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, 2014

HIGHLIGHTS

- Revenue decreased by 11.7% to approximately RMB8,237.9 million.
- Gross profit margin decreased by 0.6 percentage points to 50.0%.
- Net profit attributable to equity shareholders of the Company decreased by 35.6% to approximately RMB694.7 million.
- The Board proposed a final dividend of HKD2.0 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, 2014, together with the comparative figures for the year ended March 31, 2013, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended March 31, 2014
(Expressed in Renminbi)

	Note	For the year ended March 31, 2014 RMB'000	2013 RMB'000
Revenue	3	**8,237,894**	9,324,539
Cost of sales		**(4,122,438)**	(4,603,990)
Gross profit		**4,115,456**	4,720,549
Other income	4	**86,957**	54,373
Selling and distribution expenses		**(2,813,603)**	(2,782,354)
Administrative expenses		**(459,539)**	(459,136)
Impairment losses on goodwill		**(55,000)**	(89,274)
Impairment losses on customer relationships		**–**	(166,790)
Other expenses		**(8,801)**	(5,698)
Profit from operations		**865,470**	1,271,670
Finance income		**184,169**	305,492
Finance costs		**(84,917)**	(120,246)
Net finance income	6	**99,252**	185,246
Share of profits of associates, net of tax		**17,585**	–
Profit before income tax		**982,307**	1,456,916
Income tax expense	7	**(279,969)**	(404,302)
Profit for the year		**702,338**	1,052,614
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations		**37,817**	13,214
Change in the fair value of available-for-sale financial assets		**1,308**	12,293
Available-for-sale financial assets reclassified to profit or loss on disposal		**(14,031)**	(3,318)
Income tax on items that may be reclassified subsequently to profit or loss		**3,181**	(2,244)
Other comprehensive income for the year, net of tax		**28,275**	19,945
Total comprehensive income for the year		**730,613**	1,072,559

	Note	For the year ended March 31, 2014 RMB'000	2013 RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		**694,704**	1,078,650
Non-controlling interests		**7,634**	(26,036)
Profit for the year		**702,338**	1,052,614
Total comprehensive income attributable to:			
Equity shareholders of the Company		**722,736**	1,098,739
Non-controlling interests		**7,877**	(26,180)
Total comprehensive income for the year		**730,613**	1,072,559
Earnings per share	8		
– basic (RMB cents)		**8.73**	13.55
– diluted (RMB cents)		**8.72**	13.55

CONSOLIDATED BALANCE SHEET
At March 31, 2014
(Expressed in Renminbi)

	Note	At March 31, 2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**991,332**	1,012,648
Prepayment for purchase of properties		**–**	19,776
Non-current other receivables		**30,715**	–
Lease prepayments		**32,371**	33,112
Intangible assets and goodwill	9	**1,007,800**	1,098,672
Investment properties		**219,474**	30,922
Interests in associates		**167,585**	–
Deferred tax assets		**451,501**	345,313
		2,900,778	2,540,443
Current assets			
Inventories	10	**2,042,715**	1,970,993
Trade, bills and other receivables	11	**2,099,018**	1,603,314
Receivables due from related parties		**144,261**	94,395
Prepayments for materials and service suppliers		**334,161**	319,911
Other financial assets		**420,000**	460,000
Available-for-sale financial assets		**2,082,930**	1,642,784
Pledged bank deposits		**468,933**	1,412,781
Time deposits with maturity over 3 months		**147,400**	233,230
Cash and cash equivalents		**2,117,996**	1,935,356
		9,857,414	9,672,764
Current liabilities			
Current income tax liabilities		**197,078**	267,130
Interest-bearing borrowings		**1,048,638**	1,736,988
Trade and other payables	12	**1,558,758**	1,618,632
Payables due to related parties		**2,806**	12,237
		2,807,280	3,634,987
Net current assets		**7,050,134**	6,037,777
Total assets less current liabilities		**9,950,912**	8,578,220

	Note	At March 31, 2014 RMB'000	2013 RMB'000
Non-current liabilities			
Interest-bearing borrowings		**2,210,514**	919,098
Non-current other payables	13	**181,691**	179,268
Derivative financial liabilities		**12,050**	10,400
Deferred tax liabilities		**169,424**	183,786
		2,573,679	1,292,552
Net assets		**7,377,233**	7,285,668
Capital and reserves			
Share capital		**622**	622
Reserves		**7,154,267**	7,097,765
Equity attributable to equity shareholders of the Company		**7,154,889**	7,098,387
Non-controlling interests		**222,344**	187,281
Total equity		**7,377,233**	7,285,668

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 all applicable 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"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- IFRS 13, *Fair Value Measurement*
- Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

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

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. No operating segments have been aggregated to form the following 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, 2014			
	Down apparels	**OEM management**	**Non-down apparels**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers	**6,056,663**	**880,517**	**1,300,714**	**8,237,894**
Inter-segment revenue	**–**	**536**	**58,375**	**58,911**
Reportable segment revenues	**6,056,663**	**881,053**	**1,359,089**	**8,296,805**
Reportable segment profit from operations	**650,332**	**142,990**	**190,626**	**983,948**
Depreciation	**(58,586)**	**(308)**	**(50,962)**	**(109,856)**
Share of profits of associates	**–**	**–**	**17,585**	**17,585**
Impairment losses on goodwill	**–**	**–**	**(55,000)**	**(55,000)**

	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/(loss) 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)

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

	For the year ended March 31,	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenues	**8,296,805**	9,363,509
Elimination of inter-segment revenue	**(58,911)**	(38,970)
Consolidated revenue	**8,237,894**	9,324,539

	For the year ended March 31,	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**983,948**	1,667,294
Amortization expenses	**(36,613)**	(58,135)
Government grants	**66,228**	40,505
Gain on disposal of a subsidiary	**6,314**	–
Impairment losses	**(55,000)**	(256,064)
Unallocated expenses	**(81,822)**	(121,930)
Finance income	**184,169**	305,492
Finance costs	**(84,917)**	(120,246)
Consolidated profit before income tax	**982,307**	1,456,916

4 OTHER INCOME/(EXPENSES)

	Note	For the year ended March 31, 2014 RMB'000	2013 RMB'000
Royalty income	*(i)*	**14,415**	13,868
Government grants	*(ii)*	**66,228**	40,505
Gain on disposal of a subsidiary		**6,314**	–
Other income		**86,957**	54,373
Other expenses – Donations		**(8,801)**	(5,698)

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

(ii) The Group received unconditional discretionary grants amounting to RMB66,228,000 for the year ended March 31, 2014 (2013: RMB40,505,000) 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, 2014 RMB'000	2013 RMB'000
Cost of inventories recognized as expenses included in cost of sales	**4,024,009**	4,476,147
Write down of inventories to their net realizable value	**98,429**	127,843
Depreciation		
– Assets leased out under operating leases	**1,333**	1,200
– Other assets	**108,523**	99,122
Amortization	**36,613**	58,135
Operating lease charges	**201,828**	181,969
(Reversal)/Provision for impairment of bad and doubtful debts	**(22,073)**	21,283
Auditors' remuneration	**6,600**	6,950

6 NET FINANCE INCOME

	For the year ended March 31, 2014 RMB'000	2013 RMB'000
Recognized in profit or loss:		
Interest income on bank deposits	**52,432**	72,315
Interest income on available-for-sale financial assets	**86,270**	68,738
Interest income on other financial assets	**15,543**	27,424
Total interest income on financial assets not at fair value through profit or loss	**154,245**	168,477
Change in fair value of contingent consideration	**4,723**	133,185
Change in fair value of derivative financial liabilities	**–**	3,830
Net foreign exchange gain	**25,201**	–
Finance income	**184,169**	305,492
Interest on interest-bearing borrowings	**(65,742)**	(60,713)
Bank charges	**(17,525)**	(40,693)
Change in fair value of derivative financial liabilities *(note 13(b))*	**(1,650)**	–
Net foreign exchange loss	**–**	(18,840)
Finance costs	**(84,917)**	(120,246)
Net finance income recognized in profit or loss	**99,252**	185,246

7 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2014 RMB'000	2013 RMB'000
Current tax expenses		
Provision for PRC income tax	**398,078**	622,094
Deferred tax benefit		
Origination of temporary differences	**(118,109)**	(217,792)
	279,969	404,302

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

The effective tax rate for the year ended March 31, 2014 was approximately 28.5%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses not recognized as deferred tax assets of certain subsidiaries of the Group and tax preferential rate enjoyed by the subsidiary mentioned above.

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

	For the year ended March 31,	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**982,307**	1,456,916
Income tax at the applicable PRC income tax rate of 25%	**245,577**	364,229
Tax losses not recognized as deferred tax assets	**32,283**	24,987
Non-deductible expenses	**56,316**	16,921
Effect of tax concessions of PRC operations	**(52,535)**	(1,986)
Others	**(1,672)**	151
Income tax expense	**279,969**	404,302

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2014 is based on the profit attributable to ordinary equity shareholders of the Company for the year of RMB694,704,000 (2013: RMB1,078,650,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2014 of 7,953,842,000 shares (2013: 7,957,797,000 shares), calculated as follows:

Weighted average number of ordinary shares:

	For the year ended March 31,	
	2014	2013
	'000	*'000*
Issued ordinary shares at April 1	**7,953,842**	7,979,254
Effect of treasury shares held for Share Award Scheme	**–**	(21,457)
Weighted average number of ordinary shares at March 31	**7,953,842**	7,957,797
Basic earnings per share (RMB cents)	**8.73**	13.55

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2014 is based on the profit attributable to ordinary equity shareholders of the Company for the year of RMB694,704,000 (2013: RMB1,078,650,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2014 of 7,965,212,000 shares (2013: 7,963,430,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	For the year ended March 31,	
	2014	2013
	'000	*'000*
Issued ordinary shares at April 1	**7,953,842**	7,979,254
Effect of treasury shares held for Share Award Scheme	**–**	(21,457)
Effect of dilution – Written put option	**11,370**	5,633
Weighted average number of ordinary shares (diluted) at March 31	**7,965,212**	7,963,430
Diluted earnings per share (RMB cents)	**8.72**	13.55

9 INTANGIBLE ASSETS AND GOODWILL

The Group

	Goodwill	Customer relationships	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At March 31, 2012, 2013 and 2014	777,053	597,882	206,765	1,581,700
Amortization and impairment losses:				
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)
Amortization charge for the year	–	(24,993)	(10,879)	(35,872)
Impairment losses	(55,000)	–	–	(55,000)
At March 31, 2014	(144,274)	(404,163)	(25,463)	(573,900)
Net book value:				
At March 31, 2014	632,779	193,719	181,302	1,007,800
At March 31, 2013	687,779	218,712	192,181	1,098,672

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 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,	
	2014	2013
	RMB'000	*RMB'000*
Menswear	**228,467**	228,467
Ladieswear	**404,312**	459,312
	632,779	687,779

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

Based on the assessment, there was no impairment required on the Menswear CGU. The carrying amount of Ladieswear CGU was higher than its recoverable amount, and impairment losses of RMB55,000,000 (2013: RMB25,000,000) were recognized in profit or loss. The impairment losses were fully allocated to goodwill. The estimate of value in use of Menswear CGU and Ladieswear CGU was determined using a post-tax discount rate of 20% and 24%, respectively.

10 INVENTORIES

	The Group	
	At March 31,	
	2014	2013
	RMB'000	*RMB'000*
Raw materials	**157,183**	153,948
Work in progress	**17,061**	98,478
Finished goods	**1,868,471**	1,718,567
	2,042,715	1,970,993

At March 31, 2014, inventories carried at net realizable value amounted to approximately RMB309,258,000 (2013: RMB542,818,000).

All of the inventories are expected to be recovered within one year.

11 TRADE, BILLS AND OTHER RECEIVABLES

	The Group At March 31,		The Company At March 31,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**1,500,462**	1,074,911	**–**	–
Bills receivable	**79,410**	73,794	**–**	–
Less: allowance for doubtful debts	**(111,613)**	(134,622)	**–**	–
	1,468,259	1,014,083	**–**	–
Third party other receivables:				
– VAT recoverable	**288,320**	258,049	**–**	–
– Deposits	**282,033**	233,805	**48,043**	38,711
– Advances to employees	**7,485**	11,242	**–**	–
– Others	**52,921**	86,135	**2,398**	2,583
	2,099,018	1,603,314	**50,441**	41,294

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

(a) Ageing analysis

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

	The Group At March 31,		The Company At March 31,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within credit terms	**1,159,119**	942,660	**–**	–
1 to 3 months past due	**162,970**	57,842	**–**	–
Over 3 months but less than 6 months past due	**124,348**	11,066	**–**	–
Over 6 months but less than 12 months past due	**21,822**	2,322	**–**	–
Over 1 year past due	**–**	193	**–**	–
	1,468,259	1,014,083	**–**	–

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

(b) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivable directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At April 1	**134,622**	116,353	**–**	–
(Reversal)/provision for impairment of bad and doubtful debts	**(22,073)**	21,283	**–**	–
Uncollectible amounts written off	**(936)**	(3,014)	**–**	–
At March 31	**111,613**	134,622	**–**	–

At March 31, 2014, the Group's trade receivables and bills receivable of RMB89,537,000 (2013: RMB184,962,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB11,415,000 (2013: RMB26,239,000) were recognized.

(c) Trade receivables and bills receivable that are not impaired

The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**1,080,997**	783,937	**–**	–
1 to 3 months past due	**152,400**	57,842	**–**	–
Over 3 months but less than 6 months past due	**123,266**	11,066	**–**	–
Over 6 months but less than 12 months past due	**21,532**	82	**–**	–
Over 1 year past due	**–**	193	**–**	–
	297,198	69,183	**–**	–
	1,378,195	853,120	**–**	–

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12 TRADE AND OTHER PAYABLES

	The Group At March 31,		The Company At March 31,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**690,154**	544,897	**–**	–
Other payables and accrued expenses				
– Deposits from customers	**282,833**	438,461	**–**	–
– Construction payables	**61,670**	49,474	**–**	–
– Accrued rebates and commissions	**45,134**	186,400	**–**	–
– Accrued advertising expenses	**9,970**	31,803	**–**	–
– Accrued payroll and welfare	**145,292**	144,176	**1,556**	1,642
– VAT payable	**117,298**	64,841	**–**	–
– Dividends payable	**5,000**	5,000	**–**	–
– Others	**201,407**	153,580	**3,002**	5,416
	1,558,758	1,618,632	**4,558**	7,058

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

As of the balance sheet date, the ageing analysis of trade payables, based on the invoice date, is as follows:

	The Group At March 31,		The Company At March 31,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 month	**316,007**	215,862	**–**	–
1 to 3 months	**374,147**	329,035	**–**	–
	690,154	544,897	**–**	–

13 NON-CURRENT OTHER PAYABLES

	The Group At March 31,	
	2014	2013
	RMB'000	*RMB'000*
Contingent consideration payable	**659**	5,382
Cash-settled written put option	**181,032**	173,886
	181,691	179,268

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.

(a) Contingent consideration payable

At March 31, 2014, the fair value of the contingent consideration payable was RMB659,000 (2013: RMB5,382,000), which was included in the "Non-current other payables", in the Group's consolidated balance sheet as of March 31, 2014.

The decrease in the balance during the year is attributable to the decrease in the fair value of the contingent consideration payable of RMB4,723,000, which was recorded in profit or loss (note 6).

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

As at March 31, 2014, the Group recorded the present value of the redemption price of the cash settled portion of the written put option of RMB181,032,000 (2013: RMB173,886,000) as a non-current payable with the corresponding decrease in other reserve.

As at March 31, 2014, the fair value of the share settled portion of the written put option amounted to RMB12,050,000 (2013: RMB10,400,000), which was recorded as derivative financial liabilities with fair value change of RMB1,650,000 being recognized in profit or loss (note 6).

14 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year:

	For the year ended March 31,	
	2014	2013
	RMB'000	*RMB'000*
Interim dividend declared and paid of RMB2.9 cents per ordinary share (2013: interim dividend of RMB4.9 cents per ordinary share)	**234,410**	389,958
Final dividend proposed after balance sheet date of RMB1.6 cents per ordinary share (2013: RMB5.2 cents per ordinary share)	**127,131**	413,743
	361,541	803,701

The final dividends proposed after the balance sheet date have not been recognized as a liability at the balance sheet date.

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,	
	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB5.2 cents per ordinary share (2013: final dividend of RMB9.8 cents per ordinary share)	**413,743**	780,717

15 POST-BALANCE SHEET EVENTS

Subsequent to March 31, 2014, the Company proposed a final dividend of RMB127,131,000, representing RMB1.6 cents per ordinary share to the equity shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's economic growth slowed down, posing challenges to the apparel industry

The gross domestic product of China in 2013 amounted to RMB56.9 trillion, representing a year-on-year growth of 7.7%. It reflected that China has entered into a period of moderate economic growth. Nevertheless, the Chinese government is more concerned about the quality of the country's economic growth than growth rate. The government further enhanced the quality of China's economy by vigorously promoting reform, structural adjustment and rebalancing of the economy. China will become a more consumption-driven than investment-driven economy to realize sustainable development.

China's apparel industry is going through the most challenging times in the decade. The retail sales of the country's apparel products show a year-on-year growth of 11.5% in 2013, which was the lowest growth rate in the past ten years. The accumulated growth for January to March in 2014 dropped to 9% year on year, indicating deceleration in consumption growth. Rising raw material prices, labor costs and rental costs gradually eroded the profit margin. Meanwhile, the industry is facing increasing competition due to over expansion in previous years, and E-commerce is further taking up market shares. The macroeconomic situation is full of changes, challenges, yet opportunities.

BUSINESS REVIEW

Down Apparel Business

During the year, the business of down apparel was affected by macroeconomic environment and faced the general issues and challenges of the apparel industry. In addition, the temperature in autumn and winter last year was exceptionally high, which also affected the sales of down apparel. From November 2013 to January 2014, the average monthly temperature was two to three degrees higher than that of last year in the same regions in the country. Especially in central and western China, temperature for the first three months in 2014 increased significantly. The temperature of certain regions were even over ten degrees higher when compared to the same period of last year. Amid the harsh environment, the revenue of the Group's down apparel business decreased by 14.6% as compared to the same period of last year to RMB6,056.7 million during the year, and accounted for 73.5% of the Group's total revenue. Sales volume of branded down apparel decreased by 17.0% as compared to the same period of last year to 17.8 million units (including the nonseasonal products of the branded down apparel).

Leveraging on brand popularity and high market penetration, Bosideng maintained its leading position in the industry. According to the China down apparel market report sales statistics in China in 2013 published by China Industrial Information Issuing Centre (CIIIC), the combined market share of the four down apparel brands of the Group (namely Bosideng, Snow Flying, Combo and Bengen) amounted to 37.8%, maintained a predominant position for 19 consecutive years.

As of March 31, 2014, there was a net decrease in the total number of down apparel stores by 1,357 to 11,652, and sales area decreased by approximately 6.7%. The Group streamlined and adjusted its sales channels during the low season, and there was a net decrease of 2,083 third party distributor stores to 7,829 during the year. The number of self-operated stores increased by 726 to 3,823, accounting for 32.8% of the entire retail network.

Retail network breakdown by down apparel brand

As at March 31, 2014	Bosideng Number of stores	Bosideng Sales area	Snow Flying Number of stores	Snow Flying Sales area	Combo Number of stores	Combo Sales area	Bengen Number of stores	Bengen Sales area	Others Number of stores	Others Sales area	Total Number of stores	Total Sales area
Specialty stores												
Operated by the Group	**389**	**70,603**	**175**	**17,609**	**28**	**2,663**	**19**	**1,154**	**2**	**194**	**613**	**92,223**
Operated by third party distributors	**2,435**	**289,759**	**718**	**55,825**	**470**	**34,380**	**692**	**42,678**	**363**	**20,574**	**4,678**	**443,216**
Subtotal	**2,824**	**360,362**	**893**	**73,434**	**498**	**37,043**	**711**	**43,832**	**365**	**20,768**	**5,291**	**535,439**
Concessionary retail outlets#												
Operated by the Group	**1,235**	**94,601**	**932**	**58,996**	**837**	**18,414**	**203**	**6,085**	**3**	**128**	**3,210**	**178,224**
Operated by third party distributors	**712**	**84,726**	**533**	**41,441**	**989**	**72,344**	**709**	**43,727**	**208**	**11,789**	**3,151**	**254,027**
Subtotal	**1,947**	**179,327**	**1,465**	**100,437**	**1,826**	**90,758**	**912**	**49,812**	**211**	**11,917**	**6,361**	**432,251**
Total	**4,771**	**539,689**	**2,358**	**173,871**	**2,324**	**127,801**	**1,623**	**93,644**	**576**	**32,685**	**11,652**	**967,690**

As at March 31, 2013	Bosideng Number of stores	Bosideng Sales area	Snow Flying Number of stores	Snow Flying Sales area	Combo Number of stores	Combo Sales area	Bengen Number of stores	Bengen Sales area	Others Number of stores	Others Sales area	Total Number of stores	Total Sales area
Specialty stores												
Operated by the Group	62	14,396	238	28,133	22	2,516	–	–	–	–	322	45,045
Operated by third party distributors	3,023	359,729	1,026	79,772	499	36,501	827	51,004	193	10,939	5,568	537,945
Subtotal	3,085	374,125	1,264	107,905	521	39,017	827	51,004	193	10,939	5,890	582,990
Concessionary retail outlets#												
Operated by the Group	1,074	111,406	963	58,682	735	16,379	1	300	2	85	2,775	186,852
Operated by third party distributors	943	98,876	602	36,085	1,300	79,208	944	31,442	555	21,407	4,344	267,018
Subtotal	2,017	210,282	1,565	94,767	2,035	95,587	945	31,742	557	21,492	7,119	453,870
Total	5,102	584,407	2,829	202,672	2,556	134,604	1,772	82,746	750	32,431	13,009	1,036,860

The unit of sales area is square meter

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

Retail network of down apparel business breakdown by region

	As at March 31, 2014	As at March 31, 2013	Change
Eastern China	**4,615**	4,795	-180
Central China	**2,411**	2,378	33
Northern China	**1,285**	1,886	-601
Northeast China	**1,274**	1,576	-302
Northwest China	**1,206**	1,402	-196
Southwest China	**861**	972	-111
Total	**11,652**	13,009	-1,357

Areas:

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

MAJOR PROGRESS OF DOWN APPAREL BUSINESS

During the year, the Group achieved progressive results in the following aspects: 1. Effective procurement management to control cost; 2. Prompt adjustment to production plan according to sales status; 3. Scanning sales channels to develop more reasonable network planning; 4. Accumulation of experience for retail transformation; 5. Information management improved efficiency and system upgrading was adopted; 6. Significant improvement in logistics efficiency through management enhancement.

1. Effective purchasing management to control cost

During the year, the Group successfully controlled procurement price through resources integration, strategic partnership cooperation and low season procurement.

Procurement of down: Outbreak of the bird flu in April 2013, resulted in shortage of down and price speculation. The market price doubled as compared with April last year. In response to the bird flu, the following measures were taken: (1)the Group purchased some down during low season; (2)the Group provided financial support to suppliers by way of prepayment to ensure the supply; (3)the Group cooperated with suppliers to jointly curb speculation and leveraging on the Group's market influence; (4) the Group enjoyed an average price 20% below the market.

Other raw materials: for fabrics and accessories, the Group secured a more favourable price for newly invented fabrics through early intervention. As for fur, the price went up significantly during the year. The Group sent technical staff to provide onsite technical support to maximize the utilization of the material in order to save cost.

2. Prompt adjustment to production plan according to sales status

With exceptional weather change and weak retail sentiment during the year, the Group swiftly adjusted its production based on actual sales figures, fulfilled and adjusted orders in a timely manner. The Group took the initiative and reduced production volume by approximately 15%, to reduce increment of new inventories.

3. Scanning of sales channels to develop more reasonable network planning

During the low season, the Group carried out a multi-dimensional analysis and management based on regions, city tiers, and business districts. The Group formulated outlet expansion plan more suitable for brands and the future sales strategies. During the year, the stores allocation of down brands was further adjusted, making better preparation for retail transformation.

4. Accumulation of experience for preparation of retail transformation

The Group is making progress with its retail transformation. During the year, the Group fully enhanced various aspects such as shop image, product display, service quality and warehouse management so as to enhance its stores' quality, service standard and operating efficiency. Retail squads conducted comprehensive training in sales skills, and product management, the image and services of the first 60 benchmark stores were significantly improved with sales outperforming other stores. This result will bring more confidence and built solid experience for future expansion.

5. Information management improved efficiency and system upgrading was adopted

Increasing penetration rate of ERP systems: During the year, the Group organized technical patrol to carry out supervision, training and guidance to retail terminals in order to raise the usage efficiency of the ERP system. During the year, the distributors were more familiar with the system through training. The usage of national sales portal ERP exceeded 75%, which in turn significantly enhanced the efficiency of data and goods management by the distributors. Meanwhile, the POS promotion team developed customized nationwide POS system in retail terminals that suitable to the Group's business needs. The system is more flexible and cost-effective. The Group stepped up its effort in promoting the installation and usage of POS in order to obtain timely and accurate terminal sales data for analysis. As at March 31, 2014, the coverage of POS system of down apparel brands was over 80%.

Upgrade of the Group's information system: The Group engaged Accenture during the year to restructure the Group's information management system. Accenture comprehensively examined the supply chain, logistics, finance and management platform. The Group will use SAP as its core system to replace its self-developed ERP system in the future. The new information system was designed for accommodating business development needs for the coming three to five years and supporting the Group's retail transformation, non-down apparel business and international business. By using SAP system, the Group is able to optimize business process, enhance risk control, integrate the management of finance and business, as well as increase the processing speed of financial data. During the year, the Group completed the procurement of SAP system and confirmed its collaboration with IBM to conduct consultation and implementation of the system, and has currently completed the business blueprint. It is expected that SAP system will be in operation at the end of 2014/2015 financial year.

6. *Significant improvement in logistics efficiency through management enhancement*

During the year, the Group enhanced management of its logistics, creating a more effective platform for sharing and management of merchandise. For information management in logistics, real-time sharing among the three warehouse inventory databases (terminal POS, subsidiary warehouse ERP and head warehouse WMS) were established after system integration. Data quality for management analysis and decision can be improved from logistics dimension. The Group adopted a series of measures to optimize the process and enhance the data accuracy so as to increase operating efficiency and cut headcount after streamlining process and reducing cost. For example, 1) as the only enterprise in down apparel industry to introduce RF integrated scanner, the Group is able to optimize selection and collection orders in the logistic process with 100% accuracy and double the operating efficiency; 2) database on factories was established in ERP system to ensure accuracy of merchandise data, and operating efficiency in goods collections increased by 42.5%.

In consideration of medium-to-long-term development planning for its logistics, the Group confirmed the deployment of two-tier logistics of central distribution center-regional distribution center in the future, commenced exploration of regional distribution center reform, and made use of economy of scale of regional network to enhance the delivery speed, which helped increase the prompt response of its retail stores to the market. During the year, the Group focused on the study of regional distribution center sites in southern region of Jiangsu province and ensured future reform will be implemented in an orderly manner through market research and planning.

OEM Management Business

During the year, the revenue from the Group's OEM management business amounted to RMB880.5 million, representing a decrease of 7.8% as compared to the same period of last year and accounted for 10.7% of the Group's total revenue. The decrease in revenue from this business segment was mainly attributable to the slow economic recovery in Europe and the United States as well as the global trend of relocating the processing factories to Southeast Asian countries.

During the year, the OEM management business has 11 clients, which are mainly renowned brands in the United States. Revenue of the OEM management business from the top five clients accounted for approximately 71.2% of the total.

During the year, the Group began exporting and introducing products under its own brand to sales channels in Germany and nearby countries by collaborating with a renowned European online retailer for apparel, accessories and household goods. On such basis, the Group introduced another Italian regional distributor in the second half of the year to prepare itself for channeling its products to down multi-brand shops in Italy in 2014/2015 financial year. During the year, orders from distributors in Germany and Italy exceeded 12,000 units, with presence in approximately 480 stores. Achieving such result in the first year of business proved that our products have gained recognition from the market. In its future business development, the Group will focus on markets in covered areas, increase the sales figure from individual shops, and open up other potential markets in Europe.

Non-down Apparel Business

During the year, the revenue from non-down apparel business increased amounted to RMB1,300.7 million, representing an increase of 1.9% as compared to the same period of last year and accounted for 15.8% of the Group's total revenue. Of total revenue, the revenue from Bosideng MAN amounted to RMB478.2 million, representing a decrease of 1.2% as compared to the same period of last year; the revenue from JESSIE amounted to RMB348.4 million, representing an increase of 4.9% as compared to the same period of last year; and the revenue from Mogao amounted to RMB446.8 million, representing an increase of 4.9% as compared to the same period of last year.

As of March 31, 2014, there was a net decrease of 263 in the total number of non-down business stores to 1,163, and the sales area decreased by approximately 19.4%. In particular, there was a net decrease of 163 in the number of Bosideng MAN stores to 592, and the sales area decreased by approximately 18.8 %; there was a net decrease of 28 in the number of JESSIE stores to 226, and the sales area decreased by approximately 8.0%; there was a net decrease of 77 in the number of Mogao stores to 318, and the sales area decreased by approximately 24.3%.

Retail network breakdown by non-down apparel brand

As at March 31, 2014	**Bosideng MAN**		**JESSIE**		**Mogao**		**RICCI**		**Total**	
	Number of stores	**Sales area**	**Number of stores**	**Sales area**	**Number of stores**	**Sales area**	**Number of stores**	**Sales area**	**Number of stores**	**Sales area**
Specialty stores										
Operated by the Group	**32**	**5,025**	**3**	**322**	**–**	**–**	**1**	**120**	**36**	**5,467**
Operated by third party distributors	**288**	**30,818**	**43**	**4,541**	**109**	**9,731**	**–**	**–**	**440**	**45,090**
Subtotal	**320**	**35,843**	**46**	**4,863**	**109**	**9,731**	**1**	**120**	**476**	**50,557**
Concessionary retail outlets										
Operated by the Group	**76**	**4,965**	**106**	**8,530**	**209**	**25,447**	**23**	**143**	**414**	**39,085**
Operated by third party distributors	**196**	**13,834**	**74**	**6,464**	**–**	**–**	**3**	**212**	**273**	**20,510**
Subtotal	**272**	**18,799**	**180**	**14,994**	**209**	**25,447**	**26**	**355**	**687**	**59,595**
Total	**592**	**54,642**	**226**	**19,857**	**318**	**35,178**	**27**	**475**	**1,163**	**110,152**

As at March 31, 2013	Bosideng MAN		JESSIE		Mogao		RICCI		Total	
	Number of stores	Sales area	Number of stores	Sales area	Number of stores	Sales area	Number of stores	Sales area	Number of stores	Sales area
Specialty stores										
Operated by the Group	24	3,977	3	322	–	–	22	1,331	49	5,630
Operated by third party distributors	371	38,725	53	5,492	186	16,517	–	–	610	60,734
Subtotal	395	42,702	56	5,814	186	16,517	22	1,331	659	66,364
Concessionary retail outlets										
Operated by the Group	99	6,193	120	9,445	209	29,959	–	–	428	45,597
Operated by third party distributors	261	18,404	78	6,330	–	–	–	–	339	24,734
Subtotal	360	24,597	198	15,775	209	29,959	–	–	767	70,331
Total	755	67,299	254	21,589	395	46,476	22	1,331	1,426	136,695

The unit of sales area is square meter

Retail network of non-down apparel business breakdown by region

	As at March 31, 2014	As at March 31, 2013	Change
Eastern China area	**297**	384	-87
Central China area	**322**	364	-42
Northern China area	**64**	82	-18
Northeast China area	**130**	177	-47
Northwest China area	**168**	177	-9
Southwest China area	**182**	242	-60
Total	**1,163**	1,426	-263

Areas:

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

Bosideng MAN

During the year, the Group made adjustments for Bosideng MAN mainly in the following aspects: (1) Product positioning: trendy and functional business menswear for 30-40 years old elites in second and third tier cities; (2) Product planning: after a clearer product positioning, product types can be streamlined with a narrower price range and 50% less stock keeping unit (SKU). The Group provided some high value for money products to enrich the brand value and attract customers; (3)Sale channels: after a scrutinized analysis, the Group net decrease 163 stores with poor performance; Newly opened stores mainly located near streets stores and shopping malls that made it closer to the target customers; (4) Improved shop image: The emphasis on the integration of product display and product research and development creates more series of product while the design was improved; (5) Improved retail store service: providing salespersons at retail stores with systematic training and evaluation in order to raise sales. The streamlining of menswear business will continue, which will lay a solid foundation for the medium- long-term development in the future.

JESSIE

JESSIE is a major ladies' wear brand of the non-down apparel business 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 a 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 March 31, 2012, 2013, 2014 and 2015, respectively.

During the year, JESSIE recorded sales revenue and net profit of approximately RMB347.6 million and RMB76.8 million, respectively. The net profit attributable to JESSIE for the financial year ended March 31, 2014 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 RMB150.0 million, which was recorded as contingent consideration payable in the consolidated balance sheet and will only be refunded 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, 2014, nor expected to be fulfilled in the next financial year, 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.

The JESSIE brand adjusted its adjustments in operation in response to the unfavorable development in the northern market last year. The Group separated the functions of store expansion and store management as a remedial measure. It retained managers who have the ability to develop the retail expansion in northern China, and it appointed more experienced administrators to enhance the management of stores in order to improve their efficiency. During the year, JESSIE had a net closure of 28 stores with poor performance after streamlining sale channels. The Group strengthened management of remaining retail stores and increased their operating efficiency so that revenue did not suffer from store closures and even registered a slight increase.

Mogao

During the year, the Group reviewed Mogao's business model, and made adjustments to retail channels to optimize the portfolio and distribution of the retail network. During the year, there was a net decrease of 77 stores with poor performance. In addition, during the year, the Group is committed to enhancing Mogao's outlet standard, improving service quality and outlet operating efficiency. The revenue of Mogao was not affected by the store closures, but increased slightly by 4.9% instead.

International development

Entering the second year of operation, the management of Bosideng London flagship Store has accumulated operation experience and formed their own views on store developments in aspects such as product design, production and retail operation. They have also gained a better understanding of the preferences and needs of local customers.

In order to bolster the Bosideng brand in overseas markets, Bosideng London flagship Store continued to make brand building and promotion its top priority. Bosideng London formed a sponsor partnership with Tottenham Hotspur, an English Premier League Football Club, and such partnership provided Bosideng London with a publicity platform. In addition, Bosideng London's brand appeared in Tottenham Hotspur's official website and social media channels, enabling the brand to have direct interactions with fans around the world.

The Bosideng London series showed in the New York Fashion Week in February 2014, marking the Group's first step into US market to introduce brand to customers and fashion industry in the United States. This was also a test of the charm of "Chinese brand" in the international fashion sector. The overall style of the works displayed is a combination of the characteristics of traditional menswear in England and the contemporary elements of China. The design was a continuous mixture of culture, art and fashion shown in a simple and innovative way. The display attracted a lot of attention from the fashion industry, including experts and fashion bloggers from the new social media. The Group attracted extensive interviews and media coverage during the New York Fashion Week.

CORPORATE TRAINING

Bosideng Business College was established in the year with an aim to build an internal training system to satisfy the Group's own development requirements and provide tailor-made training courses. In order to achieve this, the Group put much effort to develop leadership training courses. During the year, the Business College nurtured 121 in-house trainers, including 35 Development Dimensions International-certified trainers and 86 trainers certified by Bosideng Business College through the leadership programme. These employees have been with the company for years and can accurately identify the problems and needs of the team. Accordingly, they can develop related courses and provide training. As a result, a standardized management practice can be developed to reach management efficiency.

The Business College aims to enhance the quality and business skills of staff and foster their career development through training courses. The staff will be able to learn from successful business experience, adopt advanced operation and management models, get inspired by innovations while observing the Group's corporate tradition and culture. The Business College offers courses on two areas, namely staff quality and business training. During the year, the Business College established online learning platform to satisfy the demand for distance e-learning and provide technical training to regional and store business staff. A total of 114 courses were held by the internal and external lecturers, covering areas such as product display, engineering, merchandise and marketing. Training sessions accumulated to approximately 60,000 hours with more than 7,800 participants.

SOCIAL RESPONSIBILITY

During the year, the Group participated in various donation activities through its Dekang Love Foundation and equivalent to RMB15 million (in terms of retail value) donation has made. The Group donated to areas for disaster relief promptly upon the outbreak of a 7.0 Richter scale earthquake in Yaan, Sichuan Province in April 2013.

In December 2013, the Group donated 1,000 down apparels to Dekang Love Foundation for the caring-for-elderly activity in Ganzhou. Dekang Love Foundation cooperated with Ganzhou Civil Affairs Bureau to deliver the down apparels to the geracomium in nine counties in Ganzhou. Ganzhou, the historical capital of the Communist Revolution, is the foundation's first station of donation in the nation after the series of donation activity "Dekang Fraternity Giving Warm to China" launched in Ji'an, Jiangxi Province. Following the launch of donation activity in Ganzhou, Jiangxi Province, the foundation will begin a series of donation activities in the next phrase to help the poor and underprivileged in Sichuan Province, Hebei Province, Jiangsu Province and other places.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended March 31, 2014 decreased by 11.7% year-on-year to approximately RMB8,237.9 million. Revenue of the Group's branded down apparel business decreased by 14.6% to approximately RMB6,056.7 million, mainly due to unstable macroeconomic environment and reduced domestic demand, together with the temperature in autumn and winter last year was exceptionally high, that resulted in a drop in sales revenue of down apparels; the revenue of OEM management business decreased by 7.8% to RMB880.5 million, mainly due to the slow economic recovery in Europe and the United States as well as the trend of relocating the processing factories in the world to Southeast Asian countries. Sales of the non-down apparel business slightly increased by 1.9% to approximately RMB1,300.7 million as compared to the previous year which evidenced the initial result of the adjustments implemented by the Group such as clearance of inventories, adjustment of products positioning and the rational planning of retail channels.

During the year, the branded down apparel business remained the largest contributor of revenue, which accounted for 73.5% of the Group's revenue, with the remaining 15.8% and 10.7% coming from the non-down apparel business and the OEM management business, as compared to 76.1%, 13.7% and 10.2%, respectively in the previous year.

Sales analysis by businesses

	Year ended March 31,				
	2014		2013		
	(RMB million)	**% of total revenue**	(RMB million)	% of total revenue	Changes (in %)
Branded down apparel					
• Self-owned	**2,167.4**	**26.3%**	1,620.5	17.4%	33.7%
• Wholesales	**3,798.7**	**46.1%**	5,434.6	58.3%	-30.1%
• Others*	**90.6**	**1.1%**	38.6	0.4%	134.7%
Total down apparel revenue	**6,056.7**	**73.5%**	7,093.7	76.1%	-14.6%
Non-down apparel					
• Self-owned	**718.5**	**8.7%**	381.9	4.1%	88.1%
• Wholesales	**578.9**	**7.0%**	890.9	9.5%	-35.0%
• Others #	**3.3**	**0.1%**	3.1	0.1%	6.5%
Total non-down apparel revenue	**1,300.7**	**15.8%**	1,275.9	13.7%	1.9%
OEM management	**880.5**	**10.7%**	954.9	10.2%	-7.8%
Total revenue	**8,237.9**	**100.0%**	9,324.5	100.0%	-11.7%

* *Represents sales primarily of raw materials related to down apparel products and other licensing fees, etc.*

Represents revenue from rental income

A majority of the Group's products were branded down apparel sold wholesale, which accounted for 62.7% of the Group's branded down apparel revenue, compared to 76.6% in the previous year.

Revenue analysis of down apparel sales by brand

Brands	**Year ended March 31, 2014** (RMB million)	**2014** % of branded down apparel sales	2013 (RMB million)	2013 % of branded down apparel sales	Changes (in %)
Bosideng	**4,047.8**	**66.9%**	4,753.8	67.0%	-14.9%
Snow Flying	**1,025.1**	**16.9%**	1,208.3	17.0%	-15.2%
Bengen	**347.3**	**5.7%**	424.5	6.0%	-18.2%
Combo	**453.7**	**7.5%**	532.5	7.5%	-14.8%
Other brands	**92.2**	**1.5%**	136.0	1.9%	-32.2%
Others	**90.6**	**1.5%**	38.6	0.6%	134.7%
Total down apparel revenue	**6,056.7**	**100.0%**	7,093.7	100.0%	-14.6%

Brands	**Year ended March 31, 2014** (RMB million)	**2014** % of branded non-down apparel sales	2013 (RMB million)	2013 % of branded non-down apparel sales	Changes (in %)
Bosideng MAN	**478.2**	**36.8%**	483.9	37.9%	-1.2%
JESSIE	**348.4**	**26.8%**	332.1	26.0%	4.9%
Mogao	**446.8**	**34.3%**	426.0	33.4%	4.9%
Others	**27.3**	**2.1%**	33.9	2.7%	-19.5%
Total non-down apparel revenue	**1,300.7**	**100.0%**	1,275.9	100.0%	1.9%

For down apparel business, sales revenue of the Bosideng branded apparel remained the largest contributor and contributed 66.9% or approximately RMB4,047.8 million to the total branded down apparel sales. Snow Flying contributed sales revenue of 16.9% or approximately RMB1,025.1 million to the total branded down apparel sales. Combo and Bengen recorded sales revenues of approximately RMB453.7 million and RMB347.3 million, which represented 7.5% and 5.7% of the total branded down apparel sales, respectively.

In respect of non-down apparel business, Bosideng MAN is the largest contributor to the revenue of the non-down apparel business, which contributed 36.8% or approximately RMB478.2 million to the total non-down apparel revenue. JESSIE and Mogao recorded revenues of approximately RMB348.4 million and RMB446.8 million, which represented 26.8% and 34.3% of the total non-down apparel revenue, respectively.

Gross profit

During the year, the Group took advantage of its own economies of scale and strictly implemented cost control measures to ease the impact caused by the increase in labour cost and the cost of raw materials such as down. Gross profit dropped by 12.8% from RMB4,720.5 million to RMB4,115.5 million, gross profit margin decreased by 0.6 percentage points to 50.0%.

The gross profit margin of the branded down apparel business, non-down apparel business and the OEM management business for the year was 54.4%, 49.0% and 21.0% respectively, as compared to 55.5%, 45.7% and 20.9%, respectively for last year.

Distribution expenses

The Group's distribution expenses, mainly comprising advertising and promotion expenses, concessionaire fees to shopping malls and salary and welfare, amounted to approximately RMB2,813.6 million, representing a slight increase of 1.1%, as compared to approximately RMB2,782.4 million in the previous year. Distribution expenses constituted 34.2% of the total revenue, signifying a rise of 4.4 percentage points as compared to 29.8% for the same period of last year.

Administrative expenses

The administrative expenses of the Group, which mainly comprise salary and welfare, depreciation and office expenses, amounted to approximately RMB459.5 million, representing a slight increase of 0.1% from approximately RMB459.1 million in the previous year. During the year under review, administrative expenses accounted for 5.6% of the Group's revenue, representing an increase of 0.7 percentage points as compared to 4.9% for the same period of last year.

Operating profit

During the year under review, the Group's operating profit decreased by 31.9% to approximately RMB865.5 million. Operating profit margin was 10.5%, representing a decrease of 3.1 percentage points as compared to 13.6% for the same period of last year.

Finance income

During the year under review, the Group's finance income decreased by approximately 39.7% to approximately RMB184.2 million from approximately RMB305.5 million in the previous year. The decrease was mainly due to the decrease of the fair value of contingent consideration payable in respect of JESSIE ladies' wear of approximately RMB133.2 million for the corresponding period of last year.

Finance expenses and taxation

The Group's finance expenses for the year under review decreased by 29.4% to approximately RMB84.9 million. The expenses was mainly the interest of bank loan of the Group.

For the year ended March 31, 2014, income tax expenses decreased from approximately RMB404.3 million to approximately RMB280.0 million. The effective tax rate was approximately 28.5%, higher than the standard PRC income tax rate of 25%, which was mainly attributable to the combined effect of non-deductible expenses, tax losses not recognized as deferred tax assets of certain subsidiaries of the Group and tax preferential rate enjoyed by the subsidiary.

Final dividends

The Board has recommended the payment of a final dividend of HKD2.0 cents (equivalent to approximately RMB1.6 cents) per ordinary share for the year ended March 31, 2014. 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, 2014. Upon shareholders' approval, the proposed final dividends will be paid on or around September 12, 2014 to shareholders whose names appear on the register of members of the Company on September 5, 2014.

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 raised by bank borrowings for the purpose of capital allocation.

For the year ended March 31, 2014, the Group's net cash used in operating activities amounted to approximately RMB150.6 million and the net cash generated from operating activities amount to approximately RMB632.5 million for the year ended March 31, 2013. Cash and cash equivalents as at March 31, 2014 were in the amount of approximately RMB2,118.0 million, as compared to approximately RMB1,935.4 million as at March 31, 2013.

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 3.8 % to 6.21% per annum.

As at March 31, 2014, the Group had bank borrowings amounting to approximately RMB3,259.2 million (2013: RMB2,656.1 million). The gearing ratio (total debt/total equity) of the Group was 44.2% (March 31, 2013: 36.5%).

Contingent liabilities

As at March 31, 2014, the Group had no material contingent liabilities.

Capital commitments

As at March 31, 2014, the Group had outstanding capital commitments in respect of plant, property and equipment amounting to approximately RMB110.0 million (March 31, 2013: RMB105.8 million).

Operating lease commitment

As at March 31, 2014, the Group had irrevocable operating lease commitment which amounted to approximately RMB299.4 million (March 31, 2013: approximately RMB340.4 million).

Pledge of assets

As at March 31, 2014, bank deposits amounting to approximately RMB468.9 million had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letters of credit (March 31, 2013: approximately RMB1,412.8 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 impacts on the Group's financial position.

As at March 31, 2014, 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, 2014, the Group had approximately 5,940 full-time employees (March 31, 2013: 5,327 full-time employees). Staff costs for the year ended March 31, 2014 (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB925.5 million (2013: approximately RMB767.3 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 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 award scheme (the "Share Award Scheme").

As at March 31, 2014, no share had been awarded by the Group under the Share Award Scheme.

Outlook

In short term, China's economy is expected to grow in moderate speed, quality enhancement will be the direction of development. Consumer market sentiment is expected to be weak, as it faces pressure of high inventory and over expansion in earlier stage. In view of such environment, the Group will streamline its organization, refine professional management and in turn to improve operational efficiency and Company competencies, thus to maintain its leading position in apparel industry. Priorities will be given to the following aspects:

Down Apparel Business

The Group reviewed in detail the results of its brand separation strategy, which had led lead to smooth operation of each brand has realised the brand value throughout the value chain. However, the Group also realized that failure to integrate business in earlier stage resulted in a significant increase in staff cost. Learning from the past, the Group will focus on achieving synergy among various brands to save human resources in the coming year.

Brand Reshaping: The Group will continue to optimize the embedded value of each of its brands by reshaping and enhancing the fashion sense of its products and technological innovation, so as to rejuvenate brand and maintain its leading market position. Taking into account the current strong brand recognition of Bosideng and Snow Flying, the Group will focused on physical stores of the two brands in the coming year. Meanwhile Combo and Bengen will mainly focus on specific regions and online channels.

Retail Transformation: With regard to the layout of its sale network, the Group will streamline and optimize the whole retail network, enhance its information and data management and analysis, and adjust and optimize channel composition based on the data in order to rationalize the layout of the network. Meanwhile, the Group needs to gain more experience on retail management, so as to increase the profitability of stores and accelerate its retail business transformation process. The overall operational pattern have been taken geared towards retailing. In the coming year, brand strategy, advertisement and merchandise planning will all be developed in the direction of retail transformation.

Fast Supply Chain to Reduce Inventory Level: Strengthening the control over inventory level is also one of the key missions of the Group in the year to come. The Group will continue to optimize the existing spot trading system and stringently control the proportion of initial order at 30%. At the same time, the frequency of replenishment orders during the peak seasons will increase to once a week, so that it can be flexible and quickly respond to sales performance at the stores. Meanwhile, the Group will educate distributors to achieve a more reasonable order arrangement. The Group will conduct scientific analysis of the retail and distribution channel data in aspects such as procurement, production and allocation of goods. This will enable the Group to increase its responsiveness to the market in a more flexible and swift manner, and the operation efficiency of the supply chain will be enhanced with unnecessary inventories reduced. In terms of old inventories, it is intended that the off-season discount will be reformulated in autumn, along with the development of sale channels, to step up the effort in the clearance of inventories.

Exploring Online to Offline: E-commerce has already become a consumption trend. With a view to better planning for e-commerce development, the Group will establish a shared CRM and VIP management system to collect data and share the resources within the Group. It will also make active investment in mobile devices to expand its online sale channels. It will formulate planning for online brand operation via data analysis, so as to explore interactions between online and offline channels and enhance the shopping experience of the consumers, thereby attracting more young consumers and expanding the consumer base of the Group.

Non-Down Apparel Business

The Group will review the profitability of individual brands and plan to terminate brands with poor profitability, including BOSIDENG RICCI ladies' wear and Slim (a small down apparel brand), so that the Group's resources will be utilized in the most effective way. Looking ahead, the non-down apparel business will focus on two segments, namely ladies wear and men's business casual wear.

Management System

With the continuous growth of its business, the Group will put emphasis on precise division of professional management with less hierarchy and will streamline unnecessary positions and procedures to save manpower. Meanwhile, the Group will re-design a strategy-oriented performance appraisal system and establish clearer quantitative and qualitative appraisal objectives so that appraisal will be closely-linked to the operating efficiency, which will nurture a proactive and cooperative corporate culture. At the same time, the Group will enhance its operation capability and optimize the Group's management system through higher level of professional division of labour and emphasis on collaboration among different departments, thereby laying a solid foundation for business development in the long term.

Medium to Long Term Development Plan

The Group will gradually increase the proportion of OBM/ODM to supplement OEM business. In terms of internationalization, the Group will explore various channels, and continue to enhance the Group's capability of international operation and capital operation. In the future, the Group will further develop multi-brand, non-seasonal and internationalization strategy, to become a respectable, world-renowned integrated apparel brand operator.

Closure of Register of Members

The register of members of the Company will be closed from (i) August 26, 2014 to August 28, 2014 and (ii) September 3, 2014 to September 5, 2014, 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 or around September 12, 2014, 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 25, 2014 and (ii) September 2, 2014, 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, 2014, 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 HKD88.1 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, 2014, except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. 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 founder of the Group and the Chairman of the Board. Mr. Gao Dekang had also been the CEO of the Company for the year ended March 31, 2014 until May 15, 2014. The Board believed that previously it was necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provided strong and consistent market leadership and was 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 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.

With effect from May 15, 2014, Mr. Gao Dekang has ceased to act as the CEO of the Company, and Dr. Liang Sheuh-Hvei has taken up the role as the CEO of the Company. Such arrangement is principally attributable to the increase in scale of the Company, which triggers the need of the Company to attract more professional talents and have a precise division of labour and management, so as to lay a more solid foundation for its long term business development. At the same time, such arrangement separates the roles of the chairman and CEO of the Company, which enables the Company to re-comply with the requirements set out in Appendix 14 to The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and effectively raise the level of corporate governance of the Company.

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, 2014.

Review of Annual Results

The Company's consolidated financial statements for the year ended March 31, 2014 have been reviewed by the Audit Committee.

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, 2014 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.

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

Hong Kong, June 26, 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Dekang, Ms. Mei Dong, 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, Dr. Ngai Wai Fung and Mr. Lian Jie.