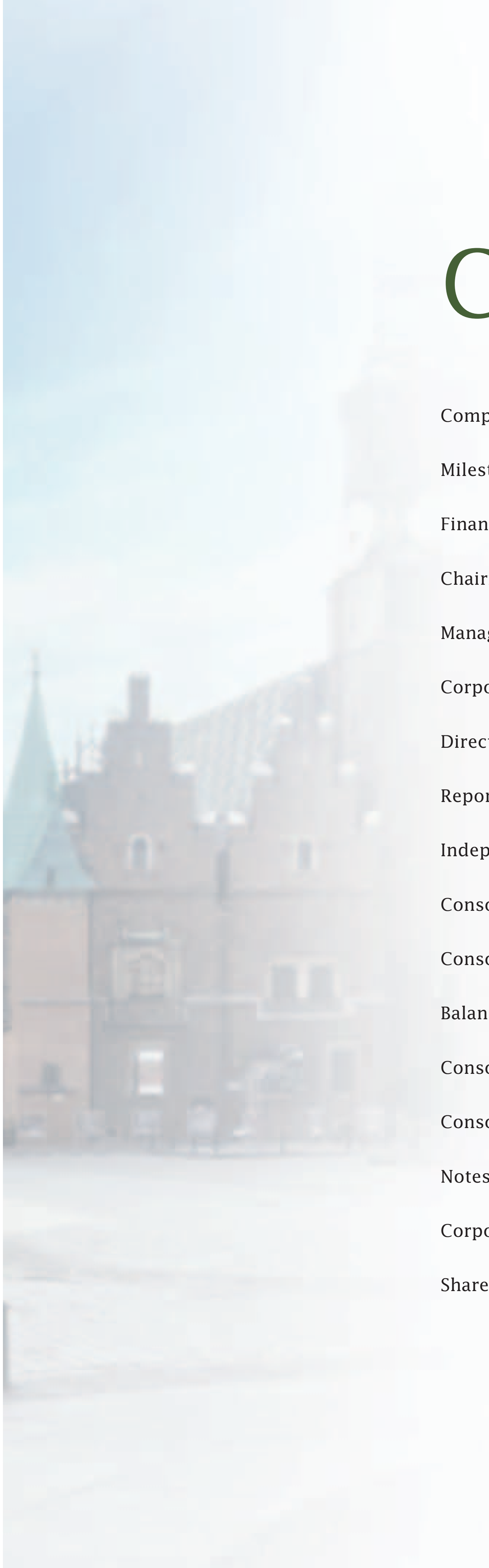
2012/13
ANNUAL REPORT

Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3998



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Company Profile

Bosideng International Holdings Limited ("Bosideng" or the "Company", together with its subsidiaries, the "Group") is the largest down apparel company in the People's Republic of China (the "PRC") and has a total of 13,009 retail outlets nationwide, exclusively selling down apparel under its four core down apparel brands, namely Bosideng, Snow Flying, Combo and Bengen. The Group satisfies different consumers through product differentiation of its brands, thereby further strengthening its leading position in the PRC down apparel industry.



According to the data issued by China Industrial Information Issuing Center ("CIIIC"), the total sales of the Group's four major down apparel brands, Bosideng, Snow Flying, Combo and Bengen, accounted for 40.1% of the market share in the PRC down apparel market in terms of sales revenue in 2012. According to the data of CIIIC and the National Bureau of Statistics of China, Bosideng has been the leading PRC down apparel brand for 18 consecutive years from 1995 to 2012. As a leader in the PRC down apparel industry, the Group presented the latest fashionable Fall/Winter apparel to the world on behalf of the PRC at the China International Clothing and Accessories Fair for 17 consecutive years.

On the basis of the core business of down apparel, the Group has further optimized its product mix to develop an evergreen business for four seasons. Currently, the non-down apparel product lines owned by the Group through acquisitions and innovations include Bosideng MAN, JESSIE ladies' wear, Mogao casual wears and BOSIDENG RICCI ladies' wear. The Group will continue to consolidate resources of the non-down apparel segment and further increase the proportion of such business in the Group's total sales to ultimately transform Bosideng into an internationally renowned multi-brand apparel operator.

Among the top 30 brands of down apparel

Milestones And Achievements

AWARDS AND RECOGNITIONS

The Group focuses on down apparel business and has a leading position in the down apparel industry, while making a progressive expansion into the non-down apparel business. During the year under review, the Group received numerous awards and honours, demonstrating its achievements in the apparel industry.

Major achievements of the Group during the year under review are summarized as follows:

- In July 2012, the Group was awarded the certificate of "National Advanced Enterprise on Employment" by the State Council of the PRC
- In September 2012, Bosideng and Snow Flying were ranked the 13th and 45th on the "2012 List of Most Valuable Brands in China" by R&F Global Ranking with a brand value of RMB24.508 billion and RMB6.576 billion, respectively
- In March 2013, the Group was granted the "Most Reliable Brand for Consumers in 2012" by CIIIC
- In March 2013, Bosideng, Snow Flying, Combo and Bengen branded down apparels of the Group received certificates from the China General Chamber of Commerce and China National Commercial Information Centre for ranking the 1st, 2nd, 5th and 7th, respectively in terms of market share of similar products. In the same month, the above down apparel brands also received certificates from CIIIC for ranking the 1st, 2nd, 5th and 6th, respectively in terms of sales volume of similar products

During the year under review, the Chairman of the Group was granted following awards:

- In April 2012, Mr. Gao Dekang, the Chairman of the Group, was granted "The 7th China Charity Award" by the Ministry of Civil Affairs of the PRC
- In June 2012, Mr. Gao Dekang was awarded the certificate of "General Director of the 9th Board of the China Association for Quality" by the China Association for Quality
- In December 2012, Mr. Gao Dekang was awarded the Prize of "Outstanding Personality on Quality in China" by the China Association for Quality and All-China Federation of Labor

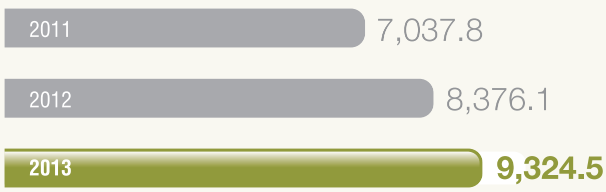
Financial Highlights

(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,		
	2013	2012	2011
Revenue	**9,324,539**	8,376,062	7,037,805
Gross Profit	**4,720,549**	4,188,634	3,299,369
Profit from operations	**1,271,670**	1,621,393	1,371,968
Profit attributable to equity holders of the Company	**1,078,650**	1,436,642	1,276,446
Non-current assets	**2,540,443**	2,517,817	1,025,069
Current assets	**9,672,764**	8,719,924	8,086,612
Current liabilities	**3,634,987**	3,286,641	1,979,191
Net current assets	**6,037,777**	5,433,283	6,107,421
Total assets	**12,213,207**	11,237,741	9,111,681
Total assets less current liabilities	**8,578,220**	7,951,100	7,132,490
Total equity	**7,285,668**	7,351,702	6,966,731
Gross profit margin (%)	**50.6**	50.0	46.9
Operating margin (%)	**13.6**	19.4	19.5
Net profit margin (%)*	**11.6**	17.2	18.1
Earnings per share			
– basic (RMB cents)	**13.55**	18.29	16.4
– diluted (RMB cents)	**13.55**	18.29	16.4

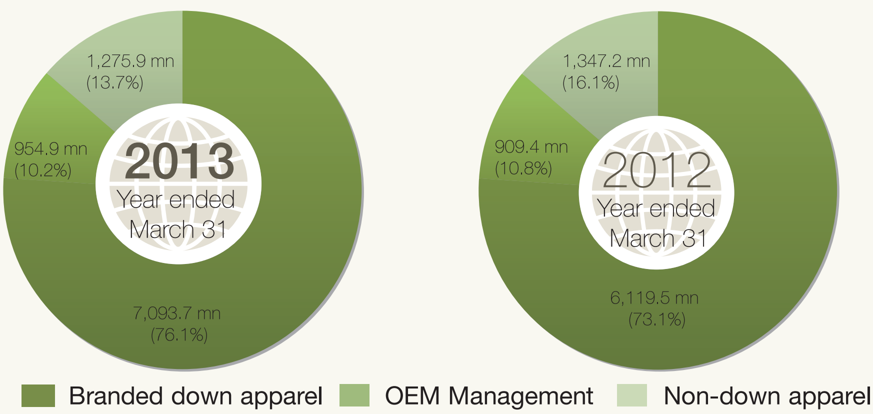
* Net profit margin is calculated by profit attributable to equity holders of the Company as a percentage of revenue

Revenue
RMB (million)

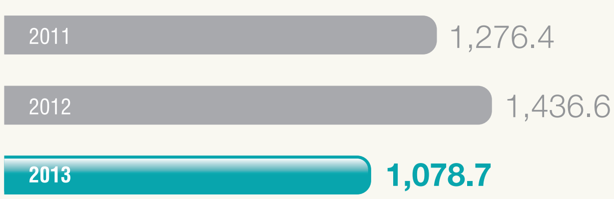


Revenue Analysis
Revenue: RMB9,324.5 million

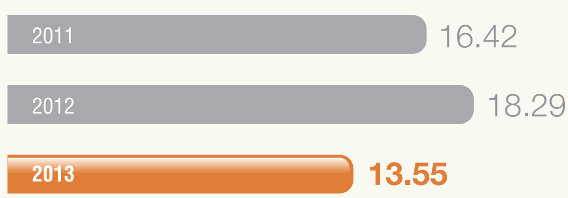
Revenue: RMB8,376.1 million



Profit Attributable to Equity Holders
RMB (million)



Basic Earnings Per Share
RMB (Cents)



Chairman's Statement

REVIEW

In 2012, as the profound impact of the global financial crisis continued to unfold, the pace of China's economic growth decreased significantly and economic restructuring has entered into a critical stage. Due to factors such as sluggish external demand, slowing growth of domestic demand and rising production costs, China's apparel industry has entered into a period of adjustment and transformation. The original competitive strength and growth momentum gradually weakened and new edges have not yet been formed. Market confidence was weak, and the industry was seeking a more healthy and sustainable development. These changes brought to Bosideng not only challenges, but also opportunities for development.

Faced with various external challenges, Bosideng adheres to its spirit: "fearless of difficulties, fearless of grievances, self-improvement, pursuit of excellence, dare to innovate, strive for the best" to achieve a sustainable, stable and healthy growth during its thirty years of development. As of March 31, 2013, revenue of the Group for the year was RMB 9.32 billion, representing an increase of 11.3% as compared to the corresponding period of last year. In particular, the core down apparel business recorded satisfactory results backed by rich industry experience, strong resources and timely strategic adjustments. During the year under review, revenue from the down apparel business amounted to RMB 7.09 billion, representing an increase of 15.9% over the same period of last year and accounting for 76.1% of the results for the year. In 2012, the Group's four brands of down apparel had a total market share of 40.1%, representing an increase of 5.6 percentage points over 2011. Moreover, the value of Bosideng brands reached RMB24.5 billion. The Company was also awarded a number of honors such as the National Advanced Enterprise on Employment (全國就業先進企業) by the State Council, the "China Charity Award" (中華慈善獎), the " Asian Recognition for Excellence in Quality (亞洲品質卓越獎)", and the "British Business Awards - Chinese Investors of the Year Award (英國商業大獎一年度中國投資者獎)".

OUTLOOK

Bosideng’s goal is to become an internationally renowned multi-brand apparel operator. 2013 is a crucial year in achieving this “Bosideng dream”. The Group will push forward the strategy of “non-seasonal apparel business, brand diversification, internationalization and strengthening down apparel business with down apparel as the core”.

Further promotion of the “Non-seasonal apparel business” strategy: We will promote the non-seasonal apparel business in an orderly manner by, on one hand, keeping the Bosideng brand as the core brand among the existing down apparel brands. From single category to non-seasonal apparel category, on the basis of preliminary trial operation, promotion of the non-seasonal apparel business will be strengthened from product operation to brand operation. On the other hand, for acquired and self-owned non-seasonal apparel brand projects, the Company will ensure the sharing of resources and comprehensive development of all projects with good services and supports, hence forging an “evergreen” business group.

Chairman's Statement

Further promotion of the "Brand diversification" strategy: Brand differentiation must first be ensured in the implementation of the brand diversification strategy. We will carry out more precise and stringent differential positioning for our existing brands and create market-oriented and competition-oriented independent brand images and brand personalities. Meanwhile, the Group will continue to acquire premium men's and women's brands with high-end positioning, enabling the Group to truly become a high-quality "integrated apparel brand operator."

Further promotion of the "Internationalization" strategy: For international trades: the Group will continue to focus on the development of quality international clients, integrating global supply chain resources, carrying out cross-border procurement and strengthening foreign trade business; For own-brand globalization: Last year, Bosideng's UK flagship store and European headquarter commenced operation, representing a solid step forward for the globalization strategy. As the only "world famous brand" in the Chinese apparel industry, we must continue to explore the international market with our own brands, gain a foothold in Europe and think globally.

Strengthening down apparel business with down apparel as the core: The Group will continue to adhere to the business model of optimization of sub-brands with down apparel business as the core. Through structural innovations and breakthroughs, the Group will optimize and integrate all resources to achieve the maximization of resources sharing, ensure healthy operation of all down apparel brands, and enhance the value and overall competitiveness of all brands, hence strengthening the Group's leading position in the market.

Together we have depicted a beautiful "Bosideng Dream". In realizing our dream, the Group will fully integrate all resources to create more development opportunities for our team, provide a broader platform for realization of the dream, and continue to strengthen our brands' overall strength, aiming to become a multinational diversified brand apparel group.

APPRECIATION

Finally, on behalf of the Group, I would like to express my sincere gratitude to all our employees for their efforts and contributions to the Group's development in the past year! I would also like to thank our shareholders, customers, distributors and suppliers for their continuous support!

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. 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 CIIIC, 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.

Management Discussion And Analysis

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

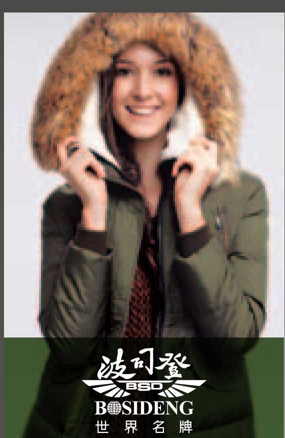
Management Discussion And Analysis

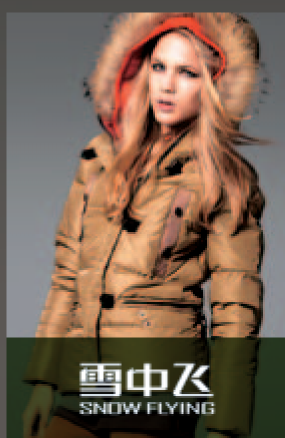
the profitability of its stores, distributors and sales companies.

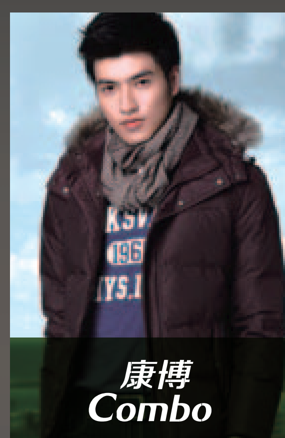
Continuous Realization of Supply Chain Advantage: During the period under review, the Group continued to optimize its advantages in resources accumulated over the years from its supply chains and tap into its economies of scale and well-established relationship with suppliers to effectively control costs 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.

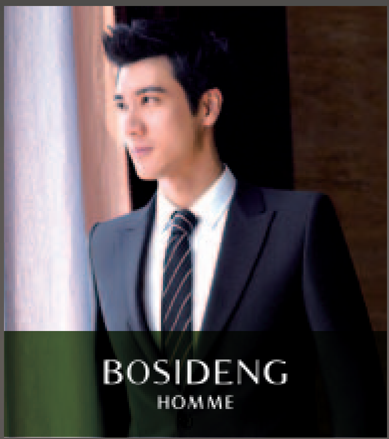
Timely Adjustment to Progress of Order Management System: The Group has always emphasized on its healthy growth together with its distributors, and has therefore always had policies in place to provide support to its distributors, for example, the Group allows some of its distributors to return a certain 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





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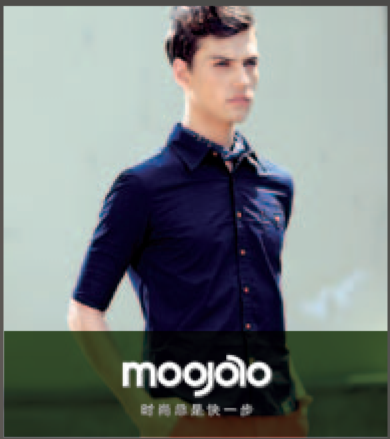
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terminals, and has set up various standards in terms of decoration, props, display and services for active promotion.

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 (the "Ladies' wear SPA") with Talent Shine International Limited on October 28, 2011, pursuant to which, the Group acquired 70% equity interest in and the respective control of each of Talent Shine Limited and Sunny Bright Global Investments Limited (collectively referred to as the "Ladies' wear Companies") on November 4, 2011 (the "Acquisition Date of Ladies' wear") at an initial consideration of RMB892.5 million (subject to adjustments provided for in the agreement). The Ladies' wear Companies are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of the *JESSIE*-branded ladies' wear apparels in the PRC market.

Under the Ladies' wear SPA, Talent Shine International Limited has guaranteed the net profits (after tax) of the Ladies' wear Companies 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 Ladies' wear SPA. 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 internationalization 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


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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

Management Discussion And Analysis

"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 internationalization 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

	As at March 31, 2013			As at March 31, 2012			Change		
Sales areas	**Down apparels**	**Non-down apparels**	**Total**	Down apparels	Non-down apparels	Total	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

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

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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.


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Sales analysis by businesses

	Year ended March 31, 2013 (RMB million)	2013 % of total revenue	2012 (RMB million)	2012 % 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.

Impairment losses on customer relationships and goodwill

During the year under review, the Group recognized impairment losses on customer relationships and goodwill of approximately HK$166.8 million and HK$89.3 million, respectively. Such impairment losses arose from the Group's acquisition of the Menswear business in 2009 and the acquisition of the Ladies' wear business in 2011, the details of which are set out below.

Acquisition of Menswear business

On August 29, 2008, Bosideng International Fashion Limited ("BIF"), a subsidiary of the Group, entered into a conditional call option agreement with Goldwai Holdings Limited ("GHL"), an independent third party, at a consideration of HK$10 for obtaining a conditional call option in relation to the acquisition of GHL's entire interest in Ying Fai International Investment Limited ("YFL").

On May 15, 2009, BIF exercised the call option and entered into a sale and purchase agreement (the "Menswear SPA") with GHL on May 26, 2009 to acquire all its interest in YFL. The Group obtained control of YFL on May 26, 2009 (the "Acquisition Date of Menswear").

YFL, based on a licensing agreement with the Group, engages in the sourcing and distribution of the Bosideng branded non-down menswear apparels in the PRC through its indirectly wholly owned operating subsidiary, Jiangsu Bosideng Garment Development Co., Ltd. ("Bosideng Garment"), incorporated in the PRC.

The total consideration payable by the Group comprised a minimum consideration of RMB520 million payable on the Acquisition Date of Menswear, and two instalments of contingent consideration depending on Bosideng Garment's growth rate (as defined in the Menswear SPA) from March 31, 2009 to March 31, 2011, which were repayable within two years. The maximum amount payable for both instalments of contingent consideration of RMB130 million was paid by the Group into an escrow deposit account.

Fair value of the customer relationships, the identifiable intangible assets arising from the acquisition of the Menswear business amounted to RMB353 million as of the Acquisition Date of Menswear. Goodwill resulting from the purchase accounting amounted to RMB293 million upon the acquisition.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the acquisition of the Menswear business were greater than 5% but less than 25%, the acquisition of the Menswear business constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules, the details of which were disclosed in the Company's announcements dated May 15, 2009 and May 26, 2009, respectively.

Total consideration payable under the Menswear SPA represents:	RMB'000
Cash paid	520,000
Contingent consideration payables	130,000
Fair value of call option on the Acquisition Date of Menswear	8,406
	658,406

Acquisition of Ladies' wear business

Under the Ladies' wear SPA (the details of which are set out under the section headed "**JESSIE**" in this annual report), the total consideration payable by the Group to Talent Shine International Limited comprised cash consideration of RMB297.5 million and share consideration by way of issuance of 235,000,000 new ordinary shares of the Company on the Acquisition Date of Ladies' wear with the fair value calculated based on the closing market price of HK$2.16 per share on the business day immediately preceding the Acquisition Date of Ladies' wear, and contingent considerations depending on the adjusted net profits (as defined in the Ladies' wear SPA) of the Ladies' wear Companies and their subsidiaries from March 31, 2012 to March 31, 2015, which are repayable within three years. The fair value of the contingent considerations payable at the Acquisition Date of Ladies' wear was RMB189 million.

Fair value of the customer relationships, one of the identifiable intangible assets arising from the acquisition of the Ladies' wear business amounted to RMB245 million as of the Acquisition Date of Ladies' wear. Goodwill resulting from the purchasing accounting amounted to RMB484 million upon the acquisition.

As the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the acquisition of the Ladies' wear business were more than 5% but less than 25%, the acquisition of the Ladies' wear Companies contemplated under the Ladies' wear SPA constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, the details of which were disclosed in the Company's announcement dated October 28, 2011.

Total consideration payable under the Ladies' wear SPA represents:	RMB'000
Cash	147,592
Allotment of new ordinary shares	412,347
Contingent considerations payable	189,110
	749,049

The Group had engaged an independent valuer for the valuation of the fair value of the identifiable intangible assets in connection with the acquisition of the Menswear business in 2009 and the acquisition of the Ladies' wear business in 2011, which includes the fair value of customer relationships and trademarks initially determined by applying the income approach — multi-period excess earnings method (the "MEEM"). The MEEM is a commonly used valuation technique in determining the fair value of intangible assets and is usually used when the revenue stream of certain intangible assets cannot easily be separated from another asset such as fixed assets, etc. This method captures the projected cash flow of the company attributable to the intangible asset, while deducting the cash flow attributable to other assets through the use of contributory asset charges which are the economic rents of other contributing assets. The MEEM is also able to capture the projected cash flow generated from the continuing use of the customer relationships, if any, and apply a discount rate reflecting its return to determine the customer relationships' value in use. Therefore, the Company believes that the MEEM is appropriate in determining the customer relationships' value in use.

Subsequently when the Group performed impairment testing for the intangible assets and goodwill, the management considered that, given that the recoverable amount represented the value in use (the present value of the future cash flows expected to be derived from the asset or the cash-generating unit ("CGU")), the management used the same valuation methodology and information, taking into account any changes in the inputs used in the valuation models due to the change of the business environment at the reporting period end, to calculate the recoverable amount of the customer relationships, Menswear CGU and Ladies' wear CGU as at March 31, 2013. As such, no independent valuer was engaged for the valuation of the recoverable amounts of the customer relationships, Menswear CGU and Ladies' wear CGU as at March 31, 2013, and no valuation report was prepared by the independent valuer in this regard for the year under review.

Various factors in relation to the latest market condition had led to the impairment losses on customer relationships and goodwill for the year ended March 31, 2013. Due to the continuous downturn in the macroeconomic environment and the weak end-consumer market, the Chinese apparel industry suffered a significant recession during 2012. The growth rate of the retail apparel market has achieved the lowest since 2002. The ability and willingness of end consumers has been reducing as well. On the other hand, with the further popularization of e-commerce and foreign fast fashion brands, more and more domestic consumers change their preferences on consumption, e.g. preference for online shopping rather than shopping at physical stores and preference for foreign fast fashion brands rather than domestic brands, all of which have brought more challenges to the domestic traditional apparel industry.

Nevertheless, the Directors planned to take certain actions to respond to the unfavourable market condition, including active destocking, optimizing distribution and logistics network and developing e-commerce, and also held a prudent yet positive view on the Group's future business performance.

The impairment losses had also resulted from the projected business performance of the Menswear business and the Ladies' wear business. Based on the actual revenue and net loss amounting to RMB483 million and RMB9 million, respectively for the financial year ended March 31, 2013, the projected revenue of the Menswear business is RMB507 million, RMB563 million and RMB609 million for each of the three financial years ending March 31, 2014, 2015 and 2016, respectively, while the net profit is estimated to be RMB17 million, RMB45 million and RMB69 million, respectively.

Based on the actual revenue and net profit amounting to RMB332 million and RMB71 million, respectively for the financial year ended March 31, 2013, the projected revenue of the Ladies' wear business is RMB401 million, RMB504 million and RMB608 million for each of the three financial years ending March 31, 2014, 2015 and 2016, respectively, while the net profit is estimated to be RMB99 million, RMB136 million and RMB173 million, respectively.

The management of the Company projected the future business performance of the Menswear business and the Ladies' wear business by taking into account the latest market condition and the actual performance of the Menswear business and the Ladies' wear business for the year ended March 31, 2013, which were poorer than those used in the valuation of the fair value of identifiable intangible assets in connection with the acquisition of the Menswear business in 2009 and the acquisition of the Ladies' wear business in 2011, and the subsequent impairment tests for intangible assets and goodwill in the previous reporting period end, due to the decreased gross margin and increased operating expenses.

In addition, the management of the Company have also estimated that the attrition of customer relationships of the Menswear business and the Ladies' wear business would accelerate according to the projected business performance, which also led to the impairment losses on customer relationships.

Except for those assumptions used in preparing the projection mentioned above, the key assumption used in the calculation of respective value in use of the customer relationships and the CGUs was the post-tax discount rate. The management of the Company were of the opinion that the uncertainties of projected business performance of the Menswear business and the Ladies' wear business increased with regard to the latest market condition. Therefore, relatively higher discount rates were applied in the impairment test for intangible assets and goodwill.

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, the details of which are set out in the section headed "Administrative expenses" above.

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 (the "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 economy is expected to improve, while China's economy recover gradually. Yet, growth of domestic demand is still subject to certain constraints, overcapacity in some industries is noticeable, and companies face various 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.

THE CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices. The corporate governance principles of the Company emphasize accountability and transparency and are adopted in the best interest of the Company and its shareholders. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and to fulfill its commitment to excellence in corporate governance.

The Group has complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") as contained 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") for the year ended March 31, 2013 except for Code provision A.2.1, the details of which are disclosed below.

BOARD OF DIRECTORS

The Board is charged with providing effective and responsible leadership for the Company. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of the Group's overall objectives and strategies, internal control and risk management systems, monitoring its operating and financial performance, and evaluating the performance of the senior management. The Directors, individually and collectively, have to make decisions objectively in the best interests of the Company and its shareholders.

As at July 18, 2013 (being the latest practicable date prior to the printing of this report), the Board consisted of eleven Directors, of whom seven are executive Directors and four are independent non-executive Directors. The executive Directors are responsible for implementing the business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including but not limited to, the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate directors' and officers' liabilities insurance.

The role of the Board includes convening shareholders' meetings and reporting their work to the shareholders' meetings, implementing the resolutions of the shareholders' meetings, determining the Group's business plans and investment plans, preparing the Group's annual budget and final accounts, putting forward proposals for dividend and bonus distributions and for the increase or reduction of registered or issued share capital, formulating proposals for share repurchase in accordance with any repurchase mandate granted by the shareholders' meeting as well as exercising other powers, functions and duties as conferred by the articles of association of the Company. The Board is also responsible for performing the corporate governance duties set out in Code provision D.3.1. In discharging its responsibilities, the Board meets regularly and acts in good faith, with due diligence and care.

During the financial year ended March 31, 2013, the Board convened a total of four Board meetings based on the needs of the operation and business development of the Group. The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the financial year ended March 31, 2013, as well as at the annual general meeting held on August 28, 2012, are as follows:

	No. of meetings attended/held				
	Board Meetings	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**Nomination Committee Meetings**	**Annual General Meeting on August 28, 2012**
Executive Directors					
Gao Dekang *(Chairman of the Board of Directors)*	4/4	N/A	1/1	1/1	1/1
Mei Dong	4/4	N/A	N/A	N/A	0/1
Kong Shengyuan	4/4	N/A	N/A	N/A	1/1
Gao Miaoqin	4/4	N/A	N/A	N/A	0/1
Huang Qiaolian	4/4	N/A	N/A	N/A	0/1
Wang Yunlei *(Resigned with effect from May 1, 2013)*	4/4	N/A	N/A	N/A	0/1
Mak Yun Kuen *(Appointed with effect from May 1, 2013)*	N/A	N/A	N/A	N/A	N/A
Rui Jinsong *(Appointed with effect from May 1, 2013)*	N/A	N/A	N/A	N/A	N/A
Non-Executive Director					
Shen Jingwu *(Resigned with effect from May 1, 2013)*	4/4	N/A	1/1	N/A	1/1
Independent Non-Executive Directors					
Dong Binggen	4/4	2/2	1/1	1/1	0/1
Jiang Hengjie *(Resigned with effect from May 1, 2013)*	4/4	2/2	1/1	1/1	0/1
Wang Yao	4/4	N/A	1/1	N/A	0/1
Ngai Wai Fung	4/4	2/2	N/A	N/A	1/1
Lian Jie *(Appointed with effect from July 10, 2013)*	N/A	N/A	N/A	N/A	N/A

Throughout the financial year ended March 31, 2013, the Board had met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having at least three independent non-executive Directors (representing at least one-third of the Board) with one of them (namely, Dr. Ngai Wai Fung) possessing the appropriate accounting professional qualifications. On April 22, 2013, (i) Ms. Wang Yunlei, Mr. Shen Jingwu and Mr. Jiang Hengjie resigned as Directors; and (ii) Mr. Mak Yun Kuen and Mr. Rui Jinsong were appointed as Directors, with effect from May 1, 2013. As a result of such change of Directors, the Board comprised ten members including seven executive Directors and three independent non-executive Directors, with the number of independent non-executive Directors falling below one-third of the Board as required by Rule 3.10A of the Listing Rules. The Board has appointed Mr. Lian Jie as an independent non-executive Director on July 10, 2013. Following the appointment of Mr. Lian, the Company re-complied with Rule 3.10A.

The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive Directors has confirmed his independence in writing pursuant to Rule 3.13 of the Listing Rules. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

The appointment of each of the Directors may be terminated by either the Company or the Director by giving a 3-month written notice and the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

Minutes of the Board meetings are kept by the Company Secretary and are available for inspection by the Directors and auditor of the Company.

DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors receive comprehensive, formal and tailored induction on appointment, so as to ensure their understanding of the business and operations of the Group and Directors’ responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

All Directors are continually updated on developments in the statutory and regulatory regime, and the business and market changes to facilitate the discharge of their responsibilities and obligations under the Listing Rules and the relevant statutory requirements. Briefings and professional development for Directors will be arranged as necessary.

Pursuant to the requirements of the Code, all Directors should provide their training record to the Company. According to the training records provided by the Directors, the training attended by them during the reporting period is summarized as follows:

Directors	Corporate Governance, Regulatory Development and Trainings on other relevant topics
Executive Directors	
Mr. Gao Dekang	√
Ms. Mei Dong	√
Dr. Kong Shengyuan	√
Ms. Gao Miaoqin	√
Ms. Huang Qiaolian	√
Ms. Wang Yunlei *(Resigned with effect from May 1, 2013)*	√
Mr. Mak Yun Kuen *(Appointed with effect from May 1, 2013)*	N/A
Mr. Rui Jinsong *(Appointed with effect from May 1, 2013)*	N/A
Non-executive Director	
Mr. Shen Jingwu *(Resigned with effect from May 1, 2013)*	√
Independent non-executive Directors	
Mr. Dong Binggen	√
Mr. Jiang Hengjie *(Resigned with effect from May 1, 2013)*	√
Mr. Wang Yao	√
Dr. Ngai Wai Fung	√
Mr. Lian Jie *(Appointed with effect from July 10, 2013)*	N/A

THE ROLES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 provides that the roles of the chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. However, Mr. Gao Dekang is the Chairman of the Board of Directors and the CEO of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of the Chairman of the Board of Directors and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and well-established reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decision-making of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to review and monitor the practices of the Company for the purposes of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the year ended March 31, 2013 and up to the date of this report.

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 audited consolidated financial statements of the Group for the year ended March 31, 2013 have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 18, 2013 (being the latest practicable date prior to the printing of this report), the Audit Committee comprised four independent non-executive Directors, namely, Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen, Mr. Wang Yao and Mr. Lian Jie.

Mr. Jiang Hengjie resigned as a member of the Audit Committee and Mr. Wang Yao was appointed as a member of Audit Committee, with effect from May 1, 2013. Mr. Lian Jie was also appointed as a member of the Audit Committee with effect from July 10, 2013.

Major work performed by the Audit Committee during the year is summarized as follows:

- review of and recommendation for the Board's approval of the 2011/2012 annual report, interim financial information and annual financial statements with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the accounting policies adopted by the Group and issues related to accounting practice;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board with the evaluation of the effectiveness of the financial reporting procedures and internal control system;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and recommendation for the Board's re-appointment of the external auditor.

During the meetings held in the year ended March 31, 2013, the Audit Committee has considered the interim and annual results of the Group as well as the report prepared by the external auditor relating to accounting matters and other major findings identified during the course of interim review and annual audit.

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 packages of individual executive Directors and the senior management based on the Company's operating results, individual performance and comparable market statistics.

As at July 18, 2013 (being the latest practicable date prior to the printing of this report), the Remuneration Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen.

Mr. Shen Jingwu and Mr. Jiang Hengjie resigned as members of the Remuneration Committee, with effect from May 1, 2013.

During the year under review, the Remuneration Committee held one meeting and reviewed the Group's policy on remuneration of all the Directors and senior management.

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, identify individuals suitably qualified to become Board members with reference to the candidates' experience and qualifications and the Company's corporate strategy, assess the independence of independent non-executive Directors and make recommendations to the Board regarding candidates to fill vacancies on the Board. As at July 18, 2013 (being the latest practicable date prior to the printing of this report), the Nomination Committee consisted of three members, comprising one executive Director and two independent non-executive Directors, namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao.

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.

One meeting was held by the Nomination Committee during the year under review to review the structure, size and composition of the Board and to assess the independence of the independent non-executive Directors.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company, for a fixed term of three years, renewable automatically for successive terms of one year, until terminated by either party by giving a 3-month written notice. Each Director is subject to re-election by the Company at an annual general meeting upon retirement. The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

INTERNAL CONTROL

The Board has an overall responsibility for maintaining a sound and effective internal control system of the Group. The Company has conducted a review of its system of internal control periodically to ensure the effectiveness and adequacy of the internal control system. The Company convened meetings with the Audit Committee periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

MANAGEMENT FUNCTION

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the senior management under the supervision of the Board. The management team meets regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to oversee the preparation of the financial statements for each financial period to ensure that they give a true and fair view of the state of affairs, results and cash flow of the Group.

In preparing the financial statements for the year ended March 31, 2013, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, made prudent and reasonable judgments and estimates, and have prepared the financial statements on a going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditor of the Group about their reporting responsibilities on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on page 69 and page 70 of this report.

AUDITOR'S REMUNERATION

During the year under review, the fees charged by the Company's external auditor, KPMG, for statutory audit and non-audit services are set out below:

	RMB' million
Statutory audit services (including interim financial report review)	7.0
Non-audit services	0.8
	7.8

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which are subject to the approval by the Board of Directors and at the annual general meetings of the Company by its shareholders.

Certain factors that the Audit Committee will take into account when assessing the external auditor include the audit performance, quality and objectivity and independence of the auditor.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

In the light of the good faith principle, the Company strictly complies with and implements the provisions of the Listing Rules to disclose discloseable information on a true, accurate, complete and timely basis and all other information that might have a significant impact on the decisions of shareholders and other concerned parties in an active and timely manner. Also, the Company makes an effort in ensuring that all shareholders have equal access to information. As such, the Company has honestly performed its statutory obligation in respect of information disclosure.

The management believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the executive Directors and the CEO held regular briefings and results presentations, attended investors' forums and responded to investors' call-in enquiries, arranged store visits and participated in roadshows to communicate with institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the Company's business and development as well as operating strategies and prospects. In delivering information to investors, the Company also listens to their advice and collects feedback from them, in the interests of developing an interactive and mutually beneficial relationship with the Company's investors.

Shareholders may send written enquiries, either by post, by facsimile or by email, addressing to the Company's principal place of business in Hong Kong at the following address or facsimile number or email address:

Address:	Room 1703A, 17th Floor, Harcourt House 39 Gloucester Road Wanchai Hong Kong
Email:	bosideng_ir@bosideng.com
Tel:	(852) 2866 6918
Fax:	(852) 2866 6930

SHAREHOLDERS' RIGHTS

Shareholders of the Company may requisition extraordinary general meetings. Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals at general meetings of the Company by sending the same to the Company, either by post, by facsimile or by email (the contact details are set out in the section headed "Communications with Shareholders and Investor Relations" above), specifying his/her information, contact details and the proposal(s) he/she intends to put forward at the general meeting regarding any specified transaction/business and the supporting documents.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

During the reporting period, no amendment had been made to the memorandum and articles of association of the Company.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Dekang, aged 61, is the Chairman of the Board of Directors of the Company and the CEO of the Group. He is a representative of the 10th, 11th and 12th National Congress and a National Model Worker (全國勞動模範). He is the founder of the Group and is responsible for the strategic development and overall management of the Group. He has over 30 years' experience in the apparel industry. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002, and obtained a Master's degree in business management from Victoria University in Switzerland in 2012.

Mr. Gao is holding the following public offices:

Year	Public Offices
2004	Vice President of China National Garment Association
2006	First Deputy Director of the Down Apparel and Related Products Committee of China National Garment Association
2010	President of Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce
2012	Member of the Executive Committee of China Federation of Industry and Commerce
2012	Invited Vice President of China National Light Industry Council
2012	Chairman of the Board of China Federation of Industrial Economics
2012	Invited Vice Chairman of China National Textile and Apparel Council

Mr. Gao has been awarded the following acknowledgements:

Year	Award
2009	Outstanding Administrator of the 30th Anniversary
2009	National Economic Figure on the 60th Anniversary of the PRC (新中國成立60周年全國經濟新聞人物)
2009	China CEO (中國CEO年度人物)
2009	Meritorious Entrepreneur of China Feather and Down Industry (中國羽絨行業功勳企業家)
2009	60 Outstanding Brand Builders in Memory of the 60th Anniversary of the PRC (建國60年60位功勳品牌人物)
2009	Excellent Contributor of Chinese Socialism (優秀中國特色社會主義事業建設者)
2012	China Charity Award (中華慈善獎)
2011	Leader of Textile and Apparel Industry in China (中國紡織服裝領軍人物)
2011	Person of the Year award of the Leaders (《領袖人物》)
2013	China's Outstanding Quality People (中國傑出質量人)

Mr. Gao is the husband of Ms. Mei Dong (a Controlling Shareholder and Director), father of Mr. Gao Xiaodong (a Controlling Shareholder) and cousin of Ms. Gao Miaoqin (a Director).

Ms. Mei Dong, aged 45, is an executive Director and the Executive Vice President of the Company. Ms. Mei was appointed as an executive Director in July 2006 and is responsible for the operational management of the Group. She has nearly 20 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation, a company controlled by Mr. Gao Dekang, in June 1994. Since then, Ms. Mei has remained with Bosideng Corporation and, after the reorganization of the businesses of the Group prior to its listing, has remained with the Group. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the wife of Mr. Gao Dekang (a Controlling Shareholder and Director).

Dr. Kong Shengyuan, aged 50, was appointed as an executive Director in July 2006. Dr. Kong is responsible for the supervision and planning of the investment and finance of the Group. Dr. Kong joined Bosideng Corporation Limited by Shares in March 2004. Thereafter, Dr. Kong has remained with the Bosideng Corporation Limited by Shares and with the Group after the business reorganization prior to the Group's listing. Dr. Kong received a Master's Degree from the China University of Mining and Technology in 1987, and a Doctor's Degree from the Renmin University of China in 1997. Dr. Kong is a senior economist.

Ms. Gao Miaoqin, aged 62, is an executive Director and the Vice President of the Company. Ms. Gao was appointed as an executive Director in July 2006 and is responsible for the legal and public relations matters of the Group. She has over 20 years' experience in the down apparel industry. Ms. Gao joined Bosideng Corporation in June 1994. Since then, Ms. Gao has remained with Bosideng Corporation and, after the reorganization of the businesses of the Group prior to its listing, has remained with the Group. She graduated from Suzhou College of Education in China in 1985 and received a certificate of advanced English education for middle school English teachers. She is the cousin of Mr. Gao Dekang (a Controlling Shareholder and Director).

Ms. Huang Qiaolian, aged 48, is an executive Director and the Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company). Ms. Huang was appointed as an executive Director in June 2007 and is responsible for conducting the monographic study on the fashion trend of down apparel, unveiling the fashion trend and designing high-end down apparel products. Her works have been displayed in numerous exhibitions in countries such as Korea, Canada and Russia. She received various honours such as contemporary renowned designer, one of the top ten fashion designers in China and the contributing designer in publishing the research on the garment trend in China. She has over 20 years' experience in the fashion industry. She serves various positions in different associations and organizations, such as the Council Member and the special researcher in fashion trend in China of the Fashion Art Committee of China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the researcher for the fashion trend of China Fashion and Colour Association (中國流行色協會). Ms. Huang joined Bosideng Corporation in March 1997 and, after the reorganization of the businesses of the Group prior to its listing, has remained with the Group. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987 and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.

Ms. Wang Yunlei, aged 33, is a former executive Director and CEO's Assistant. Ms. Wang was appointed as an executive Director in September 2006 and had remained with the Group since then. Ms. Wang assisted Mr. Gao Dekang in the overall management of the Group. She joined Shanghai Bingjie Fashion Co., Ltd., a member of the Group, in May 2005. She received a college certificate in Accounting from Shanghai Donghua University in 2001, a Bachelor of Arts degree in Business Administration from Upper Iowa University in the United States in 2004 and a Master's Degree in Business Administration from the New York Institute of Technology in 2004. Ms. Wang resigned from all positions in the Group with effect from May 1, 2013.

Mr. Mak Yun Kuen, aged 37, is an executive Director and the Company Secretary of the Company. He is also the Chief Financial Officer of the Group and is responsible for the overall financial and accounting affairs and company secretarial matters of the Group. In addition, Mr. Mak is the director and/or company secretary of certain subsidiaries in the Group. He joined the Group in July 2008 and was appointed as an executive Director with effect from May 2013. Mr. Mak graduated from Lingnan University with a Bachelor's Degree in Business Administration (Honours), and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Before joining the Group, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (03308), a company listed on the Stock Exchange.

Directors and Senior Management

Mr. Rui Jinsong, aged 41, an executive Director and the Vice President of the Company and the General Manager of Bosideng Down Wear Ltd., a subsidiary of the Company, was appointed as an executive Director with effect from May 2013. Mr. Rui is fully responsible for merchandise planning, research and development, production, manufacturing and marketing for the core brand of the Group "Bosideng", as well as the after-sales service and management of the entire brand operation system. Mr. Rui graduated from Wuxi Light Industry College majoring in Textile engineering in 1994. He joined Bosideng in May 2004 and has been with the Group since then, from which he acquired practical experience in brand management and marketing.

NON-EXECUTIVE DIRECTOR

Mr. Shen Jingwu, aged 44, is a former non-executive Director. Mr. Shen was appointed as a non-executive Director in September 2006. He is a Senior Partner and the Head of Greater China of Headland Capital Partners Limited (previously named HSBC Private Equity (Asia) Limited) ("Headland"). Mr. Shen is a member of Headland's private equity fund investment committees. Prior to joining Headland in 2004, Mr. Shen worked at Vertex China Investment, managing its PRC private equity investments; Shanghai Industrial Holdings Limited, managing the firm's venture capital investments; Bain & Company in the U.S. and Hong Kong. He holds a Bachelor of Science degree in Economics with summa cum laude and Dean's list from The Wharton School, University of Pennsylvania and an MBA from Stanford University with a focus on strategy and venture capital investments. Mr. Shen is currently also the Vice Chairman of Yonghui Superstores Company Limited listed on Shanghai Stock Exchange (601933). Mr. Shen resigned as a non-executive Director with effect from May 1, 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 63, a senior engineer, was appointed as an independent non-executive Director in September 2007. He graduated from Eastern China Textile Institute (currently known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman and President. He had been the Chairman of the Shenzhen Textile Industry Association and the President of the Shenzhen Textile Engineering Association. He is currently also a member of the Standing Committee of China Textile Industry Association, the Invited Vice Chairman of China National Textile and Apparel Council and the Vice Chairman of the Shenzhen Entrepreneur Association. He is currently the Chairman of the Board of Directors of Union Holdings (000036), a PRC company listed on the Shenzhen Stock Exchange.

Mr. Jiang Hengjie, aged 62, is a former independent non-executive Director. Mr. Jiang is a professorial senior engineer and was appointed as an independent non-executive Director in September 2007. He is the advisor of China National Garment Association and the Chairman of Technology Experts Committee. He was a visiting professor at the Art College of Tsinghua University, Suzhou University, Jiangxi Institute of Clothing Technology, Beijing Institute of Clothing Technology and Southwest University. He graduated from Suzhou Silk Engineering Institute majoring in sericulture in 1975. Currently, he is an independent director of Younger Group Co., Ltd. (600177), Kaiser China Holding Co., Ltd. (002425), Sinoer Menswear Co., Ltd. (002485) and Busen Garments Co., Ltd. (002569). He was also an independent director of SGSB Group Co., Ltd. (600843) and Ningbo Shanshan Co., Ltd. (600884). Kaiser China Holding Co., Ltd., Sinoer Menswear Co., Ltd. and Busen Garments Co., Ltd. mentioned above are listed on the Shenzhen Stock Exchange and the remaining companies are listed on the Shanghai Stock Exchange. Mr. Jiang resigned as an independent non-executive Director with effect from May 1, 2013.

Mr. Wang Yao, aged 54, was appointed as an independent non-executive Director in September 2007. He currently serves as the Vice President of the China General Chamber of Commerce and director of the China National Commercial Information Center. He received a Ph.D. degree in Engineering from Harbin Institute of Technology in 1989. Currently, he is an independent director of Golden Eagle Retail Group Ltd. (03308), a company listed on the Stock Exchange.

Dr. Ngai Wai Fung, aged 51, was appointed as an independent non-executive Director in September 2007. He is currently the chief executive officer of SW Corporate Services Group Limited (SWCS), a specialty corporate and compliance services provider to companies in pre-IPO and post-IPO stages and the Managing Director of MNCOR Consulting Limited, the holding company of SWCS. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 20 years of senior management experience, most of which are in the areas of finance, accounting, internal control and regulatory compliance for listed issuers including major red chips companies. He is also a Vice President of the Hong Kong Institute of Chartered Secretaries and the Chairman of its Audit Committee, a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants and the Adjunct Professor of Law of Hong Kong Shue Yan University. Dr. Ngai was appointed by the Chief Executive of The Hong Kong Special Administrative Region as a member of Work Group on Professional Services under the Economic Development Commission at the beginning of 2013. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics in 2011 and received a Master's Degree in Corporate Finance from Hong Kong Polytechnic University in 2002 and a Master's Degree in Business Administration from Andrews University of Michigan in 1992.

Dr. Ngai is currently an independent non-executive director and the member/chairman of the audit committee of China Railway Construction Corporation Limited (01186), BaWang International (Group) Holding Limited (01338), Powerlong Real Estate Holdings Limited (01238), Biostime International Holdings Limited (01112), China Coal Energy Company Limited (01898), SITC International Holdings Company Limited (01308), Sany Heavy Equipment International Holdings Company Limited (00631) and LDK Solar Co., Ltd. (LDK). He was the independent non-executive director of Franshion Properties (China) Limited (00817) from May 2007 to June 2011, China Life Insurance Company Limited (02628) from December 2006 to May 2009 and CNPV Solar Power SA (ALCNP) from July 2011 to November 2012. Apart from LDK Solar Co., Ltd. and CNPV Solar Power SA which are listed on the New York Stock Exchange and NYSE Euronext respectively, all the above companies are listed on the Stock Exchange.

Mr. Lian Jie, aged 39, was appointed as an independent non-executive Director with effect from July 2013. Mr. Lian is currently the Partner of Primavera Capital Group which is a China focused private equity firm. Mr. Lian is also an independent non-executive director of Bona Film Group Limited which is a company listed on the NASDAQ Stock Market (Nasdaq: BONA) and a non-executive director of China XLX Fertiliser Limited which is a company listed on the Singapore Exchange and the Stock Exchange (SGX: B9R; HKEx: 1866).

From 2009 to 2010, Mr. Lian served as the Managing Director in China International Capital Corporation ("CICC") Investment Banking Division based in Hong Kong. Prior to joining CICC, Mr. Lian had been the Managing Director of the Investment Banking Division of Goldman Sachs in Hong Kong for more than seven years. Mr. Lian graduated with a MBA from the Tuck School of Management, Dartmouth College.

Directors and Senior Management

SENIOR MANAGEMENT

Ms. Julie Zhili Sun, aged 45, is the Vice President of the Company. Ms. Sun joined Bosideng International Holdings Limited in July 2013 and is responsible for the corporate development and investor relations of the Group. Ms. Sun received her Master's degree from the University of Houston and Bachelor's degree from Nanjing Normal University. Prior to joining the Group, Ms. Sun was the executive director and chief financial officer of China Mass Media Corp. (NYSE: CMM), a company listed on the New York Stock Exchange. In addition, Ms. Sun has extensive experience in corporate finance and M&A, she has worked at Polaris Capital (Asia) Limited, HSBC as well as BNP Paribas Asia Limited.

Mr. Liu Wei, aged 45, is the Vice President of the Company and is responsible for business administration matters of the Group. Mr. Liu joined Bosideng Corporation in 2004. Since then, Mr. Liu has remained with Bosideng Corporation and, after the reorganization of the businesses of the Group prior to its listing, has remained with the Group. He obtained a Master's Degree in Business Administration (MBA) from the Central South University and a Master's Degree in Public Administration (MPA) from Peking University. Mr. Liu is qualified as an internationally certified internal auditor, China Certified Public Accountant, senior auditor and China corporate legal advisor.

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2013 set out in the Auditor's Report contained in this annual report (the "Financial Statements").

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability. The Group's operations are substantially conducted through its direct or indirect subsidiaries in the PRC. The Group primarily focuses on developing and managing the portfolio of its down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products, original equipment manufacturing ("OEM") products and non-down apparel products.

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated statement of comprehensive income on page 71 and Note 7 to the Financial Statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended March 31, 2013 are set out in the Financial Statements included in the Auditor's Report. The Board has resolved to recommend the payment of a final dividend of HKD6.5 cents (equivalent to approximately RMB5.2 cents) per ordinary share in respect of the year ended March 31, 2013, totalling approximately HKD520,477,750.

USE OF PROCEEDS FROM LISTING

The net proceeds (after deduction of related issuance costs) from the Company's initial public offering including the exercise of the over-allotment option amounted to approximately RMB6,012,025,000. The net proceeds were partially applied and such application is consistent with the proposed usage of the net proceeds disclosed in the Company's prospectus dated September 27, 2007 (the "Prospectus"). The unused balance of the net proceeds were deposited in short-term demand deposits and/or money market instruments during the year ended March 31, 2013.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and equity for the five financial years ended March 31, 2013, as extracted from the audited financial statements of the Group disclosed in the 2008/2009, 2009/2010, 2010/2011 and 2011/12 annual reports, and from the financial statements for the financial year ended March 31, 2013, is set out below.

	Year ended March 31, 2009 RMB'000	Year ended March 31, 2010 RMB'000	Year ended March 31, 2011 RMB'000	Year ended March 31, 2012 RMB'000	**Year ended March 31, 2013 RMB'000**
Results					
Profit attributable to:					
— Equity holders of the Company	748,120	1,078,550	1,276,446	1,436,642	**1,078,650**
— Minority interest	153	(5)	(4,450)	14,103	**(26,036)**
Assets, liabilities and equity					
Total assets	7,369,710	8,381,815	9,111,681	11,237,741	**12,213,207**
Total liabilities	773,916	1,568,662	2,144,950	3,886,039	**4,927,539**
Total equity	6,595,794	6,813,153	6,966,731	7,351,702	**7,285,668**

NON-CURRENT ASSETS

Details of acquisition and other movements of the non-current assets during the year are set out in Notes 19 to 23 to the Financial Statements.

SHARE CAPITAL

Details of the movement in the Group's share capital during the year ended March 31, 2013 are set out in Note 35 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the year ended March 31, 2013 are set out in Note 37 to the Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2013 are set out in Note 31 to the Financial Statements.

DONATIONS

The Group's charitable and other donations during the year ended March 31, 2013 amounted to RMB5,698,000 (2012 : RMB8,027,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended March 31, 2013 and up to July 18, 2013 (being the latest practicable date prior to the printing of this report) are as follows:

Executive Directors:

Mr. Gao Dekang *(Chairman of the Board of Directors)*
Ms. Mei Dong
Dr. Kong Shengyuan
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Ms. Wang Yunlei *(Resigned with effect from May 1, 2013)*
Mr. Mak Yun Kuen *(Appointed with effect from May 1, 2013)*
Mr. Rui Jinsong *(Appointed with effect from May 1, 2013)*

Non-executive Director:

Mr. Shen Jingwu *(Resigned with effect from May 1, 2013)*

Independent non-executive Directors:

Mr. Dong Binggen
Mr. Jiang Hengjie *(Resigned with effect from May 1, 2013)*
Mr. Wang Yao
Dr. Ngai Wai Fung
Mr. Lian Jie *(Appointed with effect from July 10, 2013)*

All of the Directors were appointed for a fixed term of three years under their respective service contracts or appointment letters entered into with the Company, renewable automatically for successive terms of one year, until terminated by either party by giving a 3-month notice. In accordance with Article 87 of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and a retiring Director shall be eligible for re-election at that annual general meeting. Accordingly, Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Wang Yao and Dr. Ngai Wai Fung shall retire by rotation at the forthcoming annual general meeting (the "AGM"). Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Wang Yao and Dr. Ngai Wai Fung, being eligible, will offer themselves for re-election at the AGM.

Pursuant to Article 86 of the articles of association of the Company, Mr. Mak Yun Kuen and Mr. Rui Jinsong, who were appointed as executive Directors with effect from May 1, 2013, and Mr. Lian Jie who was appointed as an independent non-executive Director on July 10, 2013, will hold office until the AGM and will then be eligible for re-election.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than statutory compensation.

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

Below are the changes of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2012/13 Interim Report.

Dr. Ngai Wai Fung, an independent non-executive Director, ceased to be an independent non-executive director of CNPV Solar Power SA (ALCNP), the shares of which are listed on NYSE Euronext.

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

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors the confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed ''Directors and Senior Management'' in this report.

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

As at March 31, 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the ''SFO''), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other *(Note 1)*	5,208,791,201	65.05%
	Deemed interest *(Note 3)*	2,763,697	0.035%
Ms. Mei Dong	Other *(Notes 1 and 4)*	5,208,791,201	65.05%
	Beneficial owner *(Note 2)*	2,763,697	0.035%
Dr. Kong Shengyuan	Beneficial owner *(Note 2)*	2,763,697	0.035%
Ms. Gao Miaoqin	Beneficial owner *(Note 2)*	2,763,697	0.035%
Ms. Huang Qiaolian	Beneficial owner *(Note 2)*	2,763,697	0.035%
Ms. Wang Yunlei *(Resigned with effect from May 1, 2013)*	Beneficial owner *(Note 2)*	1,878,242	0.023%
Mr. Rui Jinsong *(Appointed with effect from May 1, 2013)*	Beneficial owner *(Note 2)*	1,878,242	0.023%

Notes:

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

(2) Each of Ms. Mei Dong, Dr. Kong Shengyuan, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 shares, and each of Ms. Wang Yunlei and Mr. Rui Jinsong was granted 1,878,242 shares, under the Share Scheme over a vesting period.

(3) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 shares held by Ms. Mei Dong under the SFO.

(4) Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 5,208,791,201 shares held by Mr. Gao Dekang under the SFO.

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

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

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

Save as disclosed above, as at March 31, 2013, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or is likely to compete (either directly or indirectly) with the Group's business at any time during the year ended March 31, 2013 and up to the date of this report.

As disclosed in the Prospectus, Mr. Gao Dekang has entered into a Non-competition Deed (as defined in the Prospectus) dated September 15, 2007 in favor of the Company. Mr. Gao Dekang has provided the Group with a written confirmation that he and his associates (other than members of the Group) have fully complied with the Non-competition Deed as at the date of this report.

The independent non-executive Directors have, based on the information available to them, including information and confirmation provided by or obtained from Mr. Gao Dekang and his associates (other than members of the Group), for the financial year ended March 31, 2013, conducted a review of the compliance with the Non-competition Deed and are of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed.

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Gao Dekang and his associates (as defined in the Listing Rules) have entered into certain connected transactions as further described below under the heading "Connected Transactions", "Continuing Connected Transactions", and Note 39 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang. Ms. Gao Miaoqin is the cousin of Mr. Gao Dekang. Save as disclosed, no Director had a material interest in any contract of significance to the Group's business for the year ended March 31, 2013 in which the Group was a party.

REMUNERATION POLICY

The remuneration policy of the Group to reward its employees is based on their performance, qualifications and competence displayed.

The remuneration of the Directors of the Company is decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the remuneration of the Directors and of the five highest paid individuals in the Group are set out in Notes 14 and 15 to the Financial Statements.

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

The Group's employees in the PRC participate in various defined contribution schemes provided by the relevant provincial and municipal governments under which the Group is required to make monthly contributions to these schemes. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary provided by the relevant provincial and municipal government. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the year ended March 31, 2013 were RMB58,230,000.

Details of the Group's contributions to the retirement benefit schemes are shown in Note 10 to the Financial Statements.

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

As at March 31, 2013, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Cititrust (Singapore) Limited	Trustee *(Note)*	5,208,791,201	65.05%
Kova Group Limited	Interest of controlled corporation *(Note)*	5,208,791,201	65.05%
Kong Bo Investment Limited	Corporate interest *(Note)*	5,156,219,202	64.39%

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

Save as disclosed above, as at March 31, 2013, the Directors and the chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

MANAGEMENT CONTRACTS

Save as disclosed below under the section headed "Continuing Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2013.

CONNECTED TRANSACTION

Save as disclosed, the Group had no connected transaction during the year ended March 31, 2013.

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 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. Waivers from the Stock Exchange from strict compliance of these requirements have been granted at the time of application for listing of the Company's shares on the Stock Exchange. Certain related party transactions as disclosed in Note 39 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with 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 and 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 on September 15, 2007, 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 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 independent non-executive Directors 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 independent non-executive Directors 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.

The term of the Framework Manufacturing Outsourcing and Agency Agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the Framework Manufacturing Outsourcing and Agency Agreement at any time by giving at least three months' notice. The proposed annual caps of RMB360,200,000, RMB396,300,000 and RMB435,900,000 for the three financial years ended March 31, 2011, 2012 and 2013, respectively, were approved by the shareholders on April 20, 2010. The Company also served a notice of renewal to the Parent Group on May 22, 2010 to renew the agreement for another term of three years from September 15, 2010.

As the Company intended to further extend the term of the Framework Manufacturing Outsourcing and Agency Agreement from September 14, 2013 to September 14, 2014, it entered into a supplemental agreement on January 9, 2012 with Mr. Gao Dekang to revise the term of extension provided under the Framework Manufacturing Outsourcing and Agency Agreement, which shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years or such other term as agreed by the parties. Further, the term of the Framework Manufacturing Outsourcing and Agency Agreement shall be further extended or revised by the Company prior to its expiry if agreed by the parties. Save as the said revision, all other terms of the Framework Manufacturing Outsourcing and Agency Agreement remain unchanged.

At the extraordinary general meeting of the Company held on February 22, 2012, the shareholders approved the extension of the term of, and the new annual caps for each of the three years ending March 31, 2014 for the Framework Manufacturing Outsourcing and Agency Agreement. Accordingly, the annual caps for the Framework Manufacturing Outsourcing and Agency Agreement for the two financial years ended March 31, 2012 and 2013 had been revised to RMB550,000,000 and RMB687,500,000, respectively, and the proposed annual cap for the financial year ending March 31, 2014 had been set at RMB859,400,000. The Company and Mr. Gao Dekang had also agreed to extend the term of the Framework Manufacturing Outsourcing and Agency Agreement from September 14, 2013 to September 14, 2014.

The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2013 was RMB430,005,000.

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") dated September 15, 2007 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 independent non-executive Directors 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 independent non-executive Directors 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 independent non-executive Directors 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.

The term of the Framework Raw Material Purchase Agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the Framework Raw Material Purchase Agreement at any time by giving at least three months' notice. The annual caps approved by the Board for each of the three financial years ended March 31, 2013 were RMB12,000,000, RMB16,000,000 and RMB20,000,000, respectively. On April 22, 2013, the Board approved the proposed annual caps of RMB11,500,000, RMB12,000,000 and RMB12,500,000 for the three financial years ending March 31, 2014, 2015 and 2016, respectively. The Company has also served a notice of renewal to the Parent Group on April 22, 2013 to renew the agreement for another term of three years from September 15, 2013.

The actual amount payable by the Group to the Parent Group for the year ended March 31, 2013 was RMB3,658,000.

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 dated September 15, 2007 and agreements supplemental to the property lease agreement entered into between the Company and Mr. Gao Dekang.

Under the property lease agreement and its supplemental agreements, 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 independent non-executive Directors had been provided with the (i) property lease agreement and its supplemental agreements and (ii) the then prevailing market rates of comparable properties for review and comparison purpose.

The independent non-executive Directors had reviewed the relevant rental and payment terms under the property lease agreement and its supplemental agreements 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 and its supplemental agreements are on normal commercial terms and are fair and reasonable.

Pursuant to the property lease agreement dated September 15, 2007, the Parent Group leased twelve properties to the Group. The term of each lease granted under the property lease agreement shall be no more than 20 years. Under the property lease agreement, the Group may terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent. In April 2009, the Company terminated the leases of three premises and on March 11, 2010, the Company and Mr. Gao Dekang entered into the supplemental property lease agreement, pursuant to which the Parent Group agreed to lease five additional premises to the Company for a term not exceeding 20 years from the date of the supplemental property lease agreement. On April 22, 2013, the Company and Mr. Gao Dekang entered into the second supplemental lease agreement pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 1, 2013. The new leases to be entered into under the second supplemental lease agreement shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the term. The annual caps approved by the Board for the three financial years ended March 31, 2011, 2012 and 2013 were RMB11,500,000, RMB11,800,000 and RMB12,000,000, respectively. The Board approved the proposed annual caps of RMB33,000,000, RMB35,000,000 and RMB37,000,000 for the three financial years ending March 31, 2014, 2015 and 2016, respectively, on April 22, 2013.

The actual amount of rental payable by the Group to the Parent Group for the year ended March 31, 2013 was RMB11,786,000.

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") dated September 15, 2007 entered into between the Company and Mr. Gao Dekang.

At the relevant Audit Committee/Board meeting, the independent non-executive Directors 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 independent non-executive Directors 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.

The term of the Framework Integrated Service Agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the Framework Integrated Service Agreement at any time by giving at least three months' notice. The Board approved the proposed annual caps of RMB8,000,000, RMB8,800,000 and RMB9,700,000 for the three financial years ended March 31, 2011, 2012 and 2013, respectively, on March 11, 2010. As the Group is actively expanding its overseas market as well as its non-down apparel business, which leads to an increase in the frequency of business trips and thus the utilization of hotel and dining services and the property management services (including utilities, i.e. electricity, water, repair and maintenance), etc., the Company resolved on January 9, 2012 to revise the annual caps for the two financial years ended March 31, 2012 and 2013 to RMB11,800,000 and RMB14,200,000, respectively.

The Board approved the proposed annual caps of RMB20,000,000, RMB25,000,000 and RMB30,000,000 for the three financial years ending March 31, 2014, 2015 and 2016, respectively, on April 22, 2013. The Company also served a notice of renewal to the Parent Group on April 22, 2013 to renew the agreement for another term of three years from September 15, 2013.

The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2013 was RMB3,700,000.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above and in Note 39 to the Financial Statements were entered into:

(i) in the ordinary course of business of the Group;

(ii) on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the Company's auditor to perform certain agreed-upon procedures in respect of the continuing connected transactions set out above on a sample basis. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board and has confirmed that the continuing connected transactions set out above have complied with the requirements under Rule 14A.38 of the Listing Rules.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved by a resolution of the shareholders passed on September 10, 2007 and adopted by a resolution of the Board on September 15, 2007. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group, to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the Group's future development and expansion, by providing them with the opportunity to acquire equity interests in the Company. The Board may, at its absolute discretion, offer any employee, management member or Director of the Company, or any of the Group's subsidiaries and third party service providers options ("Options") to subscribe for shares on the terms set out in the Share Option Scheme. The amount payable on acceptance of an Option is HK$1.00. Details of the Share Option Scheme were provided in the Prospectus.

Unless otherwise terminated by the Board or the Company's shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further Options will be granted or offered, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Option granted prior to the expiry of this 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Listing Date (such 10% representing 787,000,000 shares and approximately 9.83% of the Company's issued share capital as at the date of this annual report) without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time (such 30% representing 2,402,205,000 shares as at the date of this annual report). No Option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

The period within which the Options must be exercised will be specified by the Company at the time of grant, and must expire no later than 10 years from the date of grant of the Option (being the date on which the Board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains separate shareholders' approval in relation to such grant.

The amount payable for each share to be subscribed for under an Option upon exercise shall be not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

As at the date of this report, no Options had been granted under the Share Option Scheme by the Company.

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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands, which oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2013, the Group's five largest suppliers (comprising suppliers of down, fabric and ancillary materials) together accounted for less than 30% of the Group's total raw material purchases.

Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd., the Group's supplier of fabric developed from nanotechnology, is 68% indirectly controlled by Mr. Gao Dekang and his associates. For the year ended March 31, 2013, purchases made by the Group from this supplier amounted to RMB3,487,000. Save as disclosed above, none of the Directors, their associates or any shareholder of the Company (who or which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in any of the Group's large suppliers.

For the year ended March 31, 2013, the Group's five largest customers accounted for less than 30% of the Group's revenue. Save as disclosed above, none of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in any of the Group's large customers.

COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 38 to the Financial Statements.

SUBSEQUENT EVENTS

Details of the Group's events after the balance sheet date up to the date of this report are set out in Note 40 to the Financial Statements.

AUDITOR

The Financial Statements have been audited by KPMG. A resolution for the re-appointment of KPMG as the Company's auditor will be proposed at the Company's forthcoming annual general meeting.

By order of the Board
Gao Dekang
Chairman

Hong Kong, June 26, 2013

Independent auditor's report to the shareholders of
Bosideng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Bosideng International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 71 to 149, which comprise the consolidated and company balance sheets as at March 31, 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at March 31, 2013 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

June 26, 2013

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	7	**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	8	**54,373**	46,319
Selling and distribution expenses	9	**(2,782,354)**	(2,268,135)
Administrative expenses		**(459,136)**	(337,398)
Impairment losses on goodwill	21	**(89,274)**	—
Impairment losses on customer relationships	21	**(166,790)**	—
Other expenses	8	**(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	12	**185,246**	100,343
Profit before income tax		**1,456,916**	1,721,736
Income tax expense	13	**(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	12	**13,214**	13,557
Net change in fair value of			
available-for-sale financial assets	12	**8,975**	(18,075)
Income tax on other comprehensive income	13(c)	**(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

The notes on pages 80 to 149 form part of these financial statements.

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
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	18		
– basic (RMB cents)		**13.55**	18.29
– diluted (RMB cents)		**13.55**	18.29

The notes on pages 80 to 149 form part of these financial statements.

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	19	1,012,648	734,803
Prepayment for purchase of properties	19	19,776	118,502
Lease prepayments	20	33,112	33,853
Intangible assets and goodwill	21	1,098,672	1,412,130
Investment properties	22	30,922	17,821
Deferred tax assets	23	345,313	200,708
		2,540,443	2,517,817
Current assets			
Inventories	24	1,970,993	1,398,861
Trade, bills and other receivables	25	1,603,314	1,251,657
Receivables due from related parties	39	94,395	88,275
Prepayments for materials and service suppliers		319,911	517,871
Other financial assets	26	460,000	755,000
Available-for-sale financial assets	27	1,642,784	1,467,550
Pledged bank deposits	28	1,412,781	862,738
Time deposits with maturity over 3 months	29	233,230	471,021
Cash and cash equivalents	30	1,935,356	1,906,951
		9,672,764	8,719,924
Current liabilities			
Current income tax liabilities	13(d)	267,130	215,462
Interest-bearing borrowings	31	1,736,988	1,740,662
Trade and other payables	32	1,618,632	1,329,913
Payables due to related parties	39	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

The notes on pages 80 to 149 form part of these financial statements.

Consolidated Balance Sheet

At March 31, 2013
(Expressed in Renminbi)

	Note	At March 31, 2013 RMB'000	2012 RMB'000
Non-current liabilities			
Interest-bearing borrowings	31	**919,098**	—
Non-current other payables	33	**179,268**	330,439
Derivative financial liabilities	33	**10,400**	14,230
Deferred tax liabilities	23	**183,786**	254,729
		1,292,552	599,398
Net assets		**7,285,668**	7,351,702
EQUITY			
Share capital	35	**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

Approved and authorized for issue by the board of directors on June 26, 2013.

....

Gao Dekang
Chairman of the Board of Directors

....

Gao Miaoqin
Director

The notes on pages 80 to 149 form part of these financial statements.

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	19	17	178
Investment in subsidiaries and a controlled special purpose entity	34	2,605,760	2,739,558
		2,605,777	2,739,736
Current assets			
Trade, bills and other receivables	25	41,294	31,012
Cash and cash equivalents	30	220,270	137,141
		261,564	168,153
Current liabilities			
Interest-bearing borrowings	31	1,736,888	1,444,793
Trade and other payables	32	7,058	1,117
		1,743,946	1,445,910
Net current liabilities		(1,482,382)	(1,277,757)
Total assets less current liabilities		1,123,395	1,461,979
Non-current liabilities			
Interest-bearing borrowings	31	919,098	—
		919,098	—
Net assets		204,297	1,461,979

The notes on pages 80 to 149 form part of these financial statements.

Balance Sheet

At March 31, 2013
(Expressed in Renminbi)

		At March 31,	
	Note	2013	2012
		RMB'000	RMB'000
EQUITY			
Share capital	35	**622**	622
Reserves	37	**203,675**	1,461,357
Total equity		**204,297**	1,461,979

Approved and authorized for issue by the board of directors on June 26, 2013.

....
Gao Dekang
Chairman of the Board of Directors

....
Gao Miaoqin
Director

The notes on pages 80 to 149 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2013
(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 (note 35)	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 (note 36)	Capital reserves RMB'000 (note 37(a))	Statutory reserves RMB'000 (note 37(b))	Translation reserves RMB'000 (note 37(c))	Fair value reserves RMB'000 (note 37(d))	Other reserves RMB'000 (note 33)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2011	607	2,843,200	–	76,066	597,881	(342,454)	16,822	–	3,681,064	6,873,186	93,545	6,966,731
Total comprehensive income for the year:												
Profit for the year	–	–	–	–	–	–	–	–	1,436,642	1,436,642	14,103	1,450,745
Foreign currency translation differences – foreign operations	–	–	–	–	–	13,557	–	–	–	13,557	–	13,557
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	–	–	(15,341)	–	–	(15,341)	(711)	(16,052)
Transactions with owners, recorded directly in equity:												
Treasury shares held for Share Award Scheme (note 36)	–	–	(34,518)	–	–	–	–	–	–	(34,518)	–	(34,518)
Written put option to non-controlling interests	–	–	–	–	–	–	–	(249,539)	–	(249,539)	–	(249,539)
Acquisition of subsidiaries	15	412,332	–	–	–	–	–	–	–	412,347	113,458	525,805
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(6,934)	(6,934)
Appropriation to reserves	–	–	–	–	91,478	–	–	–	(91,478)	–	–	–
Dividends	–	(1,298,093)	–	–	–	–	–	–	–	(1,298,093)	–	(1,298,093)
Balance at March 31, 2012	622	1,957,439	(34,518)	76,066	689,359	(328,897)	1,481	(249,539)	5,026,228	7,138,241	213,461	7,351,702
Balance at March 31, 2012	**622**	**1,957,439**	**(34,518)**	**76,066**	**689,359**	**(328,897)**	**1,481**	**(249,539)**	**5,026,228**	**7,138,241**	**213,461**	**7,351,702**
Total comprehensive income for the year:												
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,078,650**	**1,078,650**	**(26,036)**	**1,052,614**
Foreign currency translation differences – foreign operations	**–**	**–**	**–**	**–**	**–**	**13,214**	**–**	**–**	**–**	**13,214**	**–**	**13,214**
Net change in fair value of available-for-sale financial assets, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**6,875**	**–**	**–**	**6,875**	**(144)**	**6,731**
Transactions with owners, recorded directly in equity:												
Treasury shares held for Share Award Scheme (note 36)	**–**	**–**	**(37,260)**	**–**	**–**	**–**	**–**	**–**	**–**	**(37,260)**	**–**	**(37,260)**
Written put option to non-controlling interests (note 33)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**61,585**	**–**	**61,585**	**–**	**61,585**
Appropriation to reserves	**–**	**–**	**–**	**–**	**66,942**	**–**	**–**	**–**	**(66,942)**	**–**	**–**	**–**
Dividends	**–**	**(1,162,918)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,162,918)**	**–**	**(1,162,918)**
Balance at March 31, 2013	**622**	**794,521**	**(71,778)**	**76,066**	**756,301**	**(315,683)**	**8,356**	**(187,954)**	**6,037,936**	**7,098,387**	**187,281**	**7,285,668**

The notes on pages 80 to 149 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2013
(Expressed in Renminbi)

	For the year ended March 31,	
	2013	2012
	RMB'000	RMB'000
Operating activities		
Profit for the year	**1,052,614**	1,450,745
Adjustments for:		
Income tax expense	**404,302**	270,991
Depreciation	**100,322**	73,935
Amortization	**58,135**	34,199
Gain on disposal of subsidiaries	**—**	(3,191)
Impairment losses	**256,064**	—
Change in fair value of contingent considerations	**(133,185)**	1,957
Change in fair value of derivative financial liabilities	**(3,830)**	162
Net interest income	**(107,764)**	(114,224)
Operating profit before changes in working capital	**1,626,658**	1,714,574
Increase in inventories	**(572,132)**	(194,230)
(Increase)/Decrease in trade, bills and other receivables and prepayments	**(153,697)**	9,280
(Increase)/Decrease in receivables due from related parties	**(6,120)**	8,852
Increase in trade and other payables	**357,269**	138,055
Increase/(Decrease) in payables due to related parties	**11,633**	(13,761)
Cash generated from operations	**1,263,611**	1,662,770
Interest paid	**(60,713)**	(24,629)
Income tax paid	**(570,426)**	(322,324)
Net cash generated from operating activities	**632,472**	1,315,817
Investing activities		
Acquisition of subsidiaries, net of cash acquired	**—**	(96,084)
Disposal of subsidiaries, net of cash disposed of	**—**	9,975
Payment of contingent consideration in connection with acquisition	**(52,500)**	(130,000)
Acquisition of property, plant and equipment	**(280,880)**	(611,820)
Lease prepayments	**—**	(3,336)
Acquisition of investment properties	**—**	(19,129)
Acquisition of intangible assets	**—**	(5,000)
Proceeds from disposal of property, plant and equipment	**2,445**	1,639
Acquisition of available-for-sale financial assets	**(4,540,789)**	(4,328,500)
Proceeds from disposal of available-for-sale financial assets	**4,374,530**	4,402,600
Acquisition of other financial assets	**(460,000)**	(755,000)
Proceeds from disposal of other financial assets	**755,000**	—
(Increase)/Decrease in pledged bank deposits	**(13,427)**	6,378
Decrease in time deposits with maturity over 3 months	**237,791**	829,458
Interest received	**168,477**	138,853
Net cash generated from/(used in) investing activities	**190,647**	(559,966)

The notes on pages 80 to 149 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2013
(Expressed in Renminbi)

	For the year ended March 31,	
	2013	2012
	RMB'000	RMB'000
Financing activities		
Proceeds from interest-bearing borrowings	**2,656,098**	1,740,662
Repayment of interest-bearing borrowings	**(1,740,674)**	(586,880)
Payment for purchase of shares in connection with the Share Award Scheme	**(37,260)**	(34,518)
Decrease in bank deposits pledged for bank loans	**312,500**	438,500
Increase in bank deposits pledged for issuing standby letters of credit for bank loans	**(849,116)**	(547,238)
Dividends paid	**(1,162,918)**	(1,298,093)
Net cash used in financing activities	**(821,370)**	(287,567)
Net increase in cash and cash equivalents	**1,749**	468,284
Cash and cash equivalents at the beginning of the year	**1,906,951**	1,417,629
Effect of foreign currency exchange rate changes	**26,656**	21,038
Cash and cash equivalents at the end of the year	**1,935,356**	1,906,951

Supplementary disclosure of material non-cash transactions:

Ordinary shares issued as consideration in a business combination	**–**	412,347

The notes on pages 80 to 149 form part of these financial statements.

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"). A summary of the significant accounting policies adopted by the Group is set out in note 3.

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(e) 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) Basis of measurement

These financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, contingent considerations payable and derivative financial liabilities measured at fair value in the consolidated balance sheet.

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). These financial statements are presented in Renminbi ("RMB", the "presentation currency"). All financial information presented in RMB has been rounded to the nearest thousand except otherwise stated. The functional currency of the Company is United States Dollars.

2 BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and major sources of estimation uncertainty are discussed in note 6.

(e) 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

(ii) Subsidiaries and controlled special purpose entities

Subsidiaries and controlled special purpose entities are entities controlled by the Group. The financial statements of subsidiaries and controlled special purpose entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries and controlled special purpose entities have been changed when necessary to align them with the policies adopted by the Group. In the Company's statement of financial position, investment in subsidiaries and contributions to the Company's Employees' Share Award Scheme (note 36), a controlled special purpose entity, are stated at cost less any impairment losses (see note 3(j)(ii)).

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Transactions with non-controlling interests

Non-controlling interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and consolidated statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of operations of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between non-controlling interests and the equity shareholders of the Company.

Transactions with non-controlling interests of the Group are at book value and classified as equity transactions. Accordingly, when the Group acquires non-controlling interests of its subsidiaries, the difference between the amounts of consideration and carrying values of non-controlling interests are recognized as reserve movement. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to RMB at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RMB at exchange rates at the dates of the transactions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) Foreign operations (continued)

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. When a foreign operation is disposed of, in part or in full, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized directly in other comprehensive income, and presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group's non-derivative financial assets comprise loans and receivables, available-for-sale financial assets, cash and cash equivalents, pledged bank deposits and time deposits with maturity over 3 months.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses (see note 3(j)(i)).

Loans and receivables comprise trade and other receivables, other financial assets and receivables due from related parties.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(j)(i)), are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. The Group's investments in certain debt securities are classified as available-for-sale financial assets.

Others

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses (see note 3(j)(i)).

(ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss and other financial liabilities categories.

Financial liabilities at fair value through profit or loss are recognized initially at fair value. Any subsequent fair value change is recognized in profit or loss.

Other financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Group has the following non-derivative financial liabilities: interest-bearing borrowings, trade and other payables, non-current other payables and payables due to related parties.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on the remeasurement to fair value is recognized immediately in profit or loss.

(d) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 3(j)(ii)). Cost comprises direct costs of construction during the period of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is completed and substantially ready for its intended use.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 3(j)(ii)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs (see note 3(q)). Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Reclassification to investment property

When the use of a property changes from owner-occuied to investment property, the property is measured at cost less accumulated depreciation and impairment losses (see note 3(j)(ii)).

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Freehold land with unlimited useful life is measured at cost and not depreciated.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Useful lives	Residual value
Buildings	20–60 years	0%~10%
Machinery	5–10 years	4%~10%
Motor vehicles and others	2–10 years	0% ~10%
Leasehold improvement	Over the shorter of the un-expired term of the lease and 3 years	0%

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment property is measured at cost less accumulated depreciation and impairment losses (see note 3(j)(ii)). Cost includes expenditure that is directly attributable to the acquisition of the investment property. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of 20 to 60 years. Depreciation methods, useful lives and residual values are re-assessed at each balance sheet date and adjusted if appropriate.

Rental income from investment properties is recognized in profit or loss in equal instalments over the periods covered by the lease term.

(g) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(i). Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses (see note 3(j)(ii)).

(ii) Customer relationships

Customer relationships acquired by the Group upon acquisition of subsidiaries are measured at fair value upon initial recognition. Subsequent to initial recognition, customer relationships are measured at cost less accumulated amortization and accumulated impairment losses (see note 3(j)(ii)). The estimated useful life of customer relationships is 8 to 15 years. The amortization method and useful lives are reviewed at each balance sheet date.

(iii) Trademarks

Separately acquired trademarks are carried at cost less accumulated amortization and accumulated impairment losses (see note 3(j)(ii)). Trademarks acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and accumulated impairment losses. Amortization of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 10 to 20 years.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and trademarks, is recognized in profit or loss as incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

(v) Amortization

Except for goodwill, intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

(h) Lease prepayments

Lease prepayments represent prepayments of land use rights paid to the various PRC land bureaus. Lease prepayments are carried at cost less amortization and accumulated impairment losses (see note 3(j)(ii)). Amortization is recognized in profit or loss on a straight-line basis over the period of the land use rights, which are 50 years from the respective dates that they are available for use.

(i) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is computed using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred to bring them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes direct labor and an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

The Group considers evidence of impairment for loans and receivables and at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognized. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment test is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 3(j)(i) and 3(j)(ii)).

Impairment losses recognized in an interim period in respect of goodwill carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Dividends

Dividends are recognized as a liability in the period in which they are declared.

(l) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting periods, then they are discounted to their present value.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits (continued)

(iv) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company grants shares to its subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's balance sheet which is eliminated on consolidation.

(m) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected further cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue

(i) Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value-added tax ("VAT") or other sales taxes, returns or allowances, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Sales of branded down apparel products and non-down apparel products to distributors in the PRC and sales of OEM apparels overseas are recognized in accordance with the terms of delivery, provided the collectability of sales proceeds is reasonably assured. Sales of branded down apparel products and non-down apparel products through department stores and retail stores are recognized at the time of sale to the retail end customers.

(ii) Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Government grants

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

(iv) Royalty income

Royalties arising from the use by others of the Group's brands are recognized in profit or loss as other income on an accrual basis in accordance with the substance of the relevant agreements.

(v) Rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease.

(p) Finance income and costs

Finance income comprises interest income on funds invested (including investment in other financial assets and available-for-sale financial assets), and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings, fair value change of financial liabilities at fair value through profit or loss and derivative financial liabilities, losses on disposal of available-for-sale financial assets, bank charges and foreign currency losses and other interest expense.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the costs of the qualifying assets commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets ready for their intended use or sale are complete.

(r) Income tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purpose. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends out of the PRC are recognized at the same time as the liability to pay the related dividends is recognized.

(s) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Segment results that are reported to the most senior executive management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New or revised standards and interpretations not yet adopted

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, Interpretations and new standards which are not yet effective for the year ended March 31, 2013, and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting period beginning on or after (unless specified)
Amendments to IAS 1, *Presentation of financial statements*	July 1, 2012
IFRS 10, *Consolidated financial statements*	January 1, 2013
IFRS 13, *Fair value measurement*	January 1, 2013
IAS 27, *Separate financial statements (2011)*	January 1, 2013
Revised IAS 19, *Employee benefits*	January 1, 2013
IFRS 9, *Financial instruments*	January 1, 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Cash and cash equivalents, pledged bank deposits, time deposits, trade, bills and other receivables, other financial assets and trade and other payables

The carrying amounts of these financial instruments approximate their respective fair values because of the short maturities.

(b) Available-for-sale financial assets

The fair value of available-for-sale financial assets is determined by reference to their quoted market prices at the balance sheet date without any deduction for transaction costs.

4 DETERMINATION OF FAIR VALUES (continued)

(c) Contingent considerations payable

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

(d) Derivative financial liabilities

The fair value of derivative financial liabilities is determined using appropriate valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

5 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

– credit risk

– liquidity risk

– interest rate risk

– foreign currency risk

– fair value

– business risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company's board of directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The risks are mitigated by various measures as disclosed below.

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables and receivables due from related parties. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are in general due within 30 to 90 days from the date of billing. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

5 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(i) Trade and other receivables (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no significant concentration of credit risk.

The maximum exposure to credit risk without taking account of any collateral is represented by the carrying amount of trade and other receivables and receivables due from related parties in the balance sheet after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 25.

(ii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

(iii) Available-for-sale financial assets and other financial assets

Available-for-sale financial assets and other financial assets are arranged with financial institutions with established credit ratings. Pursuant to the agreements with the financial institutions, there is limited credit risk on the principal amounts, as majority of these are guaranteed by the financial institutions.

5 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

	2013				2012			
	Contractual undiscounted cash flow				Contractual undiscounted cash flow			
	Within 1 year or on demand	More than 1 year less than 5 years	Total	Balance sheet carrying amount	Within 1 year or on demand	More than 1 year less than 5 years	Total	Balance sheet carrying amount
The Group								
Interest-bearing borrowings	1,777,139	975,198	2,752,337	2,656,086	1,758,067	–	1,758,067	1,740,662
Trade and other payables	1,618,632	–	1,618,632	1,618,632	1,329,913	–	1,329,913	1,329,913
Payables due to related parties	12,237	–	12,237	12,237	604	–	604	604
Non-current other payables	–	191,939	191,939	179,268	–	360,466	360,466	330,439
	3,408,008	1,167,137	4,575,145	4,466,223	3,088,584	360,466	3,449,050	3,401,618
The Company								
Interest-bearing borrowings	1,777,038	975,198	2,752,236	2,655,986	1,457,016	–	1,457,016	1,444,793
Trade and other payables	7,058	–	7,058	7,058	1,117	–	1,117	1,117
	1,784,096	975,198	2,759,294	2,663,044	1,458,133	–	1,458,133	1,445,910

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

(i) Interest rate profile

The Group's interest rate risk arises primarily from interest-bearing borrowings. The following table details the interest rate profile of the Group's and the Company's interest-bearing financial assets and liabilities at the balance sheet date:

	2013 Effective Interest rate	**2013** RMB'000	2012 Effective Interest rate	2012 RMB'000
The Group				
Interest-bearing borrowings	**2.61%**	**(2,656,086)**	2.24%	(1,740,662)
Pledged bank deposits	**3.30%**	**1,412,781**	3.50%	862,738
Time deposits with maturity over 3 months	**3.07%**	**233,230**	3.26%	471,021
Cash and cash equivalent	**0.59%**	**1,935,356**	0.99%	1,906,951
Other financial assets	**4.85%**	**460,000**	6.94%	755,000
		1,385,281		2,255,048
The Company				
Interest-bearing borrowings	**2.61%**	**(2,655,986)**	2.20%	(1,444,793)
Cash and cash equivalent	**0.04%**	**220,270**	0.12%	137,141
		(2,435,716)		(1,307,652)

(ii) Sensitivity analysis

At March 31, 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained earnings for the year by approximately RMB4,461,000 (2012: RMB13,320,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

5 FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB have to take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. The Group is exposed to foreign currency risk primarily through bank deposits and interest-bearing borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars and Hong Kong Dollars.

(i) Exposure to foreign currency risk

The following table details the Group's and the Company's major exposures at the balance sheet date to foreign currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	At March 31,			
	2013		2012	
	US$'000	**HK$'000**	US$'000	HK$'000
Bank deposits	**2,447**	**236,718**	5,796	188,366
Trade receivables	**9,773**	**—**	6,801	—
Prepayments for materials and service suppliers	**4,521**	**—**	—	—
Trade payables	**(5,453)**	**—**	—	—
Interest-bearing borrowings	**—**	**(1,878,995)**	—	(1,565,000)
	11,288	**(1,642,277)**	12,597	(1,376,634)

The Company

	At March 31,	
	2013	2012
	HK$'000	HK$'000
Bank deposits	**78,261**	37,456
Interest-bearing borrowings	**(1,878,995)**	(1,200,000)
	(1,800,734)	(1,162,544)

5 FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained earnings) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes bank deposits where the denomination of the balances is in a currency other than the functional currencies.

	2013		2012	
	Increase/ (decrease) in foreign exchange rate %	**Effect on profit after tax and retained earnings RMB'000**	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained earnings RMB'000
Hong Kong dollars	**10%**	**(132,633)**	10%	(111,593)
United States dollars	**10%**	**5,308**	10%	6,018

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to foreign currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date.

The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

5 FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value

The amendments to IFRS 7, *Financial Instruments: Disclosures*, require disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

The financial instruments of the Group carried at fair value were:

		For the year ended March 31,	
		2013	2012
	Level	**RMB'000**	RMB'000
Available-for-sale financial assets (note 27)	2	**1,642,784**	1,467,550
Derivative financial liabilities (note 33)	2	**10,400**	14,230
Contingent considerations payable (note 32 and note 33)	3	**5,382**	191,067

All the other financial assets and liabilities are carried at amounts not materially different from their fair values as at March 31, 2013 and 2012.

(f) Business risk

The Group's primary business is research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, which experiences seasonal fluctuations. As such, the sales volumes and revenue in the second half of the financial year are normally substantially higher than those during the first half of the financial year. The Group's financial results are influenced by the weather conditions during the year and the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to develop new designs that capture market demand, maintain an effective distribution network, manufacture sufficient quantities to meet cyclical sales, and manage an optimal level of inventories. Based on these factors, the Group may experience significant fluctuations in its future financial results.

6 ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market conditions and the historical experience of distributing and selling products of similar nature (such as the estimated timing of inventories to be used or sold and the estimated selling price of inventories in accordance with the Group's sales and marketing strategies formulated with reference to the market and weather conditions as well as customers' preference and purchasing power). They could change significantly as a result of competitors' actions in response to severe industry cycles or other changes in market conditions. Management will reassess the estimates at each balance sheet date.

(b) Impairment for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from inability of the customers to make the required payments. The Group bases the estimates on the aging of the accounts receivable balance, customers' credit worthiness, and historical write-off experience. If the financial conditions of the customers were to deteriorate, actual write-offs would be higher than estimated.

(c) Income tax

Determining income tax provision involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) Depreciation and Amortization

The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortization charge for the year. The management determines the remaining useful life of the acquired customer relationships and trademarks based on management's expertise in the industry. It could change significantly as a result of changes in the market. The useful lives of other assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted if there are significant changes from previous estimates.

6 ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(e) Impairment for non-current assets

The management determines the impairment loss on assets other than goodwill if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less cost to sell and the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

7 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.

7 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results

	For the year ended March 31, 2013			
	Down apparels RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group 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 RMB'000	OEM management RMB'000	Non-down apparels RMB'000	Group 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

7 REVENUE AND SEGMENT REPORTING (continued)

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

	For the year ended March 31, 2013 RMB'000	2012 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 RMB'000	2012 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

8 OTHER INCOME/(EXPENSES)

	Note	For the year ended March 31, 2013 RMB'000	2012 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.

9 SELLING AND DISTRIBUTION EXPENSES

	For the year ended March 31, 2013 RMB'000	2012 RMB'000
Advertising	**301,758**	250,144
Promotion	**607,360**	482,990
Concessionaire fees	**682,609**	588,661
Personnel expenses	**590,567**	416,472
Sales commission	**74,988**	70,480
Tax and surcharges	**80,742**	78,336
Entertainment and travelling	**84,046**	88,568
Depreciation	**61,049**	44,863
Rental	**142,148**	135,356
Amortization	**57,394**	33,513
Others	**99,693**	78,752
Total	**2,782,354**	2,268,135

10 PERSONNEL EXPENSES

	For the year ended March 31,	
	2013	2012
	RMB'000	RMB'000
Salaries, wages and other benefits	**709,098**	509,427
Contributions to defined contribution plans	**58,230**	44,128
	767,328	553,555

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

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

11 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

12 NET FINANCE INCOME

	For the year ended March 31, 2013 RMB'000	2012 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 33)	**133,185**	—
Change in fair value of derivative financial liabilities (note 33)	**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 33)	**—**	(1,957)
Change in fair value of derivative financial liabilities (note 33)	**—**	(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)

13 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2013 RMB'000	2012 RMB'000
Current tax expenses		
Provision for PRC income tax	**622,094**	318,439
Deferred tax benefit		
Origination of temporary differences (note 23)	**(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.

13 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31, 2013 RMB'000	2012 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

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31, 2013			2012		
	Before tax amount RMB'000	**Tax expense RMB'000**	**Net of tax amount RMB'000**	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Foreign currency translation differences - foreign operations	**13,214**	**–**	**13,214**	13,557	–	13,557
Net change in fair value of available-for-sale financial assets	**8,975**	**(2,244)**	**6,731**	(18,075)	2,023	(16,052)
Other comprehensive income	**22,189**	**(2,244)**	**19,945**	(4,518)	2,023	(2,495)

13 INCOME TAX EXPENSE (continued)

(d) Income tax payable in the consolidated balance sheet represents:

	For the year ended March 31,	
	2013	2012
	RMB'000	RMB'000
Balance at beginning of the year	**215,462**	199,254
Acquisition through a business combination	**—**	18,641
Provision for current income tax for the year	**622,094**	318,439
Disposal of subsidiaries	**—**	1,452
Payments during the year	**(570,426)**	(322,324)
Income tax payable at the end of the year	**267,130**	215,462

14 DIRECTORS' REMUNERATION

Details of the directors' remuneration are as follows:

For the year ended March 31, 2013

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	480	4,414	–	–	–	4,894
Mei Dong	180	2,168	–	–	68	2,416
Gao Miaoqin	180	967	–	–	–	1,147
Kong Shengyuan	180	1,088	–	–	11	1,279
Huang Qiaolian	180	1,021	–	–	28	1,229
Wang Yunlei (resigned on May 1, 2013)	180	–	–	–	68	248
Non-executive directors						
Shen Jingwu (resigned on May 1, 2013)	–	–	–	–	–	–
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Jiang Hengjie (resigned on May 1, 2013)	330	–	–	–	–	330
Wang Yao	330	–	–	–	–	330
Ngai Wai Fung	385	–	–	–	–	385
	2,755	9,658	–	–	175	12,588

14 DIRECTORS' REMUNERATION (continued)

For the year ended March 31, 2012

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	480	3,205	–	–	14	3,699
Mei Dong	180	1,618	111	–	62	1,971
Gao Miaoqin	180	516	29	–	–	725
Kong Shengyuan	180	507	30	–	10	727
Huang Qiaolian	180	665	65	–	28	938
Wang Yunlei	180	309	–	–	62	551
Non-executive directors						
Shen Jingwu	–	–	–	–	–	–
Independent non-executive directors						
Dong Binggen	330	–	–	–	–	330
Jiang Hengjie	330	–	–	–	–	330
Wang Yao	330	–	–	–	–	330
Ngai Wai Fung	385	–	–	–	–	385
	2,755	6,820	235	–	176	9,986

During the years ended March 31, 2013 and 2012, no amount was paid or payable by the Group to the directors or any of the other five highest paid individuals set out in note 15 below as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year ended March 31, 2013, Mr. Shen Jingwu, a non-executive director, waived director's fee of approximately RMB468,000 (2012: RMB468,000).

15 FIVE HIGHEST PAID INDIVIDUALS

Of the 5 individuals with the highest emoluments during the year ended March 31, 2013, 3 (2012: 3) are directors whose emoluments are disclosed in note 14. The aggregate of the emoluments in respect of the other two (2012: 2) individuals are as follows:

	For the year ended March 31,	
	2013	2012
	RMB'000	RMB'000
Salaries and other emoluments	**2,370**	1,847
Discretionary bonus	**2,397**	186
Retirement scheme contributions	**18**	13
	4,785	2,046

The emoluments of the other two (2012: 2) individuals with the highest emoluments are within the following bands:

	For the year ended March 31,	
	2013	2012
	RMB'000	RMB'000
HKD1,000,001 – HKD1,500,000 (equivalent to RMB809,101 to RMB1,213,650)	**—**	2
HKD1,500,001 – HKD2,000,000 (equivalent to RMB1,213,651 to RMB1,618,200)	**1**	—
HKD3,500,001 – HKD4,000,000 (equivalent to RMB2,831,851 to RMB3,236,400)	**1**	—
	2	2

16 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company for the year ended March 31, 2013 includes a loss of RMB78,333,000 (2012: a loss of RMB47,352,000) which has been dealt with in the financial statements of the Company.

17 DIVIDENDS

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

	For the year ended March 31, 2013 RMB'000	2012 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

18 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	2012
	RMB'000	RMB'000
Profit attributable to ordinary equity shareholders	**1,078,650**	1,436,642

Weighted average number of ordinary shares (in thousands):

	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 (note 35)	**–**	95,669
Effect of treasury shares held for Share Award Scheme (note 36)	**(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 33) is nil as rounded down to 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 33) were anti-dilutive.

19 PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At March 31, 2011	147,209	15,489	147,332	33,131	57,160	400,321
Acquisition through a business combination	–	–	989	–	–	989
Other additions	259,564	3,893	86,133	42,849	112,245	504,684
Transfer	2,930	–	–	–	(2,930)	–
Movement of exchange rate	(5,468)	–	(1,000)	–	(599)	(7,067)
Disposal of subsidiaries	–	(10)	(3,129)	–	–	(3,139)
Disposals	(26)	(3)	(10,068)	(14,222)	–	(24,319)
At March 31, 2012	404,209	19,369	220,257	61,758	165,876	871,469
Additions	151,473	6,639	47,466	21,772	179,805	407,155
Transfer	22,869	–	3,212	6,580	(32,661)	–
Movement of exchange rate	(11,329)	–	(57)	–	(1,241)	(12,627)
Reclassification to investment property (note 22)	(17,606)	–	–	–	–	(17,606)
Disposals	–	(120)	(29,206)	(5,918)	–	(35,244)
At March 31, 2013	549,616	25,888	241,672	84,192	311,779	1,213,147

19 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:						
At March 31, 2011	(10,022)	(6,181)	(54,346)	(16,390)	–	(86,939)
Depreciation charged for the year	(7,499)	(1,798)	(44,801)	(18,972)	–	(73,070)
Movement of exchange rate	4	–	25	–	–	29
Disposal of subsidiaries	–	–	634	–	–	634
Disposals	–	2	8,495	14,183	–	22,680
At March 31, 2012	(17,517)	(7,977)	(89,993)	(21,179)	–	(136,666)
Depreciation charged for the year	(9,141)	(2,409)	(58,310)	(29,262)	–	(99,122)
Movement of exchange rate	52	–	6	–	–	58
Reclassification to investment property (note 22)	2,432	–	–	–	–	2,432
Disposals	–	103	26,943	5,753	–	32,799
At March 31, 2013	(24,174)	(10,283)	(121,354)	(44,688)	–	(200,499)
Net book value:						
At March 31, 2013	525,442	15,605	120,318	39,504	311,779	1,012,648
At March 31, 2012	386,692	11,392	130,264	40,579	165,876	734,803

Except for freehold land and buildings with carrying amount of RMB284,466,000, which were located in the United Kingdom, all other buildings were located in mainland China at March 31, 2013. The properties located in the United Kingdom were acquired by the Group in June 2011, and function as the Group's European flagship store as well as its headquarter in Europe.

As at March 31, 2013, no interest expense was capitalized as the borrowing costs directly attributable to the acquisition of qualifying assets are not significant.

As at March 31, 2013, the Group also made prepayments of RMB19,776,000 (March 31, 2012: RMB118,502,000) for acquisition of retail store properties, which are all located in the PRC.

19 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Motor vehicles and others RMB'000
Cost:	
At March 31, 2011, 2012 and 2013	1,609
Accumulated depreciation:	
At March 31, 2011	(1,007)
Depreciation charge for the year	(424)
At March 31, 2012	(1,431)
Depreciation charge for the year	(161)
At March 31, 2013	(1,592)
Net book value:	
At March 31, 2013	17
At March 31, 2012	178

20 LEASE PREPAYMENTS

	The Group At March 31,	
	2013 RMB'000	2012 RMB'000
Cost:		
At April 1	**35,770**	32,434
Additions	**—**	3,336
At March 31	**35,770**	35,770
Accumulated amortization:		
At April 1	**(1,917)**	(1,231)
Amortization charge for the year	**(741)**	(686)
At March 31	**(2,658)**	(1,917)
Net book value:		
At March 31	**33,112**	33,853

Lease prepayments represent cost of land use rights in respect of land located in the PRC with a lease period of 50 years when granted.

21 INTANGIBLE ASSETS AND GOODWILL

The Group

	Goodwill RMB'000	Customer relationships RMB'000	Trademarks RMB'000	Total 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.

21 INTANGIBLE ASSETS AND GOODWILL (continued)

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.

22 INVESTMENT PROPERTIES

	The Group At March 31,	
	2013	2012
	RMB'000	RMB'000
Cost:		
At April 1	**18,666**	—
Additions	**—**	19,129
Reclassification from property, plant and equipment (note 19)	**17,606**	—
Effect of movement in exchange rates	**(960)**	(463)
At March 31	**35,312**	18,666
Accumulated depreciation:		
At April 1	**(845)**	—
Charge for the year	**(1,200)**	(865)
Reclassification from property, plant and equipment (note 19)	**(2,432)**	—
Effect of movement in exchange rates	**87**	20
At March 31	**(4,390)**	(845)
Net book value:		
At March 31	**30,922**	17,821

Investment properties comprise land and buildings that are leased to third parties. As at March 31, 2013, freehold investment properties of RMB16,038,000 (March 31, 2012: RMB17,281,000) represented land and buildings located in the United Kingdom and leasehold investment properties of RMB14,884,000 (March 31, 2012: nil) represented buildings located in mainland China. The Group leases out investment properties under operating leases. The leases typically carry rentals determined based on the lease contract with third parties for a period of five to eight years.

As at March 31, 2013, the aggregate fair value of the investment properties located in the United Kingdom was approximately GBP1,900,000 (equivalent of RMB18,120,000), which was based on the valuation performed by Carter Towler LLP, an independent professionally qualified valuer, on an open market, existing use basis. The aggregate fair value of the investment properties located in mainland China was approximately RMB19,758,000, which was based on the valuation performed by Suzhou Donghua Assets Evaluation Co., Ltd., an independent professionally qualified valuer, on an open market, existing use basis.

During the year ended March 31, 2013, rental income of RMB3,081,000 (2012: RMB1,638,000) was recognized in profit or loss.

22 INVESTMENT PROPERTIES (continued)

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group At March 31, 2013 RMB'000	2012 RMB'000
Within 1 year	**1,865**	1,423
After 1 year but within 5 years	**5,401**	6,498
After 5 years	**242**	1,277
	7,508	9,198

23 DEFERRED TAX ASSETS AND LIABILITIES

(a) The movement on the net balance of deferred tax assets and liabilities account is as follows:

	For the year ended March 31, 2013 RMB'000	2012 RMB'000
At the beginning of the year	**(54,021)**	5,272
Acquisition through a business combination	**—**	(107,867)
Recognized in profit or loss (note 13(a))	**217,792**	47,448
Recognized in other comprehensive income (note 13(c))	**(2,244)**	2,023
Disposal of subsidiaries	**—**	(897)
At the end of the year	**161,527**	(54,021)
Representing:		
Net deferred tax assets	**345,313**	200,708
Net deferred tax liabilities	**(183,786)**	(254,729)
	161,527	(54,021)

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(b) The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheets and the movements during the years are as follows:

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and Trademark RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At March 31, 2011	29,078	6,240	(48,151)	(111,000)	71,425	57,680	5,272
Acquisition through business combination	2,893	364	(111,720)	–	–	596	(107,867)
Credited/(charged) to profit or loss	19,389	(3,944)	6,300	15,172	(23,118)	33,649	47,448
Credited to other comprehensive income	–	–	–	–	–	2,023	2,023
Disposal of subsidiaries	(897)	–	–	–	–	–	(897)
At March 31, 2012	50,463	2,660	(153,571)	(95,828)	48,307	93,948	(54,021)
Credited to profit or loss	22,170	8,906	45,774	27,517	93,112	20,313	217,792
Charged to other comprehensive income	–	–	–	–	–	(2,244)	(2,244)
At March 31, 2013	72,633	11,566	(107,797)	(68,311)	141,419	112,017	161,527

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

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(c) Unrecognized deferred tax assets and liabilities

Deferred tax assets/(liabilities) have not been recognized in respect of the following items:

	The Group At March 31, 2013 RMB'000	2012 RMB'000
Accumulated tax losses of subsidiaries	**200,296**	104,800
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(2,830,738)**	(1,797,888)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2013, as management consider that it is not probable that the entities concerned will generate sufficient future taxable profits against which the unused tax losses can be utilized. Under the PRC tax regulations, tax losses can be carried forward for five years after the year of loss.

Deferred tax liabilities in relation to withholding tax have not been recognized for the above retained earnings from PRC subsidiaries as the Company controls the timing and amounts of distribution and does not expect to incur such liability in the foreseeable future.

24 INVENTORIES

	The Group At March 31, 2013 RMB'000	2012 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).

25 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. The Group's exposure to credit and currency risk related to trade, bills and other receivables are disclosed in note 5.

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 for whom there is no recent history of default. The ageing analysis of trade and bills receivables (net of impairment losses on bad and doubtful debts) is as follows:

	The Group At March 31,		The Company 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	**—**	—

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2013 **RMB'000**	2012 RMB'000	**2013** **RMB'000**	2012 RMB'000
At the beginning of the year	**116,353**	130,534	**—**	—
Provision/(Reversal) for impairment of bad and doubtful debts	**21,283**	(9,814)	**—**	—
Write off	**(3,014)**	(4,367)	**—**	—
At the end of the year	**134,622**	116,353	**—**	—

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

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

26 OTHER FINANCIAL ASSETS

Other financial assets represent investments in short-term wealth management products issued by banks in the PRC, with guaranteed principals and fixed returns ranging from 4.8% to 4.9% (2012: 6.7% to 7.0%) per annum.

27 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 4.00% to 6.81% (2012: 3.1% to 6.8%) per annum.

28 PLEDGED BANK DEPOSITS

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

	The Group At March 31, 2013 RMB'000	The Group At March 31, 2012 RMB'000
Standby letters of credit	**1,396,354**	547,238
Bank borrowings (note 31)	**—**	312,500
Bills payable and letter of credit facilities	**16,427**	3,000
	1,412,781	862,738

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

29 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB233,230,000 (March 31, 2012: RMB471,021,000) as at March 31, 2013 were deposited in banks for a period of over three months.

30 CASH AND CASH EQUIVALENTS

	The Group At March 31,		The Company At March 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**3,581,367**	3,240,710	**220,270**	137,141
Less: 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	**220,270**	137,141

30 CASH AND CASH EQUIVALENTS (continued)

Cash at bank and on hand are denominated in:

	The Group At March 31,		The Company At March 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
– RMB	**3,247,287**	2,908,057	**—**	—
– USD	**186,133**	159,448	**157,067**	106,779
– HKD	**128,287**	153,163	**63,203**	30,362
– GBP	**19,597**	19,816	**—**	—
– EUR	**63**	226	**—**	—
	3,581,367	3,240,710	**220,270**	137,141

The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

31 INTEREST-BEARING BORROWINGS

	The Group At March 31,			
	2013		2012	
	Nominal interest rate	**RMB'000**	Nominal interest rate	RMB'000
Non-current				
Unsecured bank loans				
– US$	**LIBOR+2.25%**	**919,098**		—
Current				
Secured short-term bank loans				
– HK$	**HIBOR+1.4%~ HIBOR+2.7%**	**1,517,476**	HIBOR+1.6%~ HIBOR+1.7%	1,268,589
– US$	**LIBOR+1.8%**	**219,412**	LIBOR+1.5%~ LIBOR+3.0%	472,073
Unsecured short-term bank loans				
– RMB	**6.6%**	**100**		—
		1,736,988		1,740,662
		2,656,086		1,740,662

31 INTEREST-BEARING BORROWINGS (continued)

	The Company At March 31,			
	2013		2012	
	Nominal interest rate	RMB'000	Nominal interest rate	RMB'000
Non-current				
Unsecured bank loans				
– US$	LIBOR+2.25%	919,098		—
Current				
Secured short-term bank loans				
– HK$	HIBOR+1.4%~ HIBOR+2.7%	1,517,476	HIBOR+1.7%	972,720
– US$	LIBOR+1.8%	219,412	LIBOR+1.5%~ LIBOR+3.0%	472,073 —
		1,736,888		1,444,793
		2,655,986		1,444,793

The USD denominated unsecured long-term bank loans of RMB919,098,000 as at March 31, 2013 (March 31, 2012: Nil) had maturities ranging from 23 months to 29 months from the balance sheet date. Such loan is subject to the fulfillment of certain financial covenants. As at March 31, 2013, the Group was in compliance with these financial covenants.

Bank borrowings of RMB1,736,888,000 as at March 31, 2013 (March 31, 2012: RMB1,287,435,000) were secured by standby letters of credit.

Bank borrowings of nil as at March 31, 2013 (March 31, 2012: RMB453,227,000) were secured by pledged deposits (March 31, 2012: RMB312,500,000) (see note 28).

The Group's and the Company's exposure to interest rate, foreign currency and liquidity risk related to interest-bearing borrowings are disclosed in note 5.

32 TRADE AND OTHER PAYABLES

	The Group At March 31,		The Company 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 At March 31,		The Company 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	**—**	—

33 NON-CURRENT OTHER PAYABLES

	The Group At March 31,	
	2013 RMB'000	2012 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 million, 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 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 32) 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 fair value of the contingent consideration payable, which was recorded in profit or loss (note 12).

(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.

34 INVESTMENT IN SUBSIDIARIES AND A CONTROLLED SPECIAL PURPOSE ENTITY

	The Company At March 31, 2013 RMB'000	2012 RMB'000
Investment, at cost	—	—
Advances to subsidiaries	**2,408,466**	2,542,264
Investment in a controlled special purpose entity (note 36)	**121,228**	121,228
Equity-settled share-based payments	**76,066**	76,066
	2,605,760	2,739,558

Advances to subsidiaries included in the investment in subsidiaries are unsecured, interest free and expected to be repayable beyond one year.

(a) Subsidiaries

At March 31, 2013, the Company had direct and indirect interests in the following principal subsidiaries:

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
1)	**Enterprises established outside the PRC**					
	Bosideng International Fashion Ltd. 波司登國際服飾有限公司	British Virgin Islands ("BVI") July 11, 2006	US$1/ US$50,000	100%	–	Investment holding
	Talent Shine Limited 廸暉有限公司	Hong Kong April 10, 2007	HK$10,000/ HK$10,000	–	70%	Sourcing and distribution of non-down apparels
	Long Pacific (H.K.) Ltd. 長隆(香港)有限公司	Hong Kong May 22, 2008	HK$1/ HK$10,000	–	100%	Investment holding
	Ying Fai International Investment Limited 盈輝國際投資有限公司	BVI June 2, 2008	US$10,000/ US$50,000	–	100%	Investment holding
	Rocawear (China) Limited 洛卡(中國)有限公司	Hong Kong July 2, 2009	US$100/ US$10,000	–	70%	Sourcing and distribution of non-down apparels

34 INVESTMENT IN SUBSIDIARIES AND A CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(a) Subsidiaries (continued)

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
1)	**Enterprises established outside the PRC (continued)**					
	Bosideng UK Limited 波司登(英國)有限公司	the United Kingdom October 27, 2010	GBP1/ GBP1	–	100%	Sourcing and distribution of non-down apparels
	Bosideng Retail Limited 波司登零售有限公司	the United Kingdom March 23, 2012	GBP1/ GBP1	–	100%	Distribution of non-down apparels
	Sunny Bright Global Investments Limited 朗輝環球投資有限公司	British Virgin Islands ("BVI") August 8, 2011	US$50,000/ US$50,000	–	70%	Sourcing and distribution of non-down apparels
	Jessie International Holdings Limited 杰西國際控股有限公司	British Virgin Islands ("BVI") September 20, 2011	US$1/ US$1	–	100%	Investment holding
2)	**Wholly foreign owned enterprises established in the PRC**					
	Bosideng International Fashion (China) Limited 波司登國際服飾(中國)有限公司	Shanghai, the PRC June 23, 2005	US$138,000,000/ US$138,000,000	–	100%	Sourcing and distribution of down apparels
	Jiangsu Bosideng Garment Development Co., Ltd. 江蘇波司登服裝發展有限公司	Jiangsu, the PRC October 13, 2006	US$35,000,000/ US$35,000,000	–	100%	Sourcing and distribution of non-down apparels
	Talent Shine Import&Export (Shenzhen) Co., Ltd. 迪輝達進出口(深圳)有限公司	Shenzhen, the PRC, July 16, 2007	RMB8,300,000/ RMB 8,300,000	–	70%	Distribution of non-down apparels
	Rocawear (Shanghai) Fashion Co., Ltd. 洛卡薇爾(上海)服飾有限公司	Shanghai, the PRC August 28, 2008	US$10,000,000/ US$10,000,000	–	70%	Sourcing and distribution of non-down apparels
	Shanghai Bosideng Trade Development Co. Ltd. 上海波司登商貿發展有限公司	Shanghai, the PRC, November 10, 2011	RMB10,000,000/ RMB10,000,000	–	100%	Distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES AND A CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(a) Subsidiaries (continued)

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
3)	**Sino-foreign equity joint venture enterprises established in the PRC**					
	Bingjie Fashion Limited 冰潔服飾有限公司	Shanghai, the PRC April 21, 1999	US$68,000,000/ US$68,000,000	–	100%	Sourcing and distribution of down apparels
	Bosideng Down Wear Limited 波司登羽絨服裝有限公司	Jiangsu, the PRC March 30, 2006	US$80,000,000/ US$80,000,000	–	100%	Sourcing and distribution of down apparels
	Kangbo Fashion Limited 康博服飾有限公司	Shandong, the PRC May 17, 2006	US$85,000,000/ US$85,000,000	–	100%	Sourcing and distribution of down apparels
	Shanghai Shuangyu Fashion Limited 上海雙羽服飾有限公司	Shanghai, the PRC June 28, 2006	US$68,000,000/ US$68,000,000	–	100%	Sourcing and distribution of down apparels
4)	**Domestic companies established in the PRC**					
	Changshu Bosideng Advertising Co., Ltd. 常熟市波司登廣告有限責任公司	the PRC, September 12, 1996	RMB10,000,000/ RMB10,000,000	–	100%	Advertisement agency
	Shanghai Kangbo International Trading Co., Ltd. 上海康波國際貿易有限公司	the PRC, November 6, 2000	RMB6,000,000/ RMB6,000,000	–	100%	Import and export activities, including distribution of non-down apparels
	Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	the PRC, March 26, 2001	RMB16,500,000/ RMB16,500,000	–	70%	Sourcing and distribution of non-down apparels
	Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	the PRC, April 11, 2002	RMB5,000,000/ RMB5,000,000	–	100%	Sourcing and distribution of OEM
	Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	the PRC April 13, 2009	RMB100,000,000/ RMB100,000,000	–	100%	Distribution of down apparels

34 INVESTMENT IN SUBSIDIARIES AND A CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(a) Subsidiaries (continued)

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Direct	Indirect	
4)	**Domestic companies established in the PRC (continued)**					
	Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	the PRC, November 17,2009	RMB50,000,000/ RMB50,000,000	–	100%	Distribution of down apparels
	Shanghai Xugao Fashion Co., Ltd. 上海旭高時裝有限公司	the PRC, December 3, 2010	RMB200,200,000/ RMB200,200,000	–	51%	Distribution of non-down apparels
	Shanghai Bosideng Ricci Fashion Co., Ltd. 上海波司登瑞琦時裝有限公司	the PRC, December 10,2010	RMB20,000,000/ RMB20,000,000	–	100%	Distribution of non-down apparels
	Shanghai Dengwei Clothing Co., Ltd. 上海登威服飾有限公司	the PRC, March 11, 2011	RMB30,000,000/ RMB30,000,000	–	100%	Distribution of non-down apparels
	Shanghai Bosideng Information Technology Co., Ltd. 上海波司登信息科技有限公司	the PRC, December 20, 2011	RMB38,000,000/ RMB38,000,000	–	100%	Network consulting and e-business of down and non-down apparels
	Shanghai Xuezhongfei Enterprise Co., Ltd. 上海雪中飛實業有限公司	the PRC, February 8, 2012	RMB50,000,000/ RMB50,000,000	–	100%	Distribution of down apparels
	Shanghai Bosideng electronic commerce Co., Ltd. 上海波司登電子商務有限公司	the PRC, July 31, 2012	RMB28,000,000/ RMB28,000,000	–	100%	Online distribution of down and non-down apparels
	Shandong Bingfei Fashion Co. Ltd. 山東冰飛服飾有限公司	the PRC, March 5, 2012	RMB50,000,000/ RMB50,000,000	–	100%	Sourcing and distribution of down apparels
	Shandong Dongyicity Costumes Co., Ltd. 山東冬翊城服飾有限公司	the PRC, May 22, 2012	RMB9,500,000/ RMB10,000,000	–	95%	Distribution of down and non-down apparels

i) The English translation of the names of the companies registered in the PRC above is for reference only. The official names of these companies are in Chinese.

34 INVESTMENT IN SUBSIDIARIES AND A CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(b) Controlled special purpose entity

There was a special purpose entity, BOCI Prudential Trustee Limited., controlled by the Company, which operates in Hong Kong and serves as a trustee for the Share Award Scheme (the "Trustee") (note 36). The principal activity of the special purpose entity is administrating and holding the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees.

As the Company has the power to govern the financial and operating policies of the Employee Share Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "Awarded Shares") through their continued employment with the Group, the Group is required to consolidate the Employee Share Trust.

As at March 31, 2013, the Company had contributed RMB121,228,000 to the Employee Share Trust and the amount was recorded as "Investment in a controlled special purpose entity" in the Company's balance sheet.

35 SHARE CAPITAL

Movements in the authorized and issued and fully paid share capital of the Company during the years are as follows:

	Authorized		Issued and fully paid	
	Number of ordinary shares (thousand)	Nominal value of ordinary shares US$('000)	Number of ordinary shares (thousand)	Nominal value of ordinary shares US$('000)
At April 1, 2011	20,000,000	200	7,772,350	78
RMB equivalent ('000)		1,556		607
At April 1, 2011	20,000,000	200	7,772,350	78
Issue of ordinary shares for a business combination (b)	–	–	235,000	2
At March 31, 2012 and 2013	20,000,000	200	8,007,350	80
RMB equivalent ('000)		1,556		622

35 SHARE CAPITAL (continued)

(a) Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of US$100, divided into 100 shares of par value of US$1.00 each. Through a series of changes in share capital, the authorized share capital was US$200,000 divided into 20,000,000,000 ordinary shares of US$0.00001 each after the completion of the Hong Kong Public Offering and the International Placing.

(b) Issue of share capital

Pursuant to the SPA, 235,000,000 new ordinary shares were issued by the Company on November 4, 2011 as a part of the consideration for the acquisition of 70% of the equity interest in Ladieswear. As at the date of this report, the number of outstanding ordinary shares of the Company was 8,007,350,000.

36 SHARE AWARD SCHEME

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

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

As at March 31, 2013, the Trustee had purchased 53,508,000 shares (March 31, 2012: 28,096,000 shares) of the Company at a total cost (including related transaction costs) of RMB71,778,000 (March 31, 2012: RMB34,518,000). No shares had been awarded to selected employees as of March 31, 2013 under the Share Award Scheme.

37 RESERVES

The following is the movements of the Company's reserves:

	Attributable to the equity shareholders of the Company				
	Share premium RMB'000 (note 37 e)	Capital reserves RMB'000 (note 37 a)	Translation reserves RMB'000 (note 37 c)	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2011	2,843,200	76,066	(717,622)	260,829	2,462,473
Total comprehensive income for the year					
Loss for the year	–	–	–	(47,352)	(47,352)
Issue of ordinary shares related to a business combination	412,332	–	–	–	412,332
Foreign currency translation differences					
– foreign operations	–	–	(66,956)	–	(66,956)
Dividends (note 17)	(1,299,140)	–	–	–	(1,299,140)
Balance at March 31, 2012	1,956,392	76,066	(784,578)	213,477	1,461,357
Total comprehensive income for the year					
Loss for the year	–	–	–	(78,333)	(78,333)
Foreign currency translation differences					
– foreign operations	–	–	(8,674)	–	(8,674)
Dividends (note 17)	(1,170,675)	–	–	–	(1,170,675)
Balance at March 31, 2013	785,717	76,066	(793,252)	135,144	203,675

(a) Capital reserves

The capital reserves at March 31, 2013 and 2012 represent the value of employee services in respect of shares granted to employees and consultants.

(b) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the entities now comprising the Group which are incorporated in the PRC. Transfers to the reserves were approved by the respective boards of directors.

(c) Foreign currency translation reserves

The foreign currency translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC which are dealt with in accordance with the accounting policies as set out in note 3(b)(ii).

37 RESERVES (continued)

(d) Fair value reserves

The fair value reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

(e) Distributable reserves

Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, all reserves (including share premium and retained earnings) of the Company may be applied for payment of distributions or dividends to equity shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

At March 31, 2013, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB203,675,000 (2012: RMB1,461,357,000).

(f) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board actively reviews and manages its capital structure in the light of changes in economic conditions so as to optimize the capital position. The Board also monitors the level of dividends to ordinary equity shareholders.

When the directors are of the view that repurchases of shares would benefit equity shareholders as a whole, the Group purchases its own shares on the market; the timing of these purchases depends on market circumstances. Buy and sell decisions are made on a specific transaction basis by the Board.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-equity ratio. This ratio is calculated as total debts divided by shareholders' equity.

The debt-to-equity ratio as at March 31, 2013 and 2012 was as follows:

		The Group		**The Company**	
	Note	**2013**	2012	**2013**	2012
		RMB'000	RMB'000	**RMB'000**	RMB'000
Debts:					
– Interest-bearing borrowings	31	**2,656,086**	1,740,662	**2,655,986**	1,444,793
– Trade and other payables	32	**1,618,632**	1,329,913	**7,058**	1,117
– Payables due to related parties	39	**12,237**	604	**—**	—
– Non-current other payables	33	**179,268**	330,439	**—**	—
– Derivative financial liabilities	33	**10,400**	14,230	**—**	—
Total debts		**4,476,623**	3,415,848	**2,663,044**	1,445,910
Shareholders' equity		**7,098,387**	7,138,241	**204,297**	1,461,979
Debt-to-equity ratio		**63.1%**	47.9%	**1303.5%**	98.9%

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

38 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at March 31, 2013 not provided for in the consolidated financial statements were as follows:

	The Group At March 31,	
	2013	2012
	RMB'000	RMB'000
Contracted for	**75,478**	153,076
Authorized but not contracted for	**30,281**	88,104
	105,759	241,180

The Company had no capital commitments outstanding at March 31, 2013.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	The Group At March 31,		The Company At March 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**141,688**	136,724	**403**	73
After 1 year but within 5 years	**195,271**	294,587	**504**	—
Over 5 years	**3,464**	1,078	**—**	—
	340,423	432,389	**907**	73

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period between one and six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the year, were RMB682,609,000 for the year ended March 31, 2013 (2012: RMB588,661,000).

(c) Contingent liabilities

As at March 31, 2013, the Group and the Company did not have any significant contingent liabilities.

39 RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

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

39 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

	The Group for the year ended March 31,		The Company for the year ended March 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Purchase of raw materials				
Bosideng Corporation	**171**	153	**–**	–
Zhongke Bosideng	**3,487**	11,064	**–**	–
Total	**3,658**	11,217	**–**	–
Rental expenses for lease of properties				
Bosideng Corporation	**7,466**	6,456	**–**	–
Shanghai Bosideng Holdings Group	**–**	659	**–**	–
Shandong Kangbo	**2,135**	2,135	**–**	–
Jiangsu Suyong	**2,185**	1,307	**–**	–
Total	**11,786**	10,557	**–**	–
Processing fee				
Bosideng Corporation	**396,983**	444,508	**–**	–
Shandong Kangbo	**27,805**	7,340	**–**	–
Jiangsu Kangxin	**4,577**	16,100	**–**	–
Jiangsu Suyong	**640**	–	**–**	–
Total	**430,005**	467,948	**–**	–

39 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

	The Group for the year ended March 31,		The Company for the year ended March 31,	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Integrated service fees				
Bosideng Corporation (i)	3,700	6,427	–	–
Total	3,700	6,427	–	–
Acquisition of lease prepayment				
Bosideng Corporation	–	3,336	–	–
Total	–	3,336	–	–

Key management personnel remuneration is disclosed in note 14.

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

The related party transactions above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Reports of the directors.

39 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	The Group At March 31,		The Company At March 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables due from:				
Bosideng Corporation	**94,382**	86,102	**—**	—
Jiangsu Kangxin	**13**	101	**—**	—
Zhongke Bosideng	**—**	2,072	**—**	—
	94,395	88,275	**—**	—
Total receivables due from related parties	**94,395**	88,275	**—**	—
Trade payables due to:				
Shandong Kangbo	**9,875**	—	**—**	—
Zhongke Bosideng	**1,828**	—	**—**	—
Jiangsu Suyong	**—**	604	**—**	—
	11,703	604	**—**	—
Other payables due to:				
Shandong Kangbo	**534**	—	**—**	—
Total payables due to related parties	**12,237**	604	**—**	—

40 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.

41 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2013 to be Kong Bo Investment Limited, which is incorporated in the British Virgin Islands.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Mak Yun Kuen

AUTHORIZED REPRESENTATIVES

Dr. Kong Shengyuan
Mr. Mak Yun Kuen

SHARE LISTING

Place of Listing
The Stock Exchange of Hong Kong Limited

STOCK CODE

3998

INVESTOR RELATIONS

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

WEBSITES

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

INVESTOR RELATIONS CONSULTANT

iPR Ogilvy Ltd.

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong

AUDITORS

KPMG
Certified Public Accountants

PRINCIPAL BANKERS

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

Notes:

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

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

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

Shareholder Information

IMPORTANT DATES

Closure of Register of Members

August 26, 2013 to August 28, 2013
(for attending the Annual General Meeting) (both days inclusive)

September 3, 2013 to September 4, 2013
(for entitlement to the Final Dividends) (both days inclusive)

Annual General Meeting

August 28, 2013

Dividends

Final Dividend	:	HKD6.5 cents per ordinary share
Payable on	:	On or around September 12, 2013

Financial Year End

March 31

Board Lot

2,000 Shares

波司登
BOSIDENG
世界名牌

Bosideng International Holdings Limited
波司登國際控股有限公司