail terminals. The Group, as an industry leader, has also taken the lead in carrying out the upgrade of its terminals, and has set up various standards in terms of decoration, props, display and services for active promotion.

Propelling of Service Upgrade: Service quality plays a key role in the retail consumer industry. The Group attaches great importance to the communication with consumers and is dedicated to creating a caring and personalized shopping experience for consumers. As such, the Group has actively transformed the previous service mode based on sale of products into the service concept based on "purchase of products for consumers" through staff training. In addition, the Group carried out customers analysis based on purchase records, and commissioned TNS Research International China (北京特恩斯市場研究諮詢有限公司), a third-party professional agency, to conduct dynamic research on and analysis of consumers' consumption patterns to understand their evolving demand. The Group has implemented the VIP membership system on a pilot basis in around 50 benchmarking shops to foster and strengthen customer loyalty. The Group will continue to improve the membership system during the course of its business and promote it to each outlet.

Non-down Apparel Business

The non-down apparel business of the Group covers menswear, ladies' wear and casual wear, and the major brands include *Bosideng MAN*, *JESSIE* and *Mogao*. During the period under review, the non-down apparel business contributed RMB1.28 billion to the Group's revenue, representing a slight decrease of 5.3% as compared to the corresponding period of the last financial year, and accounted for 13.7% of the total revenue of the Group, representing a slight decrease of 2.4 percentage points as compared to 16.1% of the corresponding period of last year. Each of the Group's non-down apparel brands was affected by the industry depression to a different degree. A number of stores under the non-down apparel business with unsatisfactory performance were closed down during the period under review. As at March 31, 2013, there were 1,426 stores and outlets under the non-down apparel business, representing a net decrease of 246 stores and outlets as compared to March 31, 2012.

Bosideng MAN

During the period under review, *Bosideng MAN* recorded a sales revenue of approximately RMB480 million, representing a decrease of 30.0% as compared to the corresponding period of last year. During the year under review, the Group continued to close down stores with unsatisfactory performance or unfavourable locations. The Company also opened new stores at attractive locations. As at March 31, 2013, the total number of retail outlets of *Bosideng MAN* was 755, representing a decrease of 146 outlets as compared to March 31, 2012. *Bosideng MAN* was prudent in selecting distributors, and has entered into flexible order arrangements and co-operated closely with distributors to reduce their inventory level, which would ensure that both the Group and its distributors will achieve healthy and sustainable development.

In order to support its orderly expansion in domestic and international markets, *Bosideng MAN* developed a comprehensive framework for its strategic development to highlight its brand position of "Smart Taste" and make its brand image more identifiable and its overall style more "International". Currently, *Bosideng MAN* has three key product lines, namely "Smart Business Wear", "Fashionable Office Wear" and "Fashionable Casual Wear". The overall product design highlights the low-profile but surprising structural processing of details and popular elements. Bright light-colored collections with classic tailoring highlight the sharp fashion sense and the adventurous spirits. Fittings with smooth contours and quality fabrics demonstrate the unique sense of elegance of the *Bosideng MAN* brand. At the same time, there is a high level of compatibility among different collections of products covering various occasions of the life of a modern and intellectual gentleman. Through the design style of "Fashionable and Mature, Wise and Humorous", men's gentle temperament of being sentimental and elegant as well as their tough and masculine manliness is reflected.

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 an initial consideration of RMB892.5 million (subject to adjustments provided for in the agreement), consisting of cash consideration of RMB297.5 million and share consideration by way of issuance of 235 million shares of the Company.

Under the equity transfer 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 RMB85.0 million, RMB108.8 million, RMB136.0 million and RMB165.9 million for each of the four financial years ended/ending March 31, 2012, 2013, 2014 and 2015, respectively.

During the period under review, *JESSIE* recorded sales revenue and net profit of approximately RMB330 million and RMB70.6 million, respectively. The net profit attributable to *JESSIE* for the financial year ended March 31, 2013 was below the profit guarantee under the equity transfer agreement. As security for the profit guarantee, Talent Shine International Limited has made available to Talent Shine Limited an interest-free shareholder's loan in the amount of RMB150 million, which was recorded as contingent consideration payable in the consolidated balance sheet and will only be released to Talent Shine International Limited upon fulfillment of the profit guarantee. As the profit guarantee was neither fulfilled in the financial year ended March 31, 2013, nor expected to be fulfilled in the next two financial years, all the shareholder's loan will most likely be assigned to the Group to make up the shortfall, which has resulted in a sharp decrease in the fair value of contingent consideration payable.

To further optimize the sales network, the Group closed down certain distribution outlets and increased the net number of self-operated outlets, which resulted in the effective control over its sales channels. As at March 31, 2013, *JESSIE* had 254 sales outlets, including 123 self-operated outlets and 131 distribution outlets. The proportion of self-operated outlets increased to 48%. At the same time, efforts will be made to strengthen product design and research and development in order to provide consumers with richer and more fashionable styles. *JESSIE* will continue to search for outlets in line with its brand image and positioning, and further optimize the mix and distribution of its brand outlets to lay the groundwork for network construction in the long run.

Mogao

During the period under review, *Mogao* recorded a sales revenue of approximately RMB430 million, representing an increase of 11.8% as compared to the corresponding period of last year. During the year under review, the Group reviewed the business, evaluated the business model of *Mogao* and adjusted its retail channels. Certain stores with unsatisfying performance were closed down in order to optimize the retail network portfolio and distribution. As at March 31, 2013, *Mogao* had 395 sales outlets, including 186 self-operated outlets and 209 distribution outlets, representing a net decrease of 37 sales outlets over last year.

Grand Opening of London Flagship Store marks a key milestone in internationalization

Internationalization is the key to success of the realization of the Group's goal of becoming an internationally renowned integrated apparel brand operator. As part of its internalization strategy, the Group will develop its international business by adopting the model of "Chinese brand, domestic design, global outsourcing and localized sales". The Group believes that direct sales is the only way to secure the initiative in pricing and marketing and to collect direct feedback from overseas target customers. The establishment of overseas self-operated stores is also an effective way to promote the image and enhance the recognition of the *Bosideng* brand.

The first flagship store of the Group in Europe commenced its trial operation on July 26, 2012 in London and officially opened on October 12, 2012. The store mainly offers the premium line of Bosideng's menswear, the "Bosideng • London" collection. Apart from the Group's best-selling down apparel, all the other menswear products in the collection are manufactured in Europe, and designed in collaboration by Nick Holland and Ash Gangotra, famous designers in the United Kingdom. Furthermore, our flagship store in the United Kingdom also recorded encouraging sales of the "Bosideng • London" collection throughout the United Kingdom after commencing sales online in December 2012, and we plan to further expand the same to cover the whole European market.

The opening of the Bosideng store in London and the overseas development model of the Group have gained attention of media around the world as well as the support from the governments of China and the United Kingdom. The Group received the "Chinese Investor of the Year" award from the British Business Awards organized by the British Chamber of Commerce in China. It was the first time that the award was presented to a textile and apparel enterprise in China. In addition, the British design team was on the shortlist for "WGSN Global Fashion Awards 2012" in the design team for menswear in 2012 hosted by WGSN, a company famous for forecasting and analysing the world's top fashion trend. Design is the soul of apparel, and such nomination for a Chinese brand proves that its artistry has been recognized by the fashion industry. "Bosideng • London" has enhanced the image of Chinese products in the minds of European consumers and established a good reputation. Recommendations on the products in the flagship store in the United Kingdom by fashion editors can be found in local fashion magazines, and some consumers were even attracted to purchase our products because of their fame. The Group will continue to focus on the operation of its flagship store in London, and further expand into the international market, thus laying a sound foundation for the next round of internalization strategy of the Group.

E-commerce

The Group has converted the challenges brought by e-commerce to the traditional apparel industry into opportunities. Fully optimizing its resources advantage and capitalizing on the benefits of online sales such as controllable cost, high liquidity and low inventory level, the Group strengthened the development of e-commerce platform to nurture e-commerce as one of its important sales channels. During the year under review, the revenue from the e-commerce business amounted to approximately RMB350 million, representing an increase of 76.7% over last year. The Group adopted three internet sales channels: official flagship store at TMALL (天貓), authorized store at Taobao and third party e-commerce trading platforms, including TMALL (天貓), 360buy (京東商城), Amazon, Dangdang (當當網), Paipai (拍拍網), VIP Shop (唯品會) and Yougou (優購). In addition, the e-commerce channels of the Group have expanded to the non-down apparel business for the sale of *Bosideng MAN's* products. Online stores can effectively extend the sales network to remote areas and complement the incomplete product portfolio of certain regions.

Upgrade and Improvement of Logistics

To cater for the needs arising from the Group's rapid development and modernized management, the Group strengthened the construction of logistics infrastructure during the reporting period. The logistics centre set up in Changshu with a gross floor area of more than 70,000 square metres has been put into operation during the year under review to address the Group's logistics needs in terms of purchases, production and sales. In addition, to provide a strong guarantee for our smooth sale, the Group has deployed third-party logistics services in each sales region for package, delivery and distribution with an aim to improve the order processing capacity.

RETAIL NETWORK

Retail network composition by outlet type

	As at March 31, 2013			As at March 31, 2012			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	**322**	**49**	**371**	67	69	136	255	-20	235
— operated according to franchise agreement	**—**	**305**	**305**	—	99	99	—	206	206
— operated by third party distributors	**5,568**	**305**	**5,873**	4,946	675	5,621	622	-370	252
Subtotal	**5,890**	**659**	**6,549**	5,013	843	5,856	877	-184	693
Concessionary retail outlets*									
— operated by the Group	**2,775**	**428**	**3,203**	1,094	360	1,454	1,681	68	1,749
— operated according to franchise agreement	**—**	**86**	**86**	—	81	81	—	5	5
— operated by third party distributors	**4,344**	**253**	**4,597**	2,237	388	2,625	2,107	-135	1,972
Subtotal	**7,119**	**767**	**7,886**	3,331	829	4,160	3,788	-62	3,726
Total	**13,009**	**1,426**	**14,435**	8,344	1,672	10,016	4,665	-246	4,419

* *The Group's concessionary retail outlets are mainly counters in department stores, which are normally operated only during the peak season for down apparel to cope with the seasonality of its core products.*

Retail network composition by geographic location

Sales areas*	As at March 31, 2013 Down apparels	Non-down apparels	Total	As at March 31, 2012 Down apparels	Non-down apparels	Total	Change Down apparels	Non-down apparels	Total
Eastern China area	**4,795**	**384**	**5,179**	2,755	529	3,284	2,040	-145	1,895
Central China area	**2,378**	**364**	**2,742**	1,800	375	2,175	578	-11	567
Northern China area	**1,886**	**82**	**1,968**	992	132	1,124	894	-50	844
Northeast China area	**1,576**	**177**	**1,753**	1,044	172	1,216	532	5	537
Northwest China area	**1,402**	**177**	**1,579**	985	194	1,179	417	-17	400
Southwest China area	**972**	**242**	**1,214**	768	270	1,038	204	-28	176
Total	**13,009**	**1,426**	**14,435**	8,344	1,672	10,016	4,665	-246	4,419

** Illustration of area division:*

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*

FINANCIAL REVIEW

Revenue

Revenue from the branded down apparel business remained the largest contributor, which accounted for 76.1% of the Group's revenue, with the remaining 13.7% and 10.2% coming from the non-down apparel business and the OEM management business, in comparison with 73.1%, 16.1% and 10.8%, respectively in the previous year.

The Group's revenue for the year ended March 31, 2013 increased by 11.3% year-on-year to approximately RMB9,324.5 million. Sales of the Group's branded down apparel business and the OEM management business increased by 15.9% and 5.0% to approximately RMB7,093.7 million and RMB954.9 million, respectively. Sales of the non-down apparel business slightly dropped by 5.3% to approximately RMB1,275.9 million as compared to the previous year.

The Group focused on the down apparel business to develop down apparel brands separately with clear-cut positioning and product styles of each brand to fulfill the needs of various customers, which resulted in increased average unit price and sales volume of down apparels of 5.6% and 9.6%, respectively. The Group also expanded the non-down apparel business in an orderly manner, and carried out the OEM management business during the slack season for down apparels from April to September to increase the overall revenue. The OEM management business, most customers of which came from overseas and the majority transactions of which were denominated in U.S. dollars, recorded a slowdown in growth due to appreciation of Renminbi but the performance was still satisfactory.

Sales analysis by businesses

	Year ended March 31,				
	2013		2012		
	(RMB million)	**% of total revenue**	(RMB million)	% of total revenue	Changes (in %)
Branded down apparel					
• Self-owned	**1,620.5**	**17.4%**	1,844.6	22.0%	-12.1%
• Wholesales	**5,434.6**	**58.3%**	4,268.6	51.0%	27.3%
• Others*	**38.6**	**0.4%**	6.3	0.1%	512.7%
Total down apparel revenue	**7,093.7**	**76.1%**	6,119.5	73.1%	15.9%
Non-down apparel					
• Self-owned	**381.9**	**4.1%**	259.6	3.1%	47.1%
• Wholesales	**890.9**	**9.5%**	1,086.0	12.9%	-18.0%
• Others#	**3.1**	**0.1%**	1.6	0.1%	93.8%
Total non-down apparel revenue	**1,275.9**	**13.7%**	1,347.2	16.1%	-5.3%
OEM management	**954.9**	**10.2%**	909.4	10.8%	5.0%
Total revenue	**9,324.5**	**100.0%**	8,376.1	100.0%	11.3%

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

Represents revenue from rental income and other franchise fees

A majority of the Group's products were branded down apparel sold wholesale, which accounted for 76.6% of the Group's branded down apparel revenue, compared to 69.8% in the previous year.

Since the Group's implementation of the "non-seasonal products" development strategy, the non-down apparel business has continued to generate stable revenue for the Group. The non-down apparel business recorded decreased sales revenue due to unstable macroeconomic environment and reduced domestic demand and the fact that the Group closed down stores with poor performance or in unfavourable locations during the year under review (reduced to 1,426 from 1,672 of last year), coupled with downward adjustment of targets to allow rooms for distributors to handle inventory and improve cash flow. During the year ended March 31, 2013, the revenue contribution from the non-down apparel business to the total revenue of the Group marginally decreased to 13.7% (approximately RMB1,275.9 million), from 16.1% (approximately RMB1,347.2 million) of last year.

Revenue analysis of down apparel sales by brand

	Year ended March 31,				
	2013		2012		
Brands	**(RMB million)**	**% of branded down apparel sales**	(RMB million)	% of branded down apparel sales	Changes (in %)
Bosideng	**4,753.8**	**67.0%**	3,848.2	62.9%	23.5%
Snow Flying	**1,208.3**	**17.0%**	1,222.4	20.0%	-1.2%
Bengen	**424.5**	**6.0%**	409.0	6.7%	3.8%
Combo	**532.5**	**7.5%**	580.2	9.5%	-8.2%
Other brands	**136.0**	**1.9%**	53.3	0.8%	155.2%
Others	**38.6**	**0.6%**	6.4	0.1%	503.1%
Total down apparel revenue	**7,093.7**	**100.0%**	6,119.5	100.0%	15.9%

	Year ended March 31,				
	2013		2012		
Brands	**(RMB million)**	**% of branded non-down apparel sales**	(RMB million)	% of branded non-down apparel sales	Changes (in %)
Bosideng MAN	**483.9**	**37.9%**	691.2	51.3%	-30.0%
JESSIE	**332.1**	**26.0%**	169.7	12.6%	95.7%
Mogao	**426.0**	**33.4%**	381.1	28.3%	11.8%
Others	**33.9**	**2.7%**	105.2	7.8%	-67.8%
Total non-down apparel revenue	**1,275.9**	**100.0%**	1,347.2	100.0%	-5.3%

The Group's core brand, *Bosideng*, continues to be marketed as a mid to high-end brand, targeting customers with greater spending power who seek trendy and fashionable designs and quality. *Snow Flying* appeals to younger customers with more energetic lifestyles. The *Combo* and *Bengen* branded apparels offer traditional down apparel lines for men and colourful, youthful down apparel lines for women, respectively, and are targeted at the mass market. As a result of such brand positioning strategy, sales of the *Bosideng* branded apparel remained the largest contributor and contributed 67.0% or approximately RMB4,753.8 million to the total branded down apparel sales. *Snow Flying* contributed 17.0% or approximately RMB1,208.3 million to the total branded down apparel sales. *Combo* and *Bengen* recorded revenues of RMB532.5 million and RMB424.5 million, which represented 7.5% and 6.0% of the total branded down apparel sales, respectively.

Bosideng MAN is the major menswear brand of the Group and the largest contributor to the revenue of the non-down apparel business, which contributed 37.9% or approximately RMB483.9 million to the total non-down apparel sales. *JESSIE* is a famous local mid to high-end ladies' wear brand with business and casual styles targeted at office ladies. *Mogao* is targeted at 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 characteristics of the youth. *JESSIE* and *Mogao* recorded revenues of approximately RMB332.1 million and RMB426.0 million, which represented 26.0% and 33.4% of the total non-down apparel revenue, respectively.

Cost of sales and gross profit

The Group leveraged on its economies of scale and strictly implemented cost control measures to mitigate the effect arising from the increasing labour costs and raw material costs. The Group took timely advantage of its strong cash position to make prepayment to its suppliers and manufacturers in order to minimize the raw materials and processing costs. The Group's cost of sales increased from approximately RMB4,187.4 million (amounting to 50.0% of the Group's total revenue) of last year to approximately RMB4,604.0 million (amounting to 49.4% of the total revenue) during the period under review.

The sales margin of the branded down apparel business, non-down apparel business and the OEM management business for the period under review was 55.5%, 45.7% and 20.9%, respectively, as compared to 54.7%, 49.3% and 19.5%, 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 RMB2,782.4 million, representing an increase of 22.7%, as compared to approximately RMB2,268.1 million in the previous year. The increase in the actual spending was mainly due to separate development of down apparel brands, increase in the number of sales outlets (to 13,009 from 8,344 of the same period last year), corresponding increase in the number of staff and concessionaire fees, and increased demand for brand advertising. In terms of percentage to revenue, distribution expenses constituted 29.8% of the total revenue, signifying a slight rise of 2.7 percentage points as compared to 27.1% for the same period of last year.

Administrative expenses

The administrative expenses of the Group, which mainly comprise provision of doubtful debt, salary and welfare, travelling expenses and office expenses, amounted to approximately RMB459.1 million, representing an increase of 36.1% from approximately RMB337.4 million in the previous year. The increase mainly resulted from the increase in the headcount, travelling expenses and office expenses for the promotion of separate development of the down apparel business. During the year under review, administrative expenses accounted for 4.9% of the Group's revenue, representing an increase of 0.9 percentage points as compared to 4.0% for the same period of last year.

Operating profit

During the year under review, the Group's operating profit decreased by 21.6% to approximately RMB1,271.7 million. Operating profit margin was 13.6%, representing a decrease of 5.8 percentage points as compared to 19.4% for the same period of last year. The decrease was mainly due to the rapid increase in operating expenses and the one-off impairment for customer relationships and goodwill in respect of *Bosideng MAN* and *JESSIE* ladies' wear with an aggregate amount of approximately RMB256.1 million. Further details of such impairment are set out in note 10 to the consolidated financial statements.

Finance income

The Group's finance income for the year under review increased by approximately 106.3% to approximately RMB305.5 million from approximately RMB148.1 million in the previous year. The increase was mainly due to the decrease of the fair value of contingent consideration payable in respect of *JESSIE* ladies' wear.

Finance expenses and taxation

The Group's finance expenses for the year under review increased by 151.9% to approximately RMB120.2 million, mainly due to the increase in bank charges relating to the issuance of letters of credit and interest and related expenses resulting from the bank borrowings raised in Hong Kong during the year.

For the year ended March 31, 2013, income tax expenses increased from approximately RMB271.0 million to approximately RMB404.3 million, mainly due to the fact that some of the Group's operating subsidiaries in the PRC were in the process of applying for preferential tax treatment and for tax losses, and such tax treatment and relief are recorded only upon being confirmed.

Final dividends

The Board has recommended the payment of a final dividend of HKD6.5 cents (equivalent to approximately RMB5.2 cents) per ordinary share for the year ended March 31, 2013. The proposed dividend payment is subject to approval by the shareholders of the Company at the annual general meeting to be held on or around August 28, 2013. Upon shareholders' approval, the proposed final dividends will be paid on or around September 12, 2013 to shareholders whose names appear on the register of members of the Company on September 4, 2013.

Inventory

For the year ended March 31, 2013, the number of inventory turnover days was 134 days (2012: 114 days), representing a decrease of 66 days as compared to 200 days for the six months ended September 30, 2012. The decrease was mainly due to the fact that the peak season of the down apparel industry is generally between October each year and February of the following year. In order to meet the demand in the peak season, the inventory level in the first half of the financial year will be higher to stabilize supply.

To maintain a stable and healthy level of inventory, the Group formulated and adopted a number of inventory provision policies, pursuant to which the Group assesses inventory at each balance sheet date based on the lower of cost and net realizable value ("NRV") of each item or category of inventory. NRV of inventories represents the estimated selling price in the ordinary course of business, less the estimated costs for completion and selling expenses. Such estimates are based on the prevailing market conditions and past experience of distribution and sale of similar products (such as the estimated timing of inventories to be used or sold and the estimated selling price of inventories in accordance with the sales and marketing strategies developed by the Group with reference to market and weather conditions as well as preferences and purchasing power of customers). The management assesses the above estimates at each balance sheet date.

As at March 31, 2013, compared to the cost of down apparel inventories, the percentage of write-down to NRV of products produced in 2009 and before, in 2010, 2011 and 2012 were approximately 100%, 50%, 21% and 5%, respectively. As disclosed in the 2012/13 interim report of the Company, on September 30, 2012, the unaudited value of finished products was RMB1,598.9 million, of which RMB839.6 million were subsequently sold prior to March 31, 2013.

For the remaining unsold finished products with a value of RMB759.3 million brought forward from September 30, 2012, the Group intends to sell them at higher discount rates through department store promotional activities or dedicated outlets during the off-peak season from April to September 2013. If there are still some goods unsold in the off-peak season, such goods can be carried forward to the next winter sales season. The Group will consider the overall future plan for sales of all finished products as of March 31, 2013 and, if necessary, will make further provision for obsolete products.

At the same time, the audit committee of the Company (the "Audit Committee") will review the provision policy and make sure the Company does follow the policy strictly when making provision based on the communication with the management of the Company during the Audit Committee meeting. The Audit Committee has obtained and taken into consideration the independent auditor's view on the Company's provision policy and provision position when they assessed whether the Company has made sufficient provision on its inventory as at March 31, 2013.

Trade and bills receivable

For the year ended March 31, 2013, the number of turnover days for receivables was 36 days (2012: 33 days), representing a decrease of 40 days as compared to 76 days for the six months ended September 30, 2012, mainly due to the fact that acceptance of orders for down apparels generally starts in July, while payments are usually due at year end. In addition, for the six months ended September 30, 2012, the Group particularly extended the credit period for individual distributors of both down apparels and *Bosideng MAN* who had long-term business relationship with the Group, and increased the proportion of credit sales to such distributors. This has resulted in an increase in the number of turnover days of trade receivables from 63 days for the first half of 2011/12 by 13 days to 76 days for the six months ended September 30, 2012. Credit period normally ranges from 30 to 90 days.

Trade and bills receivables that are past due but not impaired have resulted in the trade receivables turnover days longer than the credit period. The Group normally allows a credit period ranging from 30 to 90 days from the date of billing to its customers. As of March 31, 2013, trade and bills receivables of RMB71.4 million were past due but considered to be not impaired because the relevant customers had established long-term co-operation relationships with the Group, and had a good credit reputation with no recent history of default payment.

Management has always been closely monitoring overdue balances, and making timely assessment of the recoverability of each items and provision for bad and doubtful debts in compliance with the Group's policies. As disclosed in the 2012/13 interim report of the Company, the unaudited trade and bills receivables as of September 30, 2012 was RMB1,722.9 million, of which RMB1,607.0 million were subsequently settled by March 31, 2013.

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 and bank borrowings raised in Hong Kong for the purpose of capital allocation.

For the year ended March 31, 2013, the Group's net cash generated from operating activities amounted to approximately RMB632.5 million, as compared to approximately RMB1,315.8 million for the year ended March 31, 2012. Cash and cash equivalents as at March 31, 2013 was in the amount of approximately RMB1,935.4 million, as compared to approximately RMB1,907.0 million as at March 31, 2012. Cash and cash equivalents was maintained at a healthy level.

In order to maximize returns on the Group's available cash reserves, the Group had available-for-sale 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 4.0% to 6.81% per annum.

As at March 31, 2013, the Group had bank borrowings amounting to approximately RMB2,656.1 million (2012: RMB1,740.7 million). The gearing ratio (total debt/total equity) of the Group was 36.5% (March 31, 2012: 23.7%).

Contingent liabilities

As at March 31, 2013, the Group had no material contingent liabilities.

Capital commitments

As at March 31, 2013, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB105.8 million (March 31, 2012: RMB241.2 million).

Operating lease commitment

As at March 31, 2013, the Group had irrevocable operating lease commitment which amounted to approximately RMB340.4 million (March 31, 2012: approximately RMB432.4 million).

Pledge of assets

As at March 31, 2013, bank deposits amounting to approximately RMB1,412.8 million had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letters of credit (March 31, 2012: approximately RMB862.7 million).

Financial management and treasury policy

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

As at March 31, 2013, the Directors considered the Group's foreign exchange risk to be insignificant. During the year under review, the Group did not use any financial instruments for hedging purpose.

Human resources

As at March 31, 2013, the Group had approximately 5,327 full-time employees (March 31, 2012: 4,785 full-time employees). Staff costs for the twelve months ended March 31, 2013 (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB767.3 million (2012: approximately RMB553.6 million). The increase in staff costs was mainly due to the implementation of the Group's independent development policy for its down apparel brands, the expansion of self-operated stores for down apparel products and the increase in the number of relevant employees. The Group's remuneration 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 employees with a comfortable and harmonious living environment, the Group has constructed apartments as 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. University graduates, professional technicians and management members from other cities, who do not have a living place in Changshu are eligible to apply for accommodation 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 has also adopted a share scheme, a share award scheme (the "Share Award Scheme") as well as a share option scheme (the "Share Option Scheme").

As at March 31, 2013, no share option had been granted by the Group under the Share Option Scheme.

Outlook

Looking forward to the fiscal year of 2013/14, the global economic development environment is expected to improve. China's economy will go through a stable recovery process though not on a solid foundation. Growth of domestic demand is subject to certain constraints, while overcapacity in some industries is more noticeable, and companies still face many difficulties in their production and operation. The Group holds a prudent yet positive view on its future development.

The Group will insist on having down apparel as its core business and deepen the development of its product types. The non-down apparel brand is also an integral part of the Group as an integrated brand operator. The Group will continue its focus on the non-down apparel business. Meanwhile, the Group will introduce more brands by actively acquiring quality mid to high-end men's and ladies' wear brands in the market to diversify its product portfolio. The Group intends to constantly increase the contribution of non-down apparel business to the net profits of the Group.

Well-aware of the challenges ahead and well-prepared to strive for excellence with dedication, the Group will maintain its prudent business development this year and stride toward becoming a world-renowned integrated apparel brand operator.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions with Mr. Gao Dekang and his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) (other than members of the Group) (the "Parent Group"), which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further details of these transactions are set out below, in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the prospectus of the Company dated September 27, 2007, in the Company's announcements dated March 11, 2010, January 9, 2012 and April 22, 2013, and circulars dated March 31, 2010 and February 7, 2012.

Framework Manufacturing Outsourcing and Agency Agreement

The Group outsourced the manufacturing process of down apparel and OEM products to third party manufacturers and the Parent Group on a non-exclusive basis. Under the framework manufacturing outsourcing and agency agreement (the "Framework Manufacturing Outsourcing and Agency Agreement") entered into between the Company and Mr. Gao Dekang, the Parent Group shall provide labour, factory, premises, necessary equipment, water and electricity for the processing of the down apparel products of the Group. The processing fee is to be charged at a mark-up of approximately 15% on the actual costs incurred for the processing services. The information relating to the actual costs to be incurred for the processing services is transparent, as the Group can easily make reference to the prevailing market information relating to labour costs, rental of similar premises and the utilities expenses. The Group is also able to have access to/request the information of the monthly salary, rental, utilities expenses incurred by the Parent Group in the previous months for estimation of the actual cost to be incurred for each batch of down apparel products.

After estimation of the actual cost to be incurred for the relevant batch of down apparel products of the Parent Group (the "Estimated Cost"), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the price set at a mark-up of approximately 15% on such Estimated Cost) or any lower price they can offer.

The non-exclusive arrangement under the Framework Manufacturing Outsourcing and Agency Agreement allows the Group to appoint other outsourcing manufacturers for the processing of down apparel products if the terms offered by the Parent Group are not the most favourable to the Group. The charging basis of the mark-up of approximately 15% on the actual cost incurred for the processing services was set in 2007, after the restructuring prepared for the listing of the Company in 2007, with reference to the fees then quoted/charged by independent third parties for similar processing services in the market.

Should the terms offered by independent manufacturers be lower than the 15% mark-up on cost with other terms similar to or better than those offered by the Parent Group, the Group will then appoint the other outsourcing manufacturers for the processing of down apparel products.

At the relevant Audit Committee/Board meeting, the independent non-executive directors of the Company (the "INEDs") had been provided with the (i) Framework Manufacturing Outsourcing and Agency Agreement, (ii) agreements entered into between the Group and independent third parties for the processing of the same type of down apparel products as well as (iii) fee quotations provided by independent third parties for the processing of the same type of down apparel products for review and comparison purpose.

The INEDs had reviewed the relevant payment terms, payment method and price payable under the Framework Manufacturing Outsourcing and Agency Agreement and were of the view that they are comparable to those with independent third parties.

The INEDs had also reviewed and compared certain transactions entered into between the Group and the Parent Group and those between the Group and independent third parties for the processing of the same type of down apparel products, and found that the price, payment terms and payment method under the transactions with the Parent Group were no less favourable than those with the independent third parties. As such, they are of the view that the terms of the Framework Manufacturing Outsourcing and Agency Agreement are on normal commercial terms and are fair and reasonable.

Framework Raw Material Purchase Agreement

The Group also purchased nanometer fabric from the Parent Group on a non-exclusive basis pursuant to the framework raw material purchase agreement (the "Framework Raw Material Purchase Agreement") entered into between the Company and Mr. Gao Dekang. Under this agreement, the amounts to be paid for the purchase of raw materials from the Parent Group for use in down apparel products shall be determined on an arm's length basis by reference to the prevailing market prices of the raw materials, in particular, nanometer fabric, for use in down apparel products or at rates comparable to the quality and prices of those similar products offered by the Parent Group to any other independent third party customers.

At the relevant Audit Committee/Board meeting, the INEDs had been provided with the (i) Framework Raw Material Purchase Agreement, (ii) agreements entered into between the Group and independent third parties for the supply of nanometer fabric as well as (iii) fee quotations provided by the Parent Group to any other independent third party customers for providing the nanometer fabrics for review and comparison purpose.

The INEDs had reviewed the relevant payment terms, payment method and price payable under the Framework Raw Material Purchase Agreement and were of the view that they are comparable to those similar products offered by the Parent Group to its other independent third party customers.

The INEDs had also reviewed and compared certain transactions entered into between the Group and the Parent Group and those between the Group and independent third parties for the purchase and supply of nanometer fabric of similar quality, and found that the price, payment terms and payment method under the transactions with the Parent Group were no less favourable than those with the independent third party suppliers. As such, they are of the view that the terms of the Framework Raw Material Purchase Agreement are on normal commercial terms and are fair and reasonable.

Property Lease Agreement and its supplemental agreements

The Parent Group leased 16 properties with a total area of approximately 106,002 square meters to the Group, which were used as the Group's regional offices, warehouses or staff dormitory, pursuant to the property lease agreement and agreements supplemental to the property lease agreement (the "Property Lease Agreement") entered into between the Company and Mr. Gao Dekang.

Under the Property Lease Agreement, the annual rental paid and expected to be paid by the Group to the Parent Group for the leasing of properties have been determined on an arm's length basis by reference to the prevailing market condition in the PRC and the market rates of comparable properties, which in any event are not higher than the rent applicable to a third party tenant at the relevant time.

At the relevant Audit Committee/Board meeting, the INEDs had been provided with the (i) Property Lease Agreement and (ii) the then prevailing market rates of comparable properties for review and comparison purpose.

The INEDs had reviewed the relevant rental and payment terms under the Property Lease Agreement and were of the view that they are comparable to the rental payable by a third party tenant for properties with a similar size and in similar locations. As such, they are of the view that the terms of the Property Lease Agreement are on normal commercial terms and are fair and reasonable.

Framework Integrated Service Agreement

The Parent Group had also provided the Group with various ancillary services, which currently include the provision of hotel accommodation, property management services, which include repair and maintenance, security and general cleaning, for the properties occupied by the Group in the PRC (in addition to in Changshu), pursuant to the framework integrated service agreement (the "Framework Integrated Service Agreement") entered into between the Company and Mr. Gao Dekang.

At the relevant Audit Committee/Board meeting, the INEDs had been provided with the (i) Framework Integrated Service Agreement, (ii) the rate set or recommended by the PRC Government (if any) for the type of services or products provided; and (iii) the market price for similar services or products provided in the vicinity or the market price for similar services or products provided in the PRC for review and comparison purpose.

The INEDs had reviewed the relevant payment terms, payment method and price under the Framework Integrated Service Agreement and were of the view that the service fees payable by the Group to the Parent Group are not higher than the market price for similar services or products provided in the vicinity or the market price for similar services or products provided in the PRC. As such, they are of the view that the terms of the Framework Integrated Service Agreement are on normal commercial terms and are fair and reasonable.

Closure of Register of Members

The register of members of the Company will be closed from (i) August 26, 2013 to August 28, 2013 and (ii) September 3, 2013 to September 4, 2013, both days inclusive, during which periods no transfer of shares will be effected. In order to (i) determine the eligibility 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, 2013, 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. on (i) August 23, 2013 and (ii) September 2, 2013, 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, 2013, 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 53,508,000 shares of the Company at an aggregate consideration of about HK$88.1 million.

Corporate Governance Code

The Directors are of the opinion that the Company had complied with the Corporate Governance Code ("Code"), as set out in Appendix 14 to the Listing Rules for the year ended March 31, 2013, 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 INEDs 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 Listed Issuers (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 have confirmed that they had complied with all relevant requirements as set out in the Model Code during the year ended March 31, 2013.

Audit Committee

The Audit Committee was established by the Company on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C.3 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 the external auditor, and perform other duties and responsibilities as assigned by the Board. The Company's consolidated financial statements for the year ended March 31, 2013 have been reviewed by the Audit Committee and audited by KPMG. As at the date of this announcement, the Audit Committee comprises three INEDs, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Wang Yao.

Mr. Jiang Hengjie resigned as a member of the Audit Committee and Mr. Wang Yao was appointed as a member of the Audit Committee, with effect from May 1, 2013.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established by the Company on September 15, 2007 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Code, whose primary duties as designated by the Board are to determine the remuneration package of individual executive Directors and the senior management based on the operating results of the Company, individual performance and comparable market statistics. As at the date of this announcement, the Remuneration Committee consists of three members, comprising one executive Director and two INEDs (namely, Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen).

Mr. Shen Jingwu and Mr. Jiang Hengjie resigned as members of the Remuneration Committee, while Mr. Wang Yao was appointed as a member of the Remuneration Committee, with effect from May 1, 2013.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph A.5 of the Code, whose primary functions are to review the structure, size and composition of the Board, to identify suitable candidates that are qualified to be appointed as Board members by reference to their experience and qualifications and the corporate strategy of the Company, to assess the independence of the INEDs, and to make recommendations to the Board regarding candidates to fill vacancies on the Board. As at the date of this announcement, the Nomination Committee consists of three members, comprising one executive Director and two INEDs (namely, Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

Mr. Jiang Hengjie resigned as a member of the Nomination Committee and Mr. Wang Yao was appointed as a member of the Nomination Committee, with effect from May 1, 2013.

Publication of the Annual 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, 2013 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

The remarkable annual results of the Group were attributable to the efforts of all the staff and the support of the 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 26, 2013

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Dekang, Ms. Mei Dong, Dr. Kong Shengyuan, Ms. Gao Miaoqin, Ms. Huang Qiaolian, Mr. Mak Yun Kuen and Mr. Rui Jinsong; and the independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao and Mr. Ngai Wai Fung.