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BOSIDENG
世界名牌

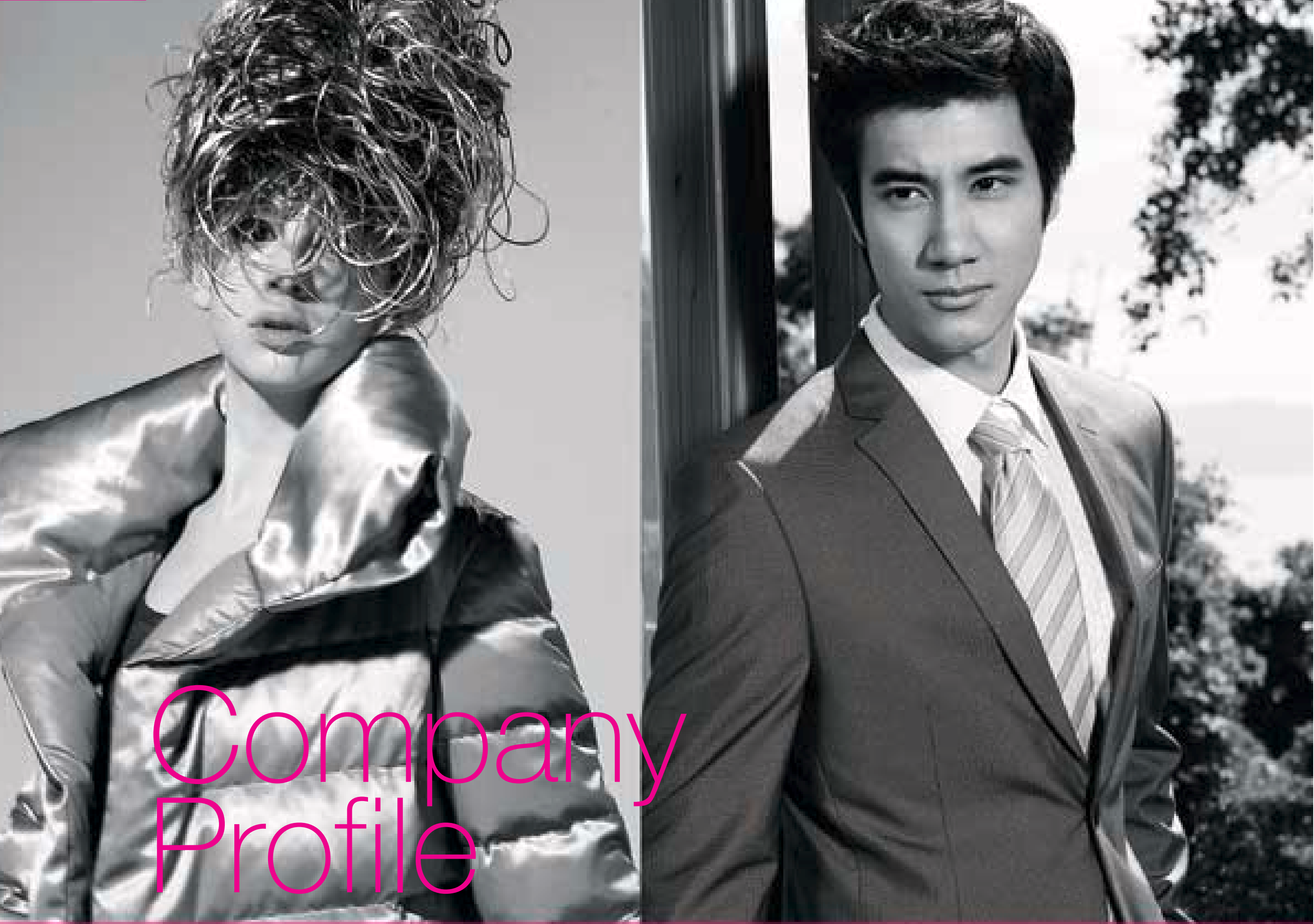
Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code : 3998

Annual Report 2010-11

BOSIDENG

Contents



Company Profile

Bosideng International Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is the largest down apparel company in the PRC. It has 7,579 retail outlets selling down apparel under its six core brands including "Bosideng", "Snow Flying", "Kangbo", "Bengen" (previously known as "Bingjie"), "Shuangyu" and "Shangyu". Through these brands, the Group offers a wide range of down apparel products targeting various consumer segments to strengthen and expand its leading position in the PRC down apparel industry.

According to China Industrial Information Issuing Center ("CIIIC"), in terms of sales in 2010, "Bosideng", "Snow Flying", "Kangbo" and "Bengen" down apparel products achieved a combined market share# of 36.7% in the PRC. "Bosideng" was the leading down apparel brand in the PRC for 16 consecutive years from 1995 to 2010, according to CIIIC and the National Bureau of Statistics of China. As a leader in the PRC down apparel industry, the Group introduced, for 15 consecutive years, the latest fashionable Fall/Winter apparel trends to the world on behalf of the PRC at the "China International Clothing and Accessories Fair".

To further optimize its product mix and increase profitability, the Group has adopted a "non-seasonal product" development strategy. Currently, the non-down apparel products of the Group include

"Bosideng MAN", "BOSIDENG RICCI" lady's wears, "Mogao" casual wear and "D.D. Cat" kids wear, "VETALLO" high-class menswear and the franchise project of "ROCAWEAR" in the Greater China Region. The Bosideng menswear business developed rapidly and has already set up 979 retail outlets throughout China, while the franchise project of "ROCAWEAR" in the Greater China Region has opened 7 consignment counters in major cities including Beijing, Shanghai and Hangzhou. Apart from investing in the continuous development of the above non-down apparel businesses, the Group is actively exploring opportunities to merge and acquire non-down apparel brands with high development potential and good reputation in order to further increase the proportion of non-down apparel business in total sales.

[#] *Among the 30 largest down apparel brands*

Milestones and Achievements

Awards and recognitions

The Group has maintained its leading position in the down apparel industry and strived to expand its non-down apparel business. During the period under review, the Group received numerous awards and honours, demonstrating its achievement in the apparel industry.

Major achievements of the year include:

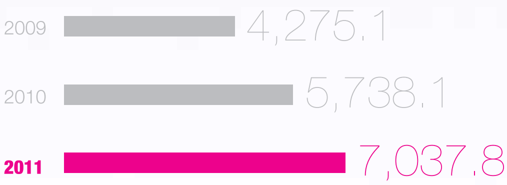
- In April 2011, the parent group of Bosideng received "China Grand Awards for Industry", which was the only enterprise in the domestic consumer goods market receiving such honour.
- In March 2011, Bosideng was recognized as the "Most Valuable Enterprise for Investment in 2011（2011年最具投資價值企業）" by China National Commercial Information Centre ("CNCIC")
- In March 2011, "Bosideng", "Snow Flying", "Kangbo" and "Bengen" (previously known as "Bingjie") branded down apparels of the Group received certificates from the China General Chamber of Commerce and CNCIC for ranking 1st, 2nd, 5th and 7th respectively in terms of consolidated market share of similar products in 2010, and "Bosideng" received a certificate of "Top Sales of Similar Products in China for 15 consecutive years from 1996-2010" issued by CIIIC. In the same month, the "Bosideng MAN" branded business casual wear of the Group was awarded for ranking 4th in terms of consolidated market share of similar products in 2010
- In March 2011, on behalf of China, Bosideng was the only company to unveil to the world the trends in winter cold-resistant clothing for 15 consecutive years and received a certificate issued by China Fashion Association
- In December 2010, "Bosideng BR1806-625 Down Apparel" was awarded the "Most Trendy and Innovative Down Apparel for 2010 （2010年度羽絨服裝時尚創新產品獎）" by China Feather & Down Industrial Association
- In October 2010, Mr. Gao Dekang, the Chairman of the Group, was honoured as "Meritorious Person for 2010（2010年度人物功勳獎）" by the China Advertising Association and the Great Wall of China Advertising Awards Committee （中國廣告主長城獎組委會）
- In September 2010, "Bosideng" was ranked 13th in the "2010 Most Valuable Chinese Brand" by R&F Global Information Group with brand value of RMB18.016 billion
- In May 2010, Bosideng was certified as the "Benchmark Enterprise with the Most International Competitiveness in China (Textile and Clothing) for 2010 （2010年中國最具國際競爭力標竿企業（紡織服裝））" by the China International Competitive Forum （中國國際競爭力論壇組委會）

Financial Highlights

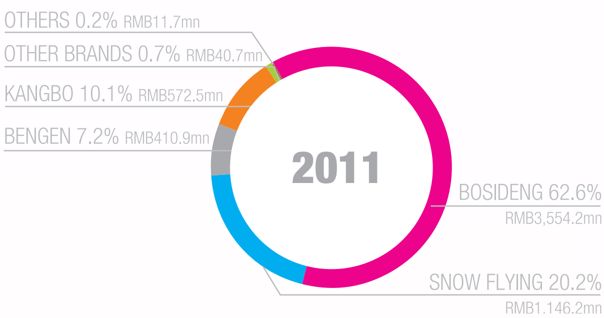
(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,		
	2011	2010	2009
Revenue	**7,037,805**	5,738,121	4,275,144
Gross Profit	**3,299,369**	2,886,637	1,944,971
Profit from operations	**1,371,968**	1,205,521	679,765
Profit attributable to equity holders of the Company	**1,276,446**	1,078,550	748,120
Non-current assets	**1,025,069**	890,217	85,569
Current assets	**8,086,612**	7,491,598	7,284,141
Current liabilities	**1,979,191**	1,362,964	723,916
Net current assets	**6,107,421**	6,128,634	6,560,225
Total assets	**9,111,681**	8,381,815	7,369,710
Total assets less current liabilities	**7,132,490**	7,018,851	6,645,794
Total equity	**6,966,731**	6,813,153	6,595,794
Gross profit margin (%)	**46.9**	50.3	45.5
Operating margin (%)	**19.5**	21.0	15.9
Net profit margin (%)	**18.1**	18.8	17.5
Earnings per share			
— basic (RMB cents)	**16.4**	13.9	9.5
— diluted (RMB cents)	**16.4**	13.9	9.5

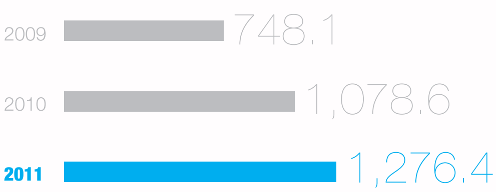
REVENUE
RMB (million)



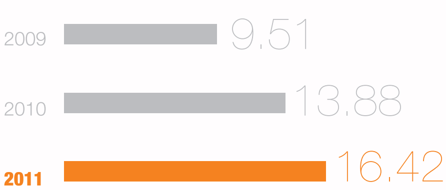
DOWN APPAREL REVENUE BY BRAND#



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS
RMB (million)



BASIC EARNINGS PER SHARE
RMB (Cents)

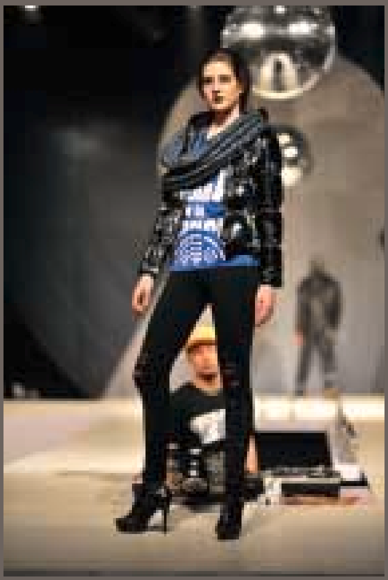


Sales rebates are not deducted from the total down apparel revenue or from revenue of each brand. Sales rebates accounted for 1.0% of total down apparel revenue for the year ended March 31, 2011.

Dear shareholders,

Supported by favorable international market conditions and domestic policies, the economy saw significant growth and domestic consumption increased with higher per capita income. Our down apparel business maintained its leading market position and the results met expectations.

To further optimize the product portfolio and improve profitability, the Group expanded into the non-down apparel business and achieved satisfactory results. We will integrate our brand resources to optimize and improve our business structures, endeavor to develop into a respectful and renowned international apparel brand operator.



MARKET REVIEW

The Chinese economy rebounded in 2009 and continued to grow in 2010. The retail market remained robust. The guiding principles of the "Twelfth Five-Year Plan" have clearly identified the need for establishing a long-term effective mechanism to transform the economic structure from export-oriented in the past to domestic-oriented. Supported by favorable international market conditions and domestic policies, the economy saw significant growth and domestic consumption increased with higher per capita income. According to the National Bureau of Statistics of China, the GDP of the year amounted to RMB39,800 billion, representing an increase of 10.3% as compared with last year. Total retail sales amounted to RMB15,500 billion, representing an increase of 18.4% as compared with last year. The growing domestic consumption market attracts investors from all over the world and serves as a new driving engine of the economy of China.

BUSINESS REVIEW

Our down apparel business maintained its leading market position and the results met expectations

During the year under review, the consumption market boosted. However the raw material cost and labour cost also increased significantly. Production was under severe cost pressure. The Group adjusted its brand strategy, marketing strategy and production plan in response to the market development. Leveraging its strong brand name, extensive retail and distribution networks and innovative designs, the Group captured the opportunities arising from the cold weather in October and mid to late December by offering products with high quality and quantity in a timely manner to meet sudden increase in market demand. As a result, the Group achieved satisfactory sales results.

Number one in sales in China for 16 years in a row

As in March 2011, according to CIIIC, "Bosideng" has ranked as the top brand in terms of sales volume of similar products in the domestic market for 16 consecutive years since 1995. The total market share of the Group's brand portfolio in 2010, including "Bosideng", "Snow Flying", "Kangbo" and "Bengen", was 36.7% (2009: 38.0%). These four brands also ranked among top ten in terms of sales volume. "Bosideng" and "Snow Flying" ranked first and second with a market share of 22.0% and 9.5%, respectively. "Kangbo" and "Bengen" ranked seventh and eighth with a market share of 2.9% and 2.3%, respectively.

Brand value reached RMB18.016 billion

On September 15, 2010, the 16th annual "China's Most Valuable Brand Ranking" was announced in Shanghai. "Bosideng" ranked 13th with a brand value of RMB18.016 billion. "Snow Flying", a brand of the Group with a brand value of RMB5.132 billion, was on the list again and was ranked 46th.

Leading the trend for winter cold-resistant apparel in the PRC

"Bosideng" organized the "2011/2012 Fall/Winter Cold-resistant Apparel Trends Conference" on March 28, 2011 under the theme of "Harmony" at the "2011 China International Fashion Week". The Bosideng's cold resistant apparels featured by the top models in China were stunning and the show was recognized as one of the most extraordinary, innovative and imaginative apparel show in recent years. The Group has participated in the Fair for 15 consecutive years as the only representative of the cold-resistant apparel industry in China to introduce the market trend of China.

Development of non-down apparel business

To further optimize product portfolio and improve profitability, the Group expanded into the non-down apparel business since 2009. The "Bosideng MAN" business saw significant growth since its establishment two years ago. It attracted RMB0.39 billion orders at the 2011 Fall/Winter product show in March 2011, representing an increase of approximately 36% as compared with the corresponding period last year. According to CNCIC, the "Bosideng Casual Menswear" ranked 4th among similar products of the market in terms of market shares in 2010. In early 2011, in view of the success of the menswear business, the Company introduced the "VETALLO" brand, featuring high-end menswear.

During the year, a number of consignment counters of international brand "ROCAWEAR" were established in major provincial cities such as Beijing, Shanghai, Hangzhou and Chongqing. Its products has launched into the market.

Bosideng has paid a lot of efforts in new brands, the Group launched "BOSIDENG RICCI", a lady's wears brand directly invested by the Group, in November 2010, and developed the casual wears brand "Mogao" and kids wears brand "D.D. Cat" in January 2011 and March 2011, respectively.

Opening of flagship stores in prime shopping districts

The Group opened a number of flagship stores in the prime shopping districts of major cities in China and provided our customers with a more spacious and comfortable shopping environment, which enhanced the brand image of the Group.

During the reporting period, the Group replicated the success of "Bosideng" Shanghai flagship store which opened last year in Nanjing Road, a famous shopping area in China, and opened a "Bosideng" flagship store for its non-seasonal apparel in Xidan of Beijing on December 26, 2010. The store is located in the prime shopping district of Beijing with a total operation area of 1,500 sq.m. The store has 2 floors selling Bosideng products. In addition to down apparels, the store also sells casual menswear. Lady's wears will also be sold in the store. Alternation and tailor services will also be introduced.

The Meicheng flagship store of "Bosideng MAN" in Changshu was opened on September 16, 2010. Leehom Wang, our spokesman, was invited as our guest to the opening ceremony of the store. Meicheng flagship store is located in Meicheng Shopping Centre with an operation area of 300 sq.m. The store serves customers from surrounding areas of Changshu and provide excellent shopping experience to its customers.

FUTURE DEVELOPMENT STRATEGY

Looking ahead, the Group will integrate its brand resources to optimize and improve its business structure and to expand into the non-seasonal and fashion apparel business. The Group endeavors to develop into a respectful and renowned international apparel brand operator.

Leveraging on the strength of the "Bosideng" brands, the group will prudently develop the non-seasonal apparel brand business to satisfy customers of different levels with diversified products. The Group will continue to invest in the current brands such as

"Bosideng MAN", "ROCAWEAR", "BOSIDENG RICCI", "Mogao", "D.D. Cat" and "VETALLO", as well as actively acquire more non-down apparel brands including lady's wear, casual wear and kids wear brands with high potential and good reputation through acquisition, merger or joint venture to diversify its brands and product portfolio. The Group will increase the proportion of sales of non-down apparel products to its total sales so as to provide quality products to consumers all year round.

The Group will adhere to its pursuit of perfect quality, dedication to the brand and market exploration. In 2011/2012, the Group will dedicate to improving its competitiveness by focusing on the development of non-down apparel business, promoting brand portfolio and increasing brand value, strengthening its research and development efforts to introduce more non-seasonal and fashion apparels, enhancing the market and distribution channels to increase market shares and actively optimizing the ability of searching stock limits of its information system.

APPRECIATION

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

Gao Dekang
Chairman
of the Board of Directors

June 28, 2011

Expanding Brand Portfolio to Capture Market Opportunities

MARKET REVIEW

In 2010, the economy of China further improved and recorded a GDP of RMB39,800 billion, representing a growth rate of 10.3% when compared with 2009, or 1.1 percentage points higher than that of 2009. Out of the last five years, the GDP of China saw double-digit growth in three years. The growth of consumption was relatively fast. In 2010, the total retail sales of China increased by 18.4% when compared with 2009, or 2.8 percentage points higher than that of 2009. The real growth rate of GDP was 14.8% after adjustment for price factor. The annual retail sales per capita of China was over RMB10,000. The consumption market of China experienced its structural change and has gained its momentum to grow at a faster pace.

Leading Down Apparel Brand for 16 Consecutive Years

BUSINESS REVIEW

Our down apparel business maintained its leading market position and the results met expectations

During the 2010/2011 financial year, the apparel industry was under the pressure of increasing raw material and labor costs while sales and margins also declined. In response to the challenging market conditions, we changed our marketing strategy to promote our strong brand name and to introduce innovative products. We adopted a dynamic approach in the management of our supply chain to meet the changing market demands. In particular, the Group was able to meet the increased demand when winter weather came in October 2010. We promptly replenished the stock of popular items during the extended peak season from December 2010 onwards. With significant growth in market demand, the Group recorded satisfactory sales.

According to the statistics of China Industrial Information Issuing Center published in March 2011, the sales of down apparel of our "Bosideng" brand ranked first for 16 consecutive years from 1995 to 2010; the sales of down apparel of our "Snow Flying" brand ranked second for 11 consecutive years since 2000; the sales of down apparel of our "Kangbo" and "Bengen" ranked seventh and eighth, respectively in 2010. The aggregate sales of our "Bosideng", "Snow Flying", "Bengen" and "Kangbo" brands accounted for 36.7% of the total sales of down apparel in China in 2010.

Our non-down apparel business has gained its growth momentum

In order to enhance the diversity of its apparel products, reduce operation risks, explore new sources of profit and to enhance profitability of the Company, the Group has proactively implemented a strategy to develop non-seasonal apparel products to expand its brand and product portfolio.

"Bosideng MAN": Acquisition of "Bosideng MAN" business in 2009 was the first step of the Group's transformation from offering seasonal products to non-seasonal apparel products. Leveraging on the Bosideng brand and strong support of the Group, "Bosideng MAN" has been repositioned as a menswear brand demonstrating "Quality of Life". It has successfully converged with our existing businesses and has experienced comprehensive improvements in various aspects including brand positioning, product quality, public awareness and sales channels. Products of "Bosideng MAN" are welcomed by the consumers at large and achieved outstanding results. The rapid growth in the results of "Bosideng MAN" during the reporting period met the expectation of the management.

"ROCAWEAR": The key step of the Group to develop the strategy of non-seasonal apparel business and become an integrated apparel brand operator was to operate the "ROCAWEAR" business in the Greater China Region (including China, Hong Kong, Macau Special Administrative Region and Taiwan). Since its establishment in 2009, the joint venture of "ROCAWEAR" has actively worked on the preparation for operation of "ROCAWEAR" brand. As at the reporting period, "ROCAWEAR" brand has established a number of sales outlets in Beijing, Shanghai, Hangzhou, Tianjin and Chongqing to introduce this American brand to the consumers in China.

"BOSIDENG RICCI": "BOSIDENG RICCI" is a woman apparel brand created by the Group and is one of the major brands under our strategy of "Product Diversification and Brand Building". Products under this brand are mainly mid and high end woman apparel products of three different styles of "Trendy", "Elegant" and "Unique" and four collections for different seasons in colors of black, white, grey, beige and brown. The major customer group is urban women of age 25 to 40 who have a taste of quality life. "BOSIDENG RICCI" has sales outlets in prominent shopping malls and business districts in the Changjiang River Delta. It is intended that more than 80 sales outlets will be established in Eastern China by 2011/2012 and the market coverage of the brand will be expanded to the whole country in three years.

"Mogao": "Mogao" brand was targeted at young consumers of age 20 to 30. Products under this brand are affordable trendy casual wears and are designed to reflect the happy, healthy, natural and simple characteristics of youth. In the next five years, "Mogao" will open 150 to 200 new stores a year to a total number of 1,300 stores by 2015 across the country.

"D.D. Cat": Lanboxing is a company mainly engages in the design of kids wears and related products as well as brand operation. Its brands include "D.D. Cat", "Mikyo", "r100" and "M&Q", which are created in four different styles of leisure, stylish, sporty and personality. The Company can increase the market share and enhance the awareness of the "D.D. Cat" brand through brand cooperation. In the following five years, these brands will open 150 to 200 stores per year to have approximately 2,000 stores by 2015.

"VETALLO": "VETALLO" is an international luxury business menswear brand registered in Italy. The Group developed the brand in the second half of 2010 to provide various styles of business menswear of formal suits, business casual wears and elegant casual wears using quality fabrics from premier suppliers all over the world. Products under the "VETALLO" brand are perfect blend of western and oriental styles. The quality of the products is comparable to top international brands. In addition to imported products and accessories, products specially designed with comfortable and simple styles for Asian customers are also provided under the brand. "VETALLO" is the name of elegant outfits. The Group maintained the prudent and disciplined management and operation style of the international luxury brand and established a research and development team by professional designers. The marketing team of the brand has established a unique distribution network comprising self-owned outlets and consignment stores.

Bosideng's international reputation grew and brand value hit record high

In recent years, apart from receiving various national awards, the awareness and reputation of Bosideng continued to grow in the international market. Bosideng has always been highly recognized by international reputed organizations and gained several awards and was elected on various major ranking lists.

On July 2, 2010, the prize presentation ceremony of Credible Enterprise of China Accreditation 2010 jointly organized by Reputation Institute (China) and China Enterprise Reputation and Credibility Association (Overseas) was held in Hong Kong. The Company was elected as "Credible Enterprise" of China by over 500,000 consumers in mainland China, Hong Kong and Macau through internet and questionnaire. A total of 20 Chinese-owned and Hong Kong-owned enterprises were awarded with "Credible Enterprise" of China of the year.

On September 15, 2010, the 16th annual China's Most Valuable Brand Ranking was announced in Shanghai, the PRC. Bosideng was ranked the 13th with a brand value of RMB18.016 billion. "Snow Flying", a brand of the Group with a brand value of RMB5.132 billion, was on the list again and was ranked 46th. "Most Valuable Chinese Brands" are selected by R&F Global Ranking and Beijing Famous-Brand Evaluation Co. Ltd. based on brand values. Enterprises on the list in previous years were influential consumer brands in the PRC market and were recognized as major contributors to the PRC economy and representatives of the best enterprises in their respective industries.

On April 28, 2011, the Group's parent company was awarded with the "China Grand Awards for Industry" on the 2nd award ceremony of China Grand Awards for Industry. The Group's parent company was the only enterprise acquiring such award in the textile industry, and was the first to receive this award in the domestic consumer industry. The award reflects its excellent performance in brand strategy implementation, advanced management and self-innovation as a role model for the national industry.

Grand outdoor launches surprised the industry again

On April 11, 2010, the grand opening of a product launch show and Bosideng MAN Fall/Winter 2010 trade fair entitled "Leap over（跨越）" was held and attended by more than 500 distributors across the country. Bosideng MAN Fall/Winter 2010 product series, which was an integration of trendiness, status and quality, was fully refined and enhanced with trendy design, body-fit cutting, high-quality fashion fabric and advanced production techniques. In addition to further promoting the high-end image of "Bosideng MAN", the series combined the element of prevailing trend and displayed the quality of modern men and their quest for ego through the themes of "Action（行動）", "Connection（連線）" and "Travel（旅行）", and demonstrated spectacularly the essence of "Quality of Life". During the 12 days of the trade fair, the total amount of sales order reached RMB290 million, representing an increase of approximately 57% as compared to the corresponding period last year.

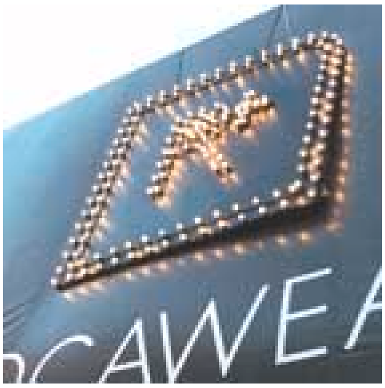
"ROCAWEAR", a leading street fashion brand from the US under the Group, held its first product launch show on September 3, 2010. In the Fall/Winter 2010, a new product launch show, "ROCAWEAR" showed its fashion sense by using trendy expressions such as "Hip Hop（嘻哈）", "Environmental（環保）" and "Science Fiction（科幻）" as themes. Featuring confidence and bravery, "ROCAWEAR" made use of trendy items, including paillette, metals, artistic font and elaborated accessories, and featured sharp colors, modern and detailed designs, high quality fabric as well as excellent cutting.

The Bosideng 2010 product launch entitled "Charisma of Fabulous Fashion in Zhangjiajie"（羽裳霓曲 • 魅力張家界）was staged in Zhangjiajie, Hunan on September 10, 2010. With the backdrop of "Avatar" accentuating the product design concept of "harmonious sky and earth", the show displayed over 400 styles of trendy Bosideng down apparel which will be launched in the market. The six down apparel series astonished more than 1,000 professionals of the industry with unprecedented pioneer concepts while meeting consumers' needs for fashion at the same time. Ms. Huang Qiaolian, designer-in-chief of Bosideng, pointed out that fantasy is a unique concept of beauty and brings brand new fashion experience to consumers. Highlighting the winter of this year with fantasy apparel, Bosideng will bring consumers with enjoyment of beauty.

On September 16, 2010, the grand opening of a product launch show and Bosideng MAN Spring/Summer 2011 trade fair were held and attended by more than 1,300 customers across the country to have a taste of new fashion items of the Bosideng MAN Spring/Summer 2011 product series. Returning to the theme of the spirit of modern business, "Bosideng MAN" illustrated the concept of simplicity via fashionable and unique designs as well as the quest for ego via quality and stylish designs. During the four days of the trade fair, the total amount of sales order reached RMB205 million, representing an increase of approximately 46.9% as compared to the corresponding period last year.

The first product launch show of "BOSIDENG RICCI", a trendy apparel brand for women directly invested and operated by the Group, was held on November 18, 2010. In the Fall/Winter 2010 new product launch show, "BOSIDENG RICCI" was first shown on stage, targeting intelligent career women who are aged between 25 and 40 and in pursuit of high quality of life with sophisticated concept of beauty. The three product series of "BOSIDENG RICCI" of three different styles of "Trendy", "Elegant" and "Unique" were introduced on stage in the product launch show. Boasting a basic spectrum of black, white, grey, beige and brown, each series was characterized by mix and match styles for building up personality and accentuating inner quality.

On March 18, 2011, the grand opening of a product launch show and Bosideng MAN Fall/Winter 2011 trade fair, entitled "Amazing Journey", were held and attended by more than 900 distributors across the country. The trade fair displayed a total of more than 1,100 new products. The menswear, including suit, jacket, windbreaker, T-shirt, shirt, casual wear and accessories, was designed by Bosideng's designers in colors of blurry grey, basswood green, yellowish brown, Turkish blue and lilac purple with trendy style and delicate details. During the seven days of the trade fair, the total amount of sales order reached RMB390 million, representing an increase of approximately 36% as compared to the corresponding period last year.



On March 28, 2011, on behalf of China, the Group was the only company unveiled to the world the trends of cold-resistant apparel for 15 times. The grand opening of Fall/Winter 2011/2012 fashion show with a theme of "Tranquillity" was held in No. 1 Workshop in D • PARK Beijing House (D • PARK 北京會所第一車間). The fashion trend this year was derived from human's sense of harmony with the nature and the care for the earth, which are the origins of human beings, and more attention will be paid on the interaction with and gratitude to the nature. In the product launch show, nearly a hundred of down apparels of Bosideng were demonstrated by a number of top models in China. The audience of the fashion sector was stunned by the fashion sense and vivid design of Bosideng's apparels.

On the same day, VETALLO Fall/Winter 2011/2012 product launch show of a high-class menswear brand under the Group, was successfully held during the China Fashion Week. It was the first product launch show of "VETALLO" after its entry into the Chinese market in 2010. To provide comprehensive clothing solutions for professionals in different sectors, "VETALLO" will display a brand new image for trendy and elegant business elites by integrating the traditional Chinese style with simple and elegant European elements.

Brand logo upgrade of "Bengen" with stronger characteristics featured a new culture of trendiness

The Group enriched the culture and enhanced the brand positioning of "Bosideng" while accelerating the independent development of other dominant brands of the Group according to the development strategies of its product portfolio. In the past two years, the Group repositioned the "Bengen" brand under separate management and achieved satisfactory performance. Capitalized on its trendy design concepts, distinct brand style, precise market positioning and scientific operational management, the sales and market share of "Bengen" brand products increased significantly and were widely recognized by the market.

In 2010, "Bengen" continued to achieve innovations, breakthroughs and changes pragmatically by implementing a series of new plans on brand upgrading, changing sales and marketing strategy and new product designs. By upgrading the brand logo from "BINGJIE" to "BENGEN", the trendy image of "Bengen" brand in 2009 was broadened in 2010 with more prominent characteristics and represented a culture of vogue. Positioned as a trendy and fashionable brand, it led a harmonious combination of fashion, environment and humans with stylish designs. In June 2010, "Bengen" held a trade fair with a strategic theme of "The Charming China, The Trendy Me （魅力中國•時尚看我）". It launched the "School Days （青春校園）", "Cosmopolitan Charm （都市魅惑）" and "Romance （浪漫情懷）" series targeting cosmopolitan men and women at the age of 18-30 who are young and energetic and in pursuit of trendiness and fashion. These series accentuated the openness, personality, trendiness, vibrancy and colorful designs as the themes of the brand. The spokeswoman of the brand, Jang Nara, a Korean superstar, showed up in the Changshu trade fair and performed her famous pop songs. Her demonstration in the '"Bengen" New Apparels Show 2010', with Li Zifeng, a Chinese top model, culminated the whole trade fair. The distributors were highly confident of the policy and new products of the Company and showed their excitement in placing order with the Company. The number of orders hit an unprecedented high record and the amount of order was higher than expected.

Capitalized on the transformation of brand and design, "Bengen" planned to launch TV commercials in major media such as CCTV, Hunan TV and Jiangsu TV and in commercial breaks during entertainment shows in prime time, so as to enhance its reputation of a trendy brand. According to the marketing strategy, more effort will be put in holidays including the Mid-autumn festival, National Day, Christmas, the New Year, the Chinese New Year and the Chinese Valentine's Day.

Implementing marketing strategies effectively through various promotion methods

Targeting different styles and market positions of all brands, the Group has adopted various flexible methods in promoting the brands. Various remarkable slogans in commercials and propaganda including "A Beautiful World Because of You （世界因你而美麗）", "I Can Fly Higher （我要飛得更高）", "Warm and Breathable, Thin and Cool （暖的透氣薄的有型）", "Good Quality Worth （品質好才是真實惠）" and "Quality of Life, Great Minds Think Alike （品位生活，英雄所見）" obviously reflect the characteristics of "Bosideng", "Snow Flying", "Bengen", "Kangbo" and "Bosideng MAN", respectively.

During the reporting period, apart from launching TV commercials, the Group also has integrated resources from various aspects, including a combination of strategies such as establishing high-end flagship stores in major commercial centres, organizing product launch shows, sponsoring sports events, appointing celebrities as spokespersons, launching outdoor advertisements and websites, shop promotion, product display and sponsoring popular videos/concerts of artists and establishing VIP membership, so as to deliver its brand concept and the uniqueness of its products to consumers and enhance the recognition of the Group's products among consumers in target markets.

"Bosideng MAN" promoted its brand by fully utilizing the popularity of celebrities. The "Night of Bosideng MAN - Leehom Wang MUSIC-MAN World Tour 2010" hosted and sponsored by "Bosideng MAN" was successfully held. A great step in the cooperation of brand marketing and upgrading, the world tour is believed to be able to enhance the performance of Bosideng menswear in the menswear sector and allow "Bosideng MAN" to become a leading brand.

In the 19th China International Clothing and Accessories Fair held in March 2011, "Bosideng", "Bosideng MAN", "BOSIDENG RICCI", "BENGEN", "ROCAWEAR", which is a leading street fashion brand in the US, and "VETALLO", which is a high-class menswear brand, under the Group were shown on stage. The fair was attended by numerous professionals, merchandisers and distributors.

Striving for innovative research and development in pursuit of perfection and excellence

The nature of the apparel industry is fashion and creativity. Innovative and creative mind is the primary force of transformation and upgrading of the apparel industry in the future. In this regard, the Group has committed to and focused on innovative research and development and has been continuously developing technological research and development and product design systems. From styles, fabrics to concepts, the Group has been constantly innovating and upgrading its products. To further strengthen its design capability, the Group's product design team has also conducted market surveys from time to time and participated in various trade fairs and carefully analyzed sales performance to gain an insight into customer needs, thereby keeping abreast of the latest trends. In addition, the Group has invited famous designers from different countries to provide on-site guidance. Excellent designers have also been sent to France and Italy to study and participate in international professional exhibitions, collect latest information and improve artistry.

As an enterprise unveiling to the world the trends in winter cold-resistant clothing on behalf of China for 15 consecutive years, the Group's product designs have provided an absolute trend direction for cold-resistant clothing in the PRC every year. The introduction of design concepts incorporating stylish, casual and sports elements in the down apparel industry to deliver a new concept of "light, thin, elegant" for down apparel, the launch of environmental friendly and ecological anti-bacterial down apparel integrating environmental protection and trendiness, and the launch of anti-bacterial down apparel with water-proof, stain-proof, anti-bacterial, fungus-resistant, odourless and self-cleaning characteristics through the application of international advanced "nano technology" in down apparel are testaments to the repeated innovations of the Group which have led to significant progress and have also driven the upgrading of the entire down apparel industry of China.

"Bosideng MAN" possesses an excellent team of designers, and also cooperates with international renowned design companies. It has launched various product lines such as casual wear, business casual wear and formal suits to provide different clothing solutions for modern gentlemen and lead to a new concept of men's clothing. "Bosideng MAN" also provides high-quality tailor-made services to customers who are not satisfied with the apparel available in the market and have their own fashion insights. By providing a design platform to show their unique style, this brand allows customers to choose their own patterns, fabrics, lining and buttons to express their unique insights and requirements to the professional designers of the Company to produce well-designed and unique apparel. It represents an optimal choice for elite men to showcase their prestigious fashion style instead of common apparel.

Minimizing inventory risk by implementing the order system

During the reporting period, the Group further enhanced the order arrangement for its down apparels. By the end of the year, approximately 12% of the sales of down apparels were conducted under the order system, which was higher than that of the last year. The Group believes the introduction and implementation of order system will effectively boost the sales of down apparels, improve the flexibility of inventory management and enhance the operating efficiency of the Group.


BOSIDENG
BOSIDENG

Starting the e-commerce platform by introducing ERP information system

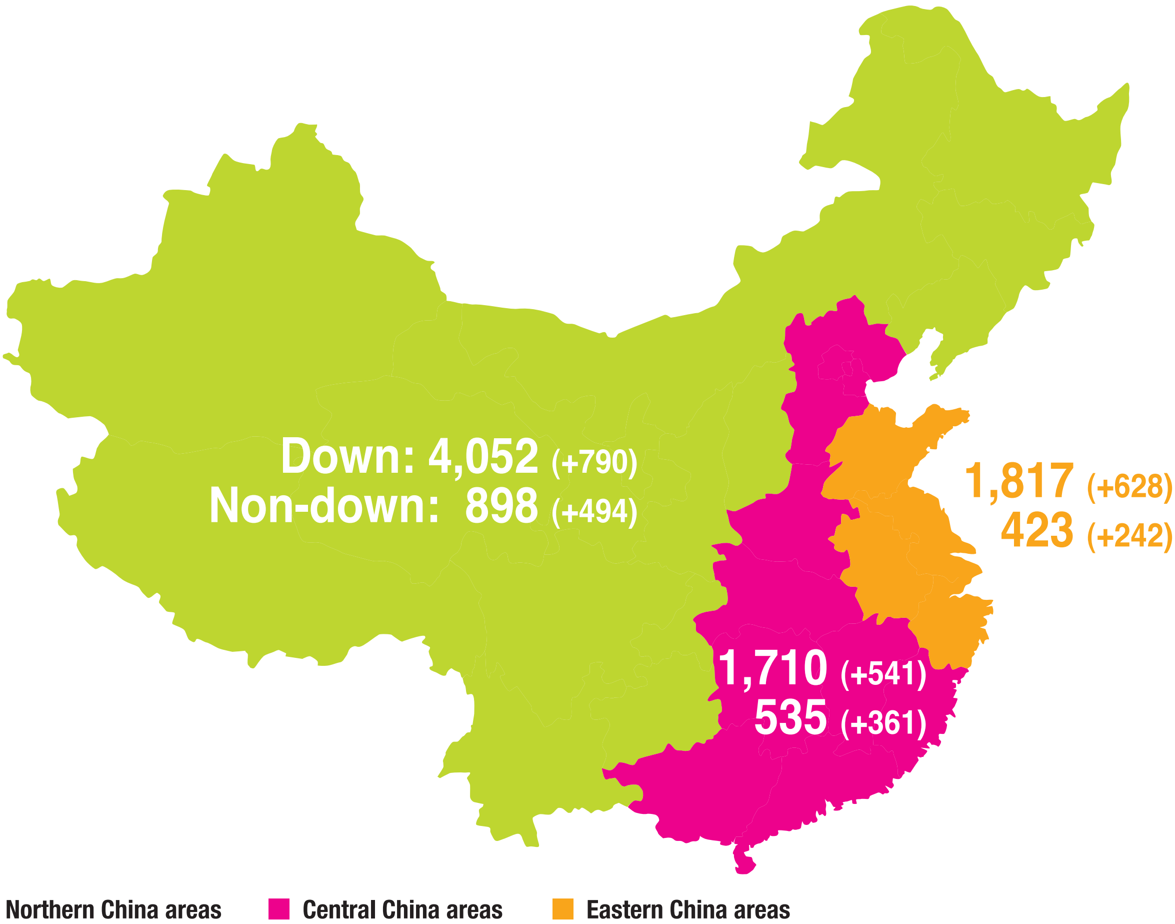
During the reporting period, the Group proactively improved its traditional business by leveraging on network information technology and e-commerce platform. ERP information engineering was introduced in the procedures such as order management, BOM, purchase management, supplier management, raw material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

During the reporting period, the Group established an official flagship store of various brands on mall.taobao.com and cooperated with renowned domestic and overseas e-commerce websites so as to increase market share on the internet. Based on a survey on online consumption demand, a department designated for product differentiation was established and 40 to 50 designs will be launched exclusively on the internet to cater for the demand for online consumption and distinguish online product lines from offline product lines. It will mark the transformation of the competition era from the strategy of upgrade of standardized products via traditional channels to the strategy of brand product differentiation. The Group also continued to optimize the online channel management system and official e-commerce platform. The Group gradually integrated the brands under Bosideng to join the e-commerce platform according to market characteristics. By providing online sales services of these brands to the increasing number of members, it has become the leading e-commerce platform of integrated apparel in the sector.

Optimizing retail and distribution network to strengthen brand image

The Group has restructured its retail network of down apparel businesses significantly. While eliminating and replacing substandard distributors and retail shops with unsatisfactory performance, the Group was committed to formulating a reasonable overall planning with variations for different outlets, so as to promote constructive competition among different sales regions and improve operating results. The Group made adjustments to some of its down apparel stores, increased the number of self-operating stores to be established and raised investment in brand building in response to the market condition. The Group also set higher standards in shop decoration and product display. The layout, lighting effects, furniture, services, decoration and ambience have to conform to the standards and should be in line with fashionable trends. In addition, Bosideng menswear business put emphasis on market expansion. It has commenced to enter first tier cities as a breakthrough by leveraging on the experience of its development in second and third tier cities. The proportion of self-operating stores and franchised stores has increased while the proportion of regional distribution outlets decreased to an appropriate level.

RETAIL OUTLETS BY REGION



Notes: Retail outlet as at March 31, 2011

Figures in bracket denote changes as compared to March 31, 2010

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

RETAIL NETWORK

Retail network composition by outlet type

	As at March 31, 2011			As at March 31, 2010			Change		
Store types	**Down apparels**	**Non-down apparels**	**Total**	Down apparels	Non-down apparels	Total	Down apparels	Non-down apparels	Total
Specialty store									
– operated by the Group	**51**	**47**	**98**	7	34	41	44	13	57
– operated according to franchise agreement	**—**	**477**	**477**	—	56	56	—	421	421
– operated by third party distributors	**5,066**	**619**	**5,685**	3,289	343	3,632	1,777	276	2,053
Subtotal	**5,117**	**1,143**	**6,260**	3,296	433	3,729	1,821	710	2,531
Retail outlets									
– operated by the Group	**1,062**	**59**	**1,121**	988	39	1,027	74	20	94
– operated according to franchise agreement	**—**	**300**	**300**	—	43	43	—	257	257
– operated by third party distributors	**1,400**	**354**	**1,754**	1,336	244	1,580	64	110	174
Subtotal	**2,462**	**713**	**3,175**	2,324	326	2,650	138	387	525
Total	**7,579**	**1,856**	**9,435**	5,620	759	6,379	1,959	1,097	3,056

Retail network composition by geographic location

	As at March 31, 2011			As at March 31, 2010			Change		
Sales areas*	**Down apparel**	**Non-down apparel**	**Total**	Down apparel	Non-down apparel	Total	Down apparel	Non-down apparel	Total
Northern China areas	**4,052**	**898**	**4,950**	3,262	404	3,666	790	494	1,284
Eastern China areas	**1,817**	**423**	**2,240**	1,189	181	1,370	628	242	870
Central China area	**1,710**	**535**	**2,245**	1,169	174	1,343	541	361	902
Total	**7,579**	**1,856**	**9,435**	5,620	759	6,379	1,959	1,097	3,056

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

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

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

FINANCIAL REVIEW

Revenue

Branded down apparel business remained the largest contributor which accounted for 80.7% of the Group's revenue, with the remaining 10.9% and 8.4% coming from the OEM management business and non-down apparel business, in comparison with 81.7%, 11.3% and 7.0%, respectively in the previous year.

The Group's revenue for the year ended March 31, 2011 increased by 22.7% year-on-year to approximately RMB7,037.8 million. This was mainly due to the flexible pricing strategy of down apparel business to suit the market needs and the continued expansion of non-down apparel business. Sales of the Group's branded down apparel business, the OEM management business and non-down apparel business increased by 21.1%, 18.8% and 46.5% to approximately RMB5,679.7 million, RMB768.7 million and RMB589.4 million, respectively.

Sales analysis by products

	Year ended March 31,				
	2011		2010		
	(RMB million)	**% of total revenue**	(RMB million)	% of total revenue	Changes (in %)
Branded down apparel					
• Self-owned	**1,732.0**	**24.6%**	1,477.4	25.7%	17.2%
• Wholesales	**3,936.0**	**55.9%**	3,204.4	55.9%	22.8%
• Others*	**11.7**	**0.2%**	7.1	0.1%	64.8%
Total down apparel revenue	**5,679.7**	**80.7%**	4,688.9	81.7%	21.1%
OEM management	**768.7**	**10.9%**	646.8	11.3%	18.8%
Non-down apparel					
Menswear apparel					
• Self-owned	**100.0**	**1.4%**	45.0	0.8%	122.2%
• Wholesales	**484.5**	**6.9%**	357.4	6.2%	35.6%
Total menswear apparel revenue	**584.5**	**8.3%**	402.4	7.0%	45.3%
Others#	**4.9**	**0.1%**	—	—	N/A
Total non-down apparel revenue	**589.4**	**8.4%**	402.4	7.0%	46.5%
Total revenue	**7,037.8**	**100.0%**	5,738.1	100.0%	22.7%

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

\# Represents sales of non-down apparel which other than products of "Bosideng MAN"

A majority of the Group's products were branded down apparel sold through wholesales model, it accounted for 69.3% of the Group's branded down apparel revenue, compared to 68.3% in the previous year.

To further optimize the product mix and increase profitability, the Group has adopted a "non-seasonal product" development. The Group has opened 7 consignment counters in major cities including Beijing, Shanghai and Hangzhou for the franchise project of "ROCAWEAR" and started to develop the "D.D. Cat" brand of kids wear in March 2011. For the year ended March 31, 2011, the non-down apparel contributed 8.4% or approximately RMB589.4 million to the Group's revenue. "Bosideng MAN" was the highest contributor and contributed 99.2% to the Group's non-down apparel revenue.

Revenue analysis of down apparel sales by brand

	Year ended March 31,				
	2011		2010		
Brands	**(RMB million)**	**% of branded down apparel sales**	(RMB million)	% of branded down apparel sales	Changes (in %)
Bosideng	**3,554.2**	**62.6%**	2,900.3	61.9%	22.5%
Snow Flying	**1,146.2**	**20.2%**	886.6	18.9%	29.3%
Bengen	**410.9**	**7.2%**	386.4	8.2%	6.3%
Kangbo	**572.5**	**10.1%**	526.9	11.2%	8.7%
Other brands	**40.7**	**0.7%**	18.3	0.4%	122.4%
Others	**11.7**	**0.2%**	7.1	0.2%	64.8%
Subtotal	**5,736.2**	**101.0%**	4,725.6	100.8%	21.4%
Sales rebates	**(56.5)**	**(1.0)%**	(36.7)	(0.8%)	54.0%
Total down apparel reveune	**5,679.7**	**100.0%**	4,688.9	100.0%	21.1%

The Group's core brand, "Bosideng" brand, continues to be marketed as a medium to high end brand, targeting customers with greater consumption power and who seek trendy and fashionable designs, "Snow Flying" brand appeals to younger customers with more energetic lifestyles. "Kangbo" and "Bengen" branded apparel offer colourful, youthful down apparel lines for mainly men and ladies, respectively, and are targeted at the mass market. As a result of such brand positioning strategy, "Bosideng" branded apparel remained the highest contributor and contributed 62.6% or approximately RMB3,554.2 million to the total branded down apparel sales. "Snow Flying" branded apparel contributed 20.2% or approximately RMB1,146.2 million of the total branded down apparel sales. "Kangbo" and "Bengen" recorded revenues to approximately RMB572.5 million and RMB410.9 million, which represented 10.1% and 7.2% of the total branded down apparel sales, respectively.

Cost of sales and gross profit

Under the pressure of increasing labour cost and raw material cost, the Group's cost of sales as a percentage of revenue increased from 49.7% of the Group's revenue or RMB2,851.5 million in the previous year to 53.1% of the Group's revenue or RMB3,738.4 million this year.

The sales margin of branded down apparel, OEM management and non-down apparel business for the period under review was 50.4%, 16.7% and 52.7%, respectively, compared to last year for branded down apparel, OEM management and non-down apparel business was 54.1%, 22.0% and 51.4%, respectively.

Distribution expenses

The Group's distribution expenses, mainly comprising advertising, promotion, concessionaire fees and salary and welfare, amounted to approximately RMB1,706.6 million, representing an increase of 27.0%, compared with approximately RMB1,343.4 million in the previous year. The increase of actual spending was mainly due to the increase in number of store and headcount for the development of non-down apparels business and the expansion of the specialty stores operated by the Group. In terms of percentage to revenue, distribution expenses constituted 24.2% of total revenue, signifying a slight rise of 0.8 percentage points compared with 23.4% in the same period last year.

Administration expenses

The administrative expenses of the Group, which mainly comprising bad and doubtful debts provision, salary and welfare, travel and office expenses, amounted to approximately RMB207.2 million, a decrease of 12.1%, compared with approximately RMB235.8 million in the previous year. The decrease mainly resulted from the reversal for the recovery of amounts charged to bad and doubtful debts' provided for same period last year. During the year under review, administration expenses accounted for 2.9% of the Group's revenue, representing a decrease of 1.2 percentage point as compared with 4.1% in the same period last year.

Operating profit

During the year under review, the Group's operating profit increased by 13.8% to approximately RMB1,372.0 million. Operating profit margin was 19.5%, a slight decrease of 1.5 percentage points as compared to that of the previous year was mainly due to labour cost and raw material cost continuously rising.

Finance income

The Group's finance income for the year under review increased to approximately RMB142.2 million from approximately RMB75.4 million in the previous year. The increase was due to interest income on available-for-sale financial assets and the rise in interest rate of bank deposits.

Finance expenses and taxation

The Group's finance expenses for the year under review increased by 286.9% to approximately RMB13.4 million due to bank borrowings raised in Hong Kong during the year.

For the year ended March 31, 2011, income tax expenses increased from approximately RMB198.9 million to approximately RMB228.7 million. The Group's four principal operating subsidiaries in the PRC, being foreign investment enterprises, commenced their entitlement of a tax-free period for two years from January 1, 2007, followed by a further 3-year tax exemption of 50% of the applicable tax rate. Therefore, the tax-free period ended on December 31, 2008 and a substantial portion of the Group's profit was taxable using the applicable tax rate with 50% deduction since January 1, 2009.

Final and special dividends

The Board has recommended the payment of a final dividend of RMB6.8 cents per ordinary share for the year ended March 31, 2011. In addition, in consideration of the progress of acquisitions, mergers or cooperation for the coming year, the Board has recommended the payment of a special dividend of RMB6.0 cents per ordinary share. The proposed dividend payments are subject to approval by the shareholders of the Company at the annual general meeting to be held on or around August 26, 2011 and are payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China on June 28, 2011. Upon shareholders' approval, the proposed final and special dividends will be paid on or around September 12, 2011 to shareholders whose names appear on the register of members of the Company on September 6, 2011.

Liquidity and financial resources

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

For the year ended March 31, 2011, the Group's net cash generated from operating activities amounted to approximately RMB49.5 million, compared to approximately RMB1,605.2 million as at March 31, 2010. Cash and cash equivalents as at March 31, 2011 was in the amount of approximately RMB1,417.6 million, compared to approximately RMB3,127.6 million as at March 31, 2010. The decrease in cash and cash equivalents was due to the cash used in prepayment to suppliers for preferential price and stable supply of raw material and the payment of final dividend for the financial year ended March 31, 2010 and interim dividend for the six months ended September 30, 2010.

In order to maximize returns on the Group's available cash reserves, the Group had available-for-sales financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Available-for-sale financial assets have expected but not guaranteed returns ranging from 3.3% to 6.0% per annum.

As at March 31, 2011, the Group had bank borrowings amounted to approximately RMB586.9 million (2010: Nil). The gearing ratio (total debt/total equity) of the Group was 8.4% (March 31, 2010: Nil).

Contingent liabilities

As at March 31, 2011, the Group had no material contingent liabilities.

Capital commitments

As at March 31, 2011, the Group has capital commitments in respect of plant, property and equipment outstanding which amounting to approximately RMB231.9 million (March 31, 2010: Nil).

Operating lease commitment

As at March 31, 2011, the Group had a non-cancellable operating lease commitments which amounting to approximately RMB429.4 million (March 31, 2010: approximately RMB290.4 million).

Pledge of assets

As at March 31, 2011, bank deposits amounting to approximately RMB760.4 million had been pledged to secure the Group's bank loans and banking facilities in relation to bills payable and letter of credit (March 31, 2010: approximately RMB2.2 million).

Financial management and treasury policy

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

Foreign currency exposure

The business operations of the Group were conducted mainly in the PRC with revenues and expenses of the Group denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong Dollars or US Dollars. The Company and some of its overseas subsidiaries selected USD as their functional currency respectively. 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, 2011, 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 purposes.

Human Resources

As at March 31, 2011, the Group had approximately 2,690 full-time employees (March 31, 2010: 1,926 full-time employees). Staff costs for the twelve months ended March 31, 2011 (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB398.1 million (2010: approximately RMB 298.6 million). This increase was mainly due to the increase of headcount to develop non-down apparel business including "Bosideng MAN", "BOSIDENG RICCI" and "ROCAWEAR" so as to support the expansion of the specialty stores operated by the Group. The Group's salary and bonus policy is primarily based on duties, performance and length of service of each individual employee with reference to the prevailing market conditions.

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

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

As at March 31, 2011, no share option was granted by the Group under the Share Option Scheme.

BUSINESS OUTLOOK

Going forward, the Group holds a cautiously positive outlook. The local consumption pattern and spending power will keep improving in the next one or two decades, and the development of apparel industry of the PRC is stepping towards a new era with a new focus on brand development and upgrading after the expansion of market scale. The Group will leverage on the competitive edges of “Bosideng” brand to integrate the style positioning, design, research and development as well as sales channels of its brands comprehensively with a global perspective. These initiatives will be carried out to ensure that its product styles are united but remain their own uniqueness and to satisfy different demands from consumers. In the next three to five years, the Group will continue to increase the proportion of the non-down apparel business to overall sales and further expand international distribution channels and optimize the international sales network, so as to transform Bosideng into an international well-known integrated apparel brand operator.

The Group is poised to achieve these goals through a business strategy that contains the following key aspects:

Speeding up the development of non-down apparel businesses

While consolidating and maintaining its market shares in the down apparel industry and its satisfactory results, the Group will continue to fully facilitate and implement the strategy of developing non-seasonal products to speed up the development of non-down apparel businesses and increase the proportion of the non-down apparel businesses in overall sales.

As the top priority in the development of non-down apparel businesses, the Group will focus on the sound development of “Bosideng MAN” in order to achieve stable and rapid growing results and high recognition so as to become a leading menswear brand in the PRC.

After the first product launch show in China, the company of “ROCAWEAR” has selected outlet locations and sales network. Leveraging on its current expansion plan into major cities such as Beijing, Shanghai, Tianjin and Chongqing, “ROCAWEAR” will strive to set up more than 300 “ROCAWEAR” freestanding stores and shop-in-shop in Greater China Region by 2013 with a target to develop “ROCAWEAR” into a fashion leading brand within 3 to 5 years.

As a trendy ladies’ wear brand directly invested by Bosideng Group, “BOSIDENG RICCI” is the key project of the Group under the strategy of diversification and new brand development. Bosideng has already expanded into menswear and casual wear with outstanding results. The Group plans to develop sales channels mainly in Eastern China areas and expects to set up approximately 100 stores within 3 years.

The Group will strive to open 150 to 200 new outlets of “Mogao” brand annually in the next five years by leveraging on the existing management team of the Group and resources as well as the reputation of Bosideng as a leading brand name in the domestic appeared industry. The number of outlets is expected to be approximately 1,300 throughout China in 2015, turning it into a leading domestic brand of trendy casual wear. As for the four brands including “D.D Cat”, “Mikyo”, “r100” and “M&Q” under Lanboxing, the Group plans to open 150 to 200 new outlets each year. The total number of outlet is expected to be 2,000 throughout China in 2015, turning them into leading domestic kid’s wear brands.

After the first product launch show in China, "VETALLO" brand, an international high-end brand of menswear under the Group, has moved on with its preparation work, including selection of store location so as to introduce the brand to domestic customers and commence its operation in the Greater China Region as soon as possible.

The Group will also enlarge its brand and product portfolio by actively identifying non-down apparel brands with growth potential and good reputation for acquisitions, mergers or cooperation. It will not only expedite the development of non-down apparel business and offer high quality products to different consumer groups all-year-round but also realize the transformation of Bosideng into an international well-known integrated apparel brand operator.

Promoting brand portfolio strategy to enhance brand value

In order to satisfy different demands from consumers and enhance the overall value of our brands, the Group will integrate the style positioning, design, research and development as well as channels of its brands in a comprehensive way to ensure the product styles are united but remain their own uniqueness.

Based on the planning of its brand portfolio development strategy, the Group repositioned "Bengen" under independent management. "Bengen" brand has developed rapidly in these two years and recorded a significant growth in operating results. Therefore, the Group will continue to formulate reasonable plans on general operational management of each brand under the Group and promote the development strategy of its brand portfolio in the next few years. The Group will further enrich the cultural significance and upgrade the brand positioning of "Bosideng". On the basis of strengthening its position as the top high-end brand in the PRC down apparel market, the Group will extend the influence of "Bosideng" brand to other non-down apparel area (such as "Bosideng MAN") so as to transform "Bosideng" into an established international well-known brand. At the same time, the Group will make full efforts to drive the respective development of dominant brands such as "Snow Flying", "Kangbo", "Bengen", "ROCAWEAR" and "BOSIDENG RICCI".

Enhancing design and research and development capabilities of green fashion

Creative and innovative designs contribute to the establishment of an excellent brand, and a leading brand in market trend can lead to the transformation and upgrading of the apparel industry. The Group will continue to expand and strengthen its research, design and development team. The Group has also planned to cooperate with local and international renowned research institutions to develop and apply new fabric, which aims to raise the product competitiveness and added-value of the brand. The Group will create and offer space and platform for its designers to develop their art potential and stimulate their inspiration. Their design capabilities will also be enhanced through various exchange, learning and cooperation opportunities with local and international renowned design houses and the leading position of the Group in the PRC cold-resistant clothing market will be consolidated. The Group will also expand its non-down apparel products and business and further consolidate its leadership in non-seasonal market by leveraging on its excellent and innovative design capabilities.

Nowadays, as low-carbon practice has become one of the business values in the international supply chain, different industries have been formulating their own environmental friendly low-carbon practices. The apparel industry is no exception. Market demand for low-carbon textiles will be growing and development of low-carbon textiles and green textiles has become key strategies for development of apparel brands in the global market. Low-carbon practice has become the driver for the upgrade of the industry. As a leader in the industry, it is a responsibility of Bosideng to promote the development of the PRC apparel industry. The Group will further strengthen the research and development of environmental friendly products with low-carbon, aiming to reduce the consumption of materials and carbon emission substantially by using advanced technology, so as to show the international apparel industry the contribution of the PRC apparel industry towards environmental protection.

Increasing market share by strengthening marketing efforts

The Group will further increase its marketing efforts based on the demand of customers in order to effectively expand the market and increase its market share for maximizing the profitability of the Group. Depending on the different styles and market positioning of various brand products, the Group will selectively adopt various flexible strategies to promote each of the brands under the Group. Apart from the original promotion methods such as media commercials, launching outdoor advertisements, organizing product launch shows, appointing celebrities as spokespersons, sponsoring sports events, outdoor advertisements and websites, shop promotion and product display, the Group will place more emphasis on the interactions with consumers. All retail outlets will organize different activities such as trial experience, exhibitions and offering privileges as well as providing high added-value services, including VIP membership and tailor-made services, so as to demonstrate the positioning and product images of each brand under the Group in a comprehensive way, enhance the vitality and influence of the brand and increase the market shares of its products.

The Group will increase efforts in expanding sales channels and building its image. In addition to plotting distribution networks appropriately, including the proportion and geographical location of different types of stores, the Group will also engage famous store designers to design a more stylish image and expand the number of large flagship stores in major cities in due course. The flagship stores can provide a larger and more comfortable shopping environment for the consumers. The Group will open “gallery-styled” large brand flagship stores to display the full range of products under the Bosideng brands, and utilize its new image visual system for retail outlets to provide a complete shopping experience to consumers. The Group will continue to integrate and optimize sales channels of the down apparel products. For non-down apparel products, the Group will focus on market expansion. Among which, the number of retail outlets of “Bosideng MAN” is expected to grow in a more rapid pace and increase to approximately 1,100 in 2012, and the proportion of self-operating stores and franchised stores will also increase. For “ROCAWEAR” brand business, it is planned to open more than 300 “Rocawear” freestanding stores or shop-in-shop in the Greater China Region by 2013. For “Mogao” brand and the brand of kids wear under Lanboxing is expected to open 150 to 200 stores in every year. “BOSIDENG RICCI” plans to focus on establishing sales networks in Eastern China.

The Group will continuously develop and operate e-commerce platform to echo the current online shopping trend, and to strive for higher sales results for the Company.

Optimizing information system to search for optimized inventory turnover rate

Overstocking is a common problem of the apparel industry, affecting the liquidity and development of companies. The Group regards highly the importance of inventory control and management and its inventory level of finished products is lower than other industry players. The Group will further decrease the inventory level and optimize the inventory turnover rate through the improvements in product design, sales channels and logistics. As a part of the inventory management of Bosideng, no separate warehouses are provided for supermarkets, shopping malls and sales outlets, and products are centrally distributed by regional logistic centers. Frontline staff members are required to closely monitor the stock level and keep abreast with the latest information of the best selling styles, colors and sizes of the particular seasons and report on the sales performance in time, which will be used as the indicators of future orders, in order to lower the inventory risks. However, this also imposes a stringent requirement on the ERP system of the Group. A convenient and effective information system providing timely, accurate and complete information is the key for maintaining efficiency of operations, including replenishment, distribution and replacement and lowering the inventory risk. Therefore, the Group will further optimize its information system and expand its coverage.

During the reporting period, the order system of down apparel products launched by the Group to replace the original product return system achieved satisfactory result. The number of customers of the order system increased to 136 from 15 in previous year. Proportion of customers of the order system to the total number of customers is expected to increase from 12% in this year to approximately 25% in 2011/2012. The Group intends to further promote this system and expects to remove the original product return system within 3 years so as to increase the sales of down apparel products and lower the inventory risks.

The Code on Corporate Governance Practices

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 Code of Corporate Governance Practices (the "Code") 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, 2011 except for Code Provision A.2.1, of which details 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.

The Board currently consists of eleven Directors, of whom six are executive Directors, one is a non-executive Director and four are independent non-executive Directors. All six executive Directors are responsible for implementating 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 non-executive Director and 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, formulating the Group's annual budget and final accounts, formulating proposals for dividend and bonus distributions and for the increase or reduction of registered or 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. 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, 2011, 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 other committee meetings convened during the financial year ended March 31, 2011 are as follows:

	No. of meetings attended/held		
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Executive Directors			
Gao Dekang *(Chairman of the Board of Directors)*	4/4	N/A	1/1
Mei Dong	4/4	N/A	N/A
Kong Shengyuan	4/4	N/A	N/A
Gao Miaoqin	4/4	N/A	N/A
Huang Qiaolian	4/4	N/A	N/A
Wang Yunlei	4/4	N/A	N/A
Non-Executive Director			
Shen Jingwu	4/4	N/A	1/1
Independent Non-Executive Directors			
Dong Binggen	4/4	2/2	1/1
Jiang Hengjie	4/4	2/2	1/1
Wang Yao	4/4	N/A	1/1
Ngai Wai Fung	4/4	2/2	N/A

The number of independent non-executive Directors has met the requirements under the Listing Rules and Mr. Ngai Wai Fung has appropriate accounting professional qualifications. The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive Directors has confirmed in writing of his independence pursuant to Rule 3.13 of the Listing Rules.

All the appointments of non-executive Director and independent non-executive Directors may be terminated by the Company at any time and 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. 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.

Minutes of the Board meetings are being kept by the company secretary of the Company and are available for inspection by the Directors and auditors of the Company.

The Roles of the Chairman of the Board of Directors and Chief Executive Officer

The Directors is of the opinion that as at March 31, 2011, the Company had complied with the Code except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

Mr. Gao Dekang is the Chairman of the Board of Directors and CEO of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of 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 decisions of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are four independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Directors' Securities Transactions (the "Model Code") as set out in Appendix 10 of 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, 2011 and up to the date of this report.

Audit Committee

The audit committee of the Company (the "Audit Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C3 of the Code, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. The audited consolidated financial statements for the year ended March 31, 2011 have been reviewed by the Audit Committee and agreed by KPMG, the Company's external auditors. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie.

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 2009/2010 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 to evaluate on the effectiveness of financial reporting procedure and internal control system;
- approval of the audit fees and terms of engagement of the external auditor; and
- review external auditor's qualifications, independence and performance, and recommendation for the Board's re-appointment of the external auditor.

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

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") has been established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph A.4.5 of the Code, whose primary function is to make recommendations to the Board regarding candidates to fill vacancies on the Board. As at the date of this report, the Nomination Committee was consisted of three members, comprising one executive Director and two independent non-executive Directors (namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie).

No meeting was held by the Nomination Committee up to the date of this report as no new Director of the Company had been appointed. The Nomination Committee will meet as and when required.

Appointments, Re-election and Removal of Directors

Each of the executive Directors of the Company has entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors of the Company has entered into an appointment letter with the Company, on September 15, 2007, for a term of three years. Such term is subject to his re-appointment by the Company at an annual general meeting upon retirement and can be automatically renewed upon expiry. The articles of association of the Company provide that any Director appointed by the Board, either to fill a casual vacancy in the Board or as an addition to the existing Board, shall hold office only 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. The management team meets together 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 which give a true and fair view of the state of affairs of the Group, and of results and cash flow for the year.

In preparing the financial statements for the year ended March 31, 2011, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, and made prudent and reasonable judgments and estimates, and have prepared the financial statements on an going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditors 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 65 and page 66 of this report.

Auditors' Remuneration

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

	RMB' million
Statutory audit services (including interim review)	6.0
Non-audit services	1.9
	7.9

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

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

Communications with Shareholders and Investor Relations

In the light of the good faith principle, the Company strictly complies with and implements the Listing Rules to disclose discloseable information on a true, accurate, complete and timely basis and all other information that might have significant impact on the decisions of shareholders and other concerned parties in an active and timely manner. Also, the Company takes effort in ensuring all shareholders with 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 chief financial officer of the Company held regular briefings and results presentation, attended investor forums and responded to investors' call-in enquiries, arranged store visits and participated in roadshows 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.

Executive Directors

Mr. Gao Dekang, aged 59, is the Chairman of the Board of Directors and CEO of the Group. He is the representative of the 10th and the 11th National Congress and the 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 has also assumed leadership in various associations, such as being a member of Executive Committee of China Federation of Industry and Commerce since 2007, the Vice President of China National Light Industry Council since 2006, the President of Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce since 2010, the Vice President of China National Garment Association since 2004, and the First Deputy Director of the Down Apparel and Related Products Committee of China National Garment Association since 2006. During the reporting period, he has been awarded numerous prizes and honors. In November 2009, he was elected as "Excellent Contributor of Chinese Socialism (優秀中國特色社會主義事業建設者)" jointly by the United Front Work Department of CPC Central Committee, Ministry of Industry and Information Technology of the PRC, Ministry of Human Resources and Social Security of the PRC, State Administration for Industry and Commerce of the PRC and All-China Federation of Industry and Commerce. In December 2009, he was elected as one of the "Outstanding Administrator of the 30th Anniversary of All-rounded National Quality Control" by China Association for Quality. In August 2009, he was elected as "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) by the Association of China Economic Press. In November 2009, he was elected as "2009 China CEO" (2009中國CEO年度人物) by the 2009 China CEO Summit Forum (中國CEO高峰論壇). In December 2009, he was elected as "Meritorious Entrepreneur of China Feather and Down Industry" (中國羽絨行業功勳企業家) by China Feather and Down Industrial Association. In December 2009, he was elected as one of the "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) by Organizing Committee of Chinese Person of the Year 2009 (2009品牌中國年度人物組委會). He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in 2002. 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 43, is a Director and Executive Vice President of the Company and was appointed as an executive Director in July 2006. Ms. Mei is responsible for the operational management of the Group. She has over 10 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 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 2002. She is the wife of Mr. Gao Dekang (a Controlling Shareholder and Director).

Dr. Kong Shengyuan, aged 48, is a Director and Vice President of the Company and 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 in March 2004. Since then, Dr. Kong has remained with Bosideng Corporation and, after the reorganization of businesses of the Group prior to its listing, has remained with the Group. He 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. He is a senior economist.

Ms. Gao Miaoqin, aged 60, is a Director and Vice President of the Company and was appointed as an executive Director in July 2006. Ms. Gao is responsible for the legal and public relations matters of the Group. She has over 15 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 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 46, is a Director and Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company) and was appointed as an executive Director in June 2007. Ms. Huang is responsible for designing the Group's branded down apparel products and 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 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 31, a Director of the Company and CEO's Assistant and was appointed as an executive Director in September 2006. Since then, she has remained with the Group. Ms. Wang assists 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.

Non-Executive Director

Mr. Shen Jingwu, aged 42, was first appointed as a non-executive Director of the Company in September 2006. Mr. Shen is a Senior Partner, Head of Greater China of Headland Capital Partners Limited (previously named HSBC Private Equity (Asia) Limited) ("Headland"). Mr. Shen is also a member of one 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 in Economics with summa cum laude and Dean's list from Wharton and an MBA from Stanford University with a concentration in strategy and venture capital investments. Mr. Shen is currently also the Vice Chairman of Yonghui Superstores Company Limited listed on Shanghai Stock Exchange (601933).

Independent Non-executive Directors

Mr. Dong Binggen, aged 61, a senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He graduated from Eastern China Textile Institute (currently as Donghua University) in 1977. From February 1997 to present, he has worked with Hualian Development Group Co., Ltd. as the Chairman and President. He had been the Chariman of the Shenzhen Textile Industry Assoication and President of the Shenzhen Textile Engineering Assoication. He is also concurrently the Vice Chairman of China Textile Industry Enterprise Management Association and the China Textile Enterpreneur's Association, the Managing Director of the 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, a PRC company listed on the Shenzhen Stock Exchange (000036).

Mr. Jiang Hengjie, aged 60, professor of engineering, was appointed as an independent non-executive Director of the Company in September 2007. He is the First Vice President and Legal Representative of the China National Garment Association, the Chairman of the National Garment Standardization Technology Committee, the Managing Director of the China Textile Engineering Society as well as a visiting professor at the Art College of Tsinghua University, Suzhou University, Jiangxi Institute of Clothing Technology and Beijing Institute of Clothing Technology. He was graduated from Suzhou Silk Engineering Institute majoring in sericulture in 1975. Currently, he is an independent director of both Ningbo Shanshan Co., Ltd. (600884) and Younger Group Co., Ltd. (600177). He was also an independent director of SGSB Group Co., Ltd. (600843) from June 2006 to June 2009. All these companies are listed on the Shanghai Stock Exchange.

Mr. Wang Yao, aged 52, was appointed as an independent non-executive Director of the Company 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.

Mr. Ngai Wai Fung, aged 49, was appointed as an independent non-executive Director of the Company in September 2007. He is currently the Managing Director of MNCOR Consulting Limited, a specialty corporate and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the Director and Head of Listing Services of KCS Hong Kong Limited, an independent integrated corporate services provider, Vice President of the Hong Kong Institute of Chartered Secretaries. He is an associate 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 and a fellow of the Hong Kong Institute of Chartered Secretaries. Mr. 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. Mr. Ngai has over 22 years of senior management experience, most of which are in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chips companies.

Mr. Ngai is currently an independent non-executive director of China Railway Construction Corporation Limited (01186), BaWang International (Group) Holding Limited (01338), Powerlong Real Estate Holdings Limited (01238), Biostime International Holdings Limited (0112), China Coal Energy Company Limited (01898), SITC International Holdings Company Limited (01308) and Sany Heavy Equipment International Holdings Company Limited (00631). He was the independent non-executive director of Franshion Properties (China) Limited (0817) from May 2007 to June 2011 and China Life Insurance Company Limited (02628) from December 2006 to May 2009. All these companies are listed on the Stock Exchange.

Senior Management

Mr. Huang Gui, aged 36, is a Vice President and General Manager of New Business Department of the Company and is responsible for the operational management of brands other than Bosideng, Snow Flying and Kangbo of the Group. He has over 13 years' experience in business management. Mr. Huang joined Bosideng Corporation in May 2004. Since then, Mr. Huang has remained with Bosideng Corporation and, after the reorganization of businesses of the Group prior to its listing, has remained with the Group. He studied at the Northern Jiaotong University of China, majoring in Management Engineering, from 1994 to 1998.

Mr. Rui Jinsong, aged 38, is a Vice President of the Company, Deputy General Manager of Down Apparel Business Department of "Bosideng", "Snow Flying" and "Kangbo" and the General Manager of Jiangsu Bosideng Marketing Co., Ltd. (a subsidiary of the Company) and responsible for the management of production, brand and marketing of down apparel segment of the Group. Mr. Rui joined Bosideng Corporation in May 2004. Since then, Mr. Rui has remained with Bosideng Corporation and, after the reorganization of businesses of the Group prior to its listing, has remained with the Group. He studied at Wuxi Light Industry College, majoring in Textile Engineering, from 1990 to 1994.

Mr. Shen Guangjian, aged 37, is an Assistant to the CEO, General Manager of the Department of International Merger, Acquisition and Investment and Chief Officer of the Investor Relations Department and is also responsible for merger, acquisition and investment of international project, securities management and investor relations of the Group. He joined Shanghai Bosideng International Fashion Co., Ltd. ("Bosideng International Fashion") (a subsidiary of the Company) in April 2007. He received his Bachelor of Economics degree and Master of Economics degree from Anhui University. He holds a Hong Kong Securities Institute Specialist Certificate (with a specialization in corporate finance) and professional qualifications for securities issues, undertakings, investment analysis, brokerage and investment funds granted by the China Securities Association. He is also qualified as a mid-level economist with a specialization in finance by the Ministry of Personnel of the People's Republic of China. Prior to joining the Group, he was a senior manager of the Finance Department of GC Investment Consulting (Shanghai) Co., Ltd. (漢宇投資諮詢（上海）有限公司), manager of the representative office of Polaris Securities Co., Ltd., and manager's assistant of the investment banking headquarters of Hua An Securities Co., Ltd.

Mr. Bai Qi, aged 35, is an Assistant to the CEO and a general manager of the Department of Merger, Acquisition and Investment in China of the Company and is responsible for the merger, acquisition and investment and licensing management of domestic brands. Mr. Bai joined Bosideng Corporation in March 2002. Since then, Mr. Bai has remained with Bosideng Corporation and joined the Group in April 2010. Mr. Bai graduated from University of Science and Technology of China and is a senior economist.

Mr. He Guiqin, aged 37, is the Financial Controller of the Company and is responsible for the financial management of the Group. He joined the Group in 2010. Mr. He completed his undergraduate study in Zhongnan University of Economics and Law in 1996. He graduated from the Fudan University in 2002 and obtained a Master's Degree in Business Administration (MBA). Mr. He is a senior accountant, Certified Internal Auditor (CIA) and International Finance Manager. He is also the assessor of external project funding program of Shanghai Municipal Economic and Informatization Commission. Mr. He has over 10 years' experience in the financial management of major corporations. Prior to joining the Group, he was the financial officer of Shenzhen Fountain Corporation (SZ000005), the chief of investment and finance department of Shenzhen Metro Co., Ltd (directly owned by Shenzhen municipal government), senior project manager of the financial corporation and investment banking department of Shanghai Electric Group (HK2727, SH601727), vice president of Huatong Machinery & Electronics Group (in charge of the financial department, the auditing department and the securities department) and the chief financial officer of Lifeng Auto Group.

Mr. Liu Wei, aged 43, is the Audit Director and Legal Director of the Company and works for the Audit Department and the Legal Department of the Group. Mr. Liu joined Bosideng Corporation in 2004. Since then, Mr. Liu has remained with Bosideng Corporation and, pursuant to the reorganization of businesses comprising 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 corporate legal advisor.

Mr. Song Jiajun, aged 38, is the Deputy General Manager and the General Manager of the marketing department of Jiangsu Bosideng Marketing Co., Ltd. (a subsidiary of the Company) and is responsible for brand planning of the Group. Mr. Song joined Bosideng Corporation in September 2005. Since then, Mr. Song has remained with Bosideng Corporation and, after the reorganization of businesses of the Group prior to its listing, has remained with the Group. He studied at Shanghai Huangpu District Part-time University, majoring in Marketing, from 1992 to 1995. He has over 15 years' experience in the fashion industry.

Mr. Zhu Xiangdong, aged 32, is the Deputy General Manager in General Affairs of Jiangsu Bosideng Marketing Co., Ltd. (a subsidiary of the Company) and is responsible for the daily sales of the Group. Mr. Zhu joined Bosideng Corporation in September 1999. Since then, Mr. Zhu has remained with Bosideng Corporation and, after the reorganization of businesses of the Group prior to its listing, has remained with the Group. He studied in Jiangsu Food College (now known as Huaiyin Institute of Technology) 淮陰學院 , majoring in industry analysis, from 1994 to 1998. He graduated from the Nanjing University majoring in business administration.

Ms. Huang Meifang, aged 42, is the General Manager for the "Bosideng" Brand Division of Jiangsu Bosideng Down Wear Ltd. (a subsidiary of the Company) and is responsible for the production of the "Bosideng" branded down apparel products of the Group. She has over 20 years' experience in the down and non-down apparel industries. Ms. Huang joined Bosideng Corporation in 1996. Since then, Ms. Huang has remained with Bosideng Corporation and, after the reorganization of businesses of the Group prior to its listing, has remained with the Group. She graduated from Changshu Zhitang High School in 1986.

Qualified Accountant and Company Secretary

Mr. Mak Yun Kuen, aged 35, is the Qualified Accountant and Company Secretary of the Company. He is also the Chief Financial Officer and Authorized Representative of the Group and is responsible for the overall financial and accounting affairs, investor relations and company secretarial matters of the Group. He joined the Company in 2008. 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 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.

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2011 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 in the PRC 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 the Group's branded 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 67 and Note 7 to the Financial Statements.

Results and Distribution

The results of the Group for the year ended March 31, 2011 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 RMB6.8 cents per ordinary share and a special dividend of RMB6 cents per ordinary share in respect of the year ended March 31, 2011, totalling approximately RMB994,861,000.

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 are deposited in short-term demand deposits and/or money market instruments during the year ended March 31, 2011.

Summary of Financial Information

A summary of the results and assets, liabilities and equity of the Group for the four financial years ended March 31, 2010, as extracted from the audited financial statements of the Group disclosed in the Company's 2007/2008, 2008/2009 and 2009/2010 annual reports, and for the financial year ended March 31, 2011, as extracted from the Financial Statements, is set out below.

	Year ended March 31, 2007 RMB'000	Year ended March 31, 2008 RMB'000	Year ended March 31, 2009 RMB'000	Year ended March 31, 2010 RMB'000	**Year ended March 31, 2011 RMB'000**
Results					
Profit attributable to:					
— Equity holders of the Company	617,593	1,116,937	748,120	1,078,550	**1,276,446**
— Minority interest	(3,475)	—	153	(5)	**(4,450)**
Assets, liabilities and equity					
Total assets	3,154,624	7,901,471	7,369,710	8,381,815	**9,111,681**
Total liabilities	2,583,340	812,889	773,916	1,568,662	**2,144,950**
Total equity	571,284	7,088,582	6,595,794	6,813,153	**6,966,731**

Fixed Assets

Details of the fixed assets of the Group are set out in Note 19 to the Financial Statements.

Share Capital

Details of the movement in the Group's share capital during the year ended March 31, 2011 are set out in Note 32 to the Financial Statements.

Reserves

Details of movements in the reserves of the Group during the year ended March 31, 2011 are set out in Note 33 to the Financial Statements.

Bank Borrowings

Details of bank borrowings as at March 31, 2011 are set out in Note 29 to the Financial Statements.

Directors and Directors' Service Contracts

The Directors of the Company during the year ended March 31, 2011 and up to the date of this report are:

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

Non-executive Director:
Mr. Shen Jingwu

Independent non-executive Directors:
Mr. Dong Binggen
Mr. Jiang Hengjie
Mr. Wang Yao
Mr. Ngai Wai Fung

All of the Directors were appointed for a term of three years with effect from September 15, 2007. 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, Mr. Gao Dekang, Ms. Wang Yunlei, Mr. Wang Yao and Mr. Ngai Wai Fung will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves 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.

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, 2011, 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)*	5,207,291,201	67.00%
	Deemed interest *(Note 3)*	2,763,697	0.036%
Ms. Mei Dong	Other *(Notes 1 and 4)*	5,207,291,201	67.00%
	Beneficial owner *(Note 2)*	2,763,697	0.036%
Dr. Kong Shengyuan	Beneficial owner *(Note 2)*	2,763,697	0.036%
Ms. Gao Miaoqin	Beneficial owner *(Note 2)*	2,763,697	0.036%
Ms. Huang Qiaolian	Beneficial owner *(Note 2)*	2,763,697	0.036%
Ms. Wang Yunlei	Beneficial owner *(Note 2)*	1,878,242	0.024%

Notes:

(1) These shares are directly held by Kong Bo Investment Limited (as to 5,154,719,202 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 HSBC International Trustee 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 Ms. Wang Yunlei 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 5,207,291,201 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 66.32% and 0.68% of the shares (comprising 5,154,719,202 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 HSBC International Trustee 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, 2011, 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, 2011 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, 2011, conducted a review of the compliance with the Non-competition Deed and is 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 36 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, 2011 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 emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

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

Provident and Retirement Fund Schemes

The Group's employees in the PRC participate in various defined contribution schemes provided by the relevant municipal and provincial governments under which the Group is required to make monthly contributions to these plans. 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 as agreed by the relevant municipal and provincial 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, 2011 were RMB36,428,000.

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, 2011, 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
HSBC International Trustee Limited	Trustee *(Note)*	5,207,291,201	67.00%
Kova Group Limited	Interest of controlled corporation *(Note)*	5,207,291,201	67.00%
Kong Bo Investment Limited	Corporate interest *(Note)*	5,154,719,202	66.32%

Note:

These Shares are directly held by Kong Bo Investment Limited (as to 5,154,719,202 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 HSBC International Trustee 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 HSBC International Trustee Limited is deemed to be interested in such Shares under the SFO.

Save as disclosed above, as at March 31, 2011, 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 "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, 2011.

Connected Transaction

Save as disclosed, the Group had no connected transaction during the year ended March 31, 2011.

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 36 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 the Company's announcement dated March 11, 2010 and circular dated March 31, 2011.

Framework Manufacturing Outsourcing and Agency Agreement

The Company entered into a framework manufacturing outsourcing and agency agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to outsource the manufacturing process of down apparel and OEM products to the Parent Group on a non-exclusive basis. The Group has the right to contract with third party manufacturers at their discretion and on such terms as they deem appropriate. This agreement provides for the following manufacturing outsourcing arrangements:

(i) the Parent Group will provide labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products;

(ii) the Group provides the Parent Group with raw materials, product designs and specifications to facilitate the manufacturing process; and

(iii) the Group pays the Parent Group a fee based on the agreed production volume.

The Parent Group will from time to time procure raw materials for the Group's OEM business from independent third party suppliers in the PRC on the Group's behalf and in accordance with the Group's instructions. The raw materials procured pursuant to such agency arrangements will be used solely for the manufacturing of the Group's OEM products and no agency fee is payable by the Group to the Parent Group. Notwithstanding the agency arrangements, the Group may also purchase raw materials directly from independent third party contract manufacturers.

The term of the framework outsourcing manufacturing 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 outsourcing manufacturing 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 ending 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.

The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2011 was RMB343,597,000.

Framework Raw Material Purchase Agreement

The Company entered into a framework raw material purchase agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to purchase (on a non-exclusive basis) nanometer fabric from the Parent Group. Under this agreement, the quality and prices of nanometer fabric supplied by the Parent Group to the Group must be comparable to the quality and prices of similar products which the Parent Group supplies to third party customers.

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 Board has approved the proposed annual caps of RMB12,000,000, RMB16,000,000 and RMB20,000,000 for the three financial years ending March 31, 2011, 2012 and 2013, respectively on March 11, 2010. The Company has 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.

The actual amount payable by the Group to the Parent Group for the year ended March 31, 2011 was RMB11,935,000.

Property Lease Agreement and Supplemental Property Lease Agreement

The Company entered into a property lease agreement with Mr. Gao Dekang dated September 15, 2007, pursuant to which Mr. Gao Dekang shall procure the Parent Group to lease 12 properties with a total area of approximately 55,824 square metres to the Group. The properties leased under this agreement will be used as the Group's regional offices or warehouses.

The term of each lease granted under the property lease agreement is 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 3 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 5 additional premises to the Company for a term not exceeding 20 years from the date of the Supplemental Property Lease Agreement. The rental payable under the property lease agreement and the Supplemental Property Lease Agreement are to be reviewed annually taking into account market conditions, and should not be higher than the rent applicable to a third party tenant at the relevant time. The Board approved the proposed annual caps of RMB11,500,000, RMB11,800,000 and RMB12,000,000 for the three financial years ending March 31, 2011, 2012 and 2013, respectively on March 11, 2010.

The actual amount of rental payable to the Parent Group for the year ended March 31, 2011 was RMB10,325,000.

Framework Integrated Service Agreement

The Company entered into a framework integrated service agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which Mr. Gao Dekang shall procure the Parent Group to provide various ancillary services to the Group, which currently includes the provision of hotel accommodation.

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 ending March 31, 2011, 2012 and 2013, respectively on March 11, 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.

The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2011 was RMB3,766,000.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions set out above and in Note 36 to the Financial Statements and have confirmed that these continuing connected transactions 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 and 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) 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 2,331,705,000 shares as at the date of this annual report). No Option may be granted to any one 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 shareholder 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 have been granted under the Share Option Scheme by the Company.

Share Scheme

On June 14, 2007, the Group adopted the Share Scheme (which is not subject to the provisions of Chapter 17 of the Listing Rules and which further details have been disclosed in the Prospectus) in order to attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of the Group's business. The Share Scheme initially comprised an aggregate of 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme), which had been contributed and transferred to the trustee by two of the Company's shareholders (namely Kong Bo Investment Limited and Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment"). Subsequent to the vesting of last batch of the shares comprising the Share Scheme on the third anniversary of the Listing Date, the Share Scheme comprises 0 share of the Company as at the date of this report. The trustee will hold and deal with the Shares under the Share Scheme in accordance with the instructions of the Award Committee (comprising of two members, of which each of Kong Bo Investment Limited and Olympics Investment has a right to appoint a member). This Award Committee will determine the number of these shares to be awarded to each selected employee, consultant, management member and Director. The Share Scheme had a life of three years up to June 13, 2010.

Apart from the foregoing, at no time during the year ended March 31, 2011 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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, 2011.

Pre-Emptive Right

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, 2011, 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, 2011, purchases made by the Group from this supplier amounted to RMB10,184,000. 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) has any interest in any of the Group's large suppliers.

For the year ended March 31, 2011, the Group's five largest customers accounted for less than 10% of the Group's revenue. 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) has 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 35 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 37 to the Financial Statements.

Auditors

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 28, 2011

KPMG

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 67 to 153, which comprise the consolidated and company balance sheets as at March 31, 2011, 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 issued by the International Accounting Standards Board 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.

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, 2011 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 28, 2011

For the year ended March 31, 2011
(Expressed in Renminbi)

	Note	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Revenue	7	**7,037,805**	5,738,121
Cost of sales		**(3,738,436)**	(2,851,484)
Gross profit		**3,299,369**	2,886,637
Other income	8	**19,617**	36,279
Fair value changes on derivative financial instruments		**—**	(25,811)
Distribution expenses	9	**(1,706,556)**	(1,343,387)
Administrative expenses		**(207,239)**	(235,803)
Other expenses	8	**(33,223)**	(112,394)
Profit from operations		**1,371,968**	1,205,521
Finance income		**142,153**	75,395
Finance costs		**(13,447)**	(3,476)
Net finance income	12	**128,706**	71,919
Profit before income tax		**1,500,674**	1,277,440
Income tax expense	13	**(228,678)**	(198,895)
Profit for the year		**1,271,996**	1,078,545
Other comprehensive income for the year			
Exchange differences on translation of financial statements of foreign operations	12	**(6,232)**	(2,140)
Net change in fair value of available-for-sale financial assets	12	**(29,407)**	48,509
Income tax on other comprehensive income	13(c)	**3,447**	(5,727)
Other comprehensive income for the year, net of tax		**(32,192)**	40,642
Total comprehensive income for the year		**1,239,804**	1,119,187

The notes on pages 75 to 153 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 17.

For the year ended March 31, 2011
(Expressed in Renminbi)

	Note	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		**1,276,446**	1,078,550
Non-controlling interests		**(4,450)**	(5)
Profit for the year		**1,271,996**	1,078,545
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,244,254**	1,119,192
Non-controlling interests		**(4,450)**	(5)
Total comprehensive income for the year		**1,239,804**	1,119,187
Earnings per share	18		
– basic (RMB cents)		**16.42**	13.88
– diluted (RMB cents)		**16.42**	13.88

The notes on pages 75 to 153 form part of these financial statements.

At March 31, 2011
(Expressed in Renminbi)

	Note	At March 31, 2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	19	313,382	214,482
Lease prepayments	20	31,203	32,389
Intangible assets	21	509,453	525,912
Long-term deposits		—	65,000
Deferred tax assets	22	171,031	52,434
		1,025,069	890,217
Current assets			
Inventories	23	1,214,783	859,687
Trade, bills and other receivables	24	1,046,527	867,510
Receivables due from related parties	36(b)	97,127	48,334
Prepayments for materials and service suppliers		730,587	228,063
Held-to-maturity investments		—	400,000
Available-for-sale financial assets	25	1,519,102	1,618,509
Pledged bank deposits	26	760,378	2,232
Time deposits with maturity over 3 months	27	1,300,479	339,676
Cash and cash equivalents	28	1,417,629	3,127,587
		8,086,612	7,491,598
Current liabilities			
Interest-bearing borrowings	29	586,880	—
Trade and other payables	30	1,178,692	1,204,898
Payables due to related parties	36(b)	14,365	10,399
Current income tax payables	13(d)	199,254	147,667
		1,979,191	1,362,964
Net current assets		6,107,421	6,128,634
Total assets less current liabilities		7,132,490	7,018,851

The notes on pages 75 to 153 form part of these financial statements.

At March 31, 2011
(Expressed in Renminbi)

	Note	At March 31, 2011 RMB'000	2010 RMB'000
Non-current liabilities			
Long-term payables		—	65,000
Deferred tax liabilities	22	165,759	140,698
		165,759	205,698
Net assets		6,966,731	6,813,153
EQUITY			
Share capital	32	607	607
Reserves		6,872,579	6,812,551
Equity attributable to equity shareholders of the Company		6,873,186	6,813,158
Non-controlling interests		93,545	(5)
Total equity		6,966,731	6,813,153

Approved and authorized for issue by the board of directors on June 28, 2011.

Gao Dekang
Chairman of the Board of Directors

Kong Shengyuan
Director

The notes on pages 75 to 153 form part of these financial statements.

At March 31, 2011
(Expressed in Renminbi)

	Note	At March 31, 2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	19	**577**	1,007
Investment in subsidiaries	31	**3,032,152**	3,627,539
		3,032,729	3,628,546
Current assets			
Trade, bills and other receivables	24	**2,830**	461
Time deposits with maturity over 3 months	27	**2,591**	3,897
Cash and cash equivalents	28	**12,882**	165,739
		18,303	170,097
Current liabilities			
Interest-bearing borrowings	29	**586,880**	—
Trade and other payables	30	**1,072**	1,188
		587,952	1,188
Net current (liabilities)/assets		**(569,649)**	168,909
Total assets less current liabilities		**2,463,080**	3,797,455
Net assets		**2,463,080**	3,797,455
EQUITY			
Share capital	32	**607**	607
Reserves	33	**2,462,473**	3,796,848
Total equity		**2,463,080**	3,797,455

Approved and authorized for issue by the board of directors on June 28, 2011.

Gao Dekang
Chairman of the Board of Directors

Kong Shengyuan
Director

The notes on pages 75 to 153 form part of these financial statements.

For the year ended March 31, 2011
(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company									
	Share capital RMB'000 (note 32)	Share premium RMB'000	Capital reserves RMB'000 (note 33(a))	PRC statutory reserves RMB'000 (note 33(b))	Foreign currency translation reserves RMB'000 (note 33(c))	Fair value reserves RMB'000 (note 33(d))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at March 31, 2009	607	4,949,507	55,813	390,721	(334,082)	—	1,533,228	6,595,794	—	6,595,794
Total comprehensive income for the year:										
Profit for the year	—	—	—	—	—	—	1,078,550	1,078,550	(5)	1,078,545
Exchange differences on translation of foreign operations	—	—	—	—	(2,140)	—	—	(2,140)	—	(2,140)
Net change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	—	42,782	—	42,782	—	42,782
Transactions with owners, recorded directly in equity:										
Appropriation to reserves	—	—	—	94,379	—	—	(94,379)	—	—	—
Equity-settled share-based payment transactions (note 34)	—	—	15,309	—	—	—	—	15,309	—	15,309
Dividends (note 17)	—	(917,137)	—	—	—	—	—	(917,137)	—	(917,137)
Balance at March 31, 2010	607	4,032,370	71,122	485,100	(336,222)	42,782	2,517,399	6,813,158	(5)	6,813,153
Balance at March 31, 2010	607	4,032,370	71,122	485,100	(336,222)	42,782	2,517,399	6,813,158	(5)	6,813,153
Total comprehensive income for the year:										
Profit for the year	—	—	—	—	—	—	1,276,446	1,276,446	(4,450)	1,271,996
Exchange differences on translation of foreign operations	—	—	—	—	(6,232)	—	—	(6,232)	—	(6,232)
Net change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	—	(25,960)	—	(25,960)	—	(25,960)
Transactions with owners, recorded directly in equity:										
Capital contribution to subsidiaries from non-controlling interests (i)	—	—	—	—	—	—	—	—	98,000	98,000
Appropriation to reserves	—	—	—	112,781	—	—	(112,781)	—	—	—
Equity-settled share-based payment transactions (note 34)	—	—	4,944	—	—	—	—	4,944	—	4,944
Dividends (note 17)	—	(1,189,170)	—	—	—	—	—	(1,189,170)	—	(1,189,170)
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

(i) New subsidiaries, Shanghai Lanboxing Kids Clothing Co., Ltd. and Shanghai Xugao Fashion Co., Ltd. were formed during the year ended March 31, 2011. The particulars of these entities are disclosed in note 31.

The notes on pages 75 to 153 form part of these financial statements.

For the year ended March 31, 2011
(Expressed in Renminbi)

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Operating activities		
Profit for the year	**1,271,996**	1,078,545
Adjustments for:		
Income tax expenses	**228,678**	198,895
Depreciation	**43,211**	24,435
Amortization	**17,645**	19,643
Impairment losses	**—**	100,000
Change in fair value of derivative financial instruments	**—**	25,811
Net interest income	**(140,487)**	(75,395)
Equity-settled share-based payment transactions	**4,944**	15,309
Operating profit before changes in working capital	**1,425,987**	1,387,243
(Increase)/decrease in inventories	**(355,096)**	23,818
Increase in trade, bills and other receivables and prepayments	**(616,541)**	(95,245)
Increase in receivables due from related parties	**(48,793)**	(25,342)
(Decrease)/increase in trade and other payables	**(91,206)**	465,697
Increase in payables due to related parties	**3,966**	2,495
Cash generated from operations	**318,317**	1,758,666
Interest paid	**(1,666)**	—
Income tax paid	**(267,180)**	(153,467)
Net cash generated from operating activities	**49,471**	1,605,199
Investing activities		
Acquisition of subsidiaries, net of cash acquired	**—**	(612,477)
Acquisition of property, plant and equipment	**(143,530)**	(178,768)
Proceeds from disposal of property, plant and equipment	**1,419**	558
Acquisition of held-to-maturity investments	**—**	(400,000)
Proceeds upon maturity held-to-maturity investments	**400,000**	570,000
Acquisition of available-for-sale financial assets	**(1,500,000)**	(1,570,000)
Proceeds from disposal of available-for-sale financial assets	**1,570,000**	—
Increase in pledged bank deposits	**(7,146)**	(2,200)
(Increase)/decrease in time deposits with maturity over 3 months	**(960,803)**	746,238
Interest received	**142,153**	75,395
Net cash used in investing activities	**(497,907)**	(1,371,254)

The notes on pages 75 to 153 form part of these financial statements.

For the year ended March 31, 2011
(Expressed in Renminbi)

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Financing activities		
Proceeds from interest-bearing borrowings	**586,880**	—
Increase in bank deposits pledged for bank loans	**(751,000)**	—
Capital contributions from non-controlling interests	**98,000**	—
Dividends paid	**(1,189,170)**	(917,137)
Net cash used in financing activities	**(1,255,290)**	(917,137)
Net decrease in cash and cash equivalents	**(1,703,726)**	(683,192)
Cash and cash equivalents at the beginning of the year	**3,127,587**	3,812,919
Effect of foreign currency exchange rate changes	**(6,232)**	(2,140)
Cash and cash equivalents at the end of the year	**1,417,629**	3,127,587

The notes on pages 75 to 153 form part of these 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 branded menswear apparel products in the People's Republic of China (the "PRC").

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

The methods used to measure fair values are discussed further in note 4.

2 BASIS OF PREPARATION (continued)

(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.

(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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- IFRS 3 (revised 2008), *Business combinations*
- Amendments to IAS 27, *Consolidated and separate financial statements*
- Improvements to IFRSs (2009)

2 BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

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

The above developments resulted in changes in accounting policies and the impact on the current or comparative periods are set out below:

- The impact of the majority of the revisions to IFRS 3 and IAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

- The amendment introduced by the Improvements to IFRSs (2009) omnibus standard in respect of IAS 17, Leases, has had no material impact on the Group's financial statements as the classification of the Group's interests in leasehold land as operating leases continues to be appropriate.

- As a result of the amendment to IFRS 8, "Operating segments", arising from the Improvements to IFRSs (2009) omnibus standard, the measure of total assets for each reportable segment is only required to be presented if it is regularly provided to the Group's chief operating decision maker. Segment assets of the Group are not reported to the Group's chief operating decision maker regularly. As a result, reportable segment assets have not been presented in the financial statements.

2 BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

Further details of these changes in accounting policies are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 April 2010 will be recognized in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:

  — Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognized.

  — If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  — Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognized in profit or loss, whereas previously these changes were recognized as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognized.

  — If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognized in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

  — In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

2 BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of IAS 27 (amended 2008), the following changes in policies will be applied as from 1 April 2010:

  — If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognized as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognized as a result of such transactions. Previously the Group would have treated such transactions as step-up transactions and partial disposals, respectively.

  — If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognized at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the end of a reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions would have been treated as partial disposals.

  In accordance with the transitional provisions in IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

2 BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to IAS 27, as from 1 April 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

- As a result of the amendment to IAS 17, Leases, arising from the "Improvements to IFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgment, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

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, except as explained in note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. In the Company's balance sheet, investment in subsidiaries is stated at cost less any impairment losses (see note 3(i)(ii)).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized profits and losses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

(iii) 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

Foreign currency transactions during the year are translated to the respective functional currencies of Group entities at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

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. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(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.

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 held-to-maturity investments, loans and receivables, available-for-sale financial assets, cash and cash equivalents, pledged bank deposits, and time deposits with maturity over 3 months.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

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(i)(i)).

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

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. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(i)(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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Others

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

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

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

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 3(i)(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(i)(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(p)). 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.

(ii) 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. The costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(iii) 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.

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 periods are as follows:

	Useful lives	Residual value
Buildings	20 years	4%~10%
Machinery	5-10 years	4%~10%
Motor vehicles and others	2-5 years	0% ~10%

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

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Goodwill is measured at cost less any accumulated impairment losses (see note 3(i)(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(i)(ii)). The estimated useful life of customer relationships is 15 years. The amortization method and useful lives are reviewed at each balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

(iii) 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 brands, is recognized in profit or loss as incurred.

(iv) Amortization

Amortization is based on the cost of an asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, 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.

(g) 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(i)(ii)). Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of land use rights, which are 50 years from the respective dates that they are available for use.

(h) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables and held-to-maturity investments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(i) Non-derivative financial assets (continued)

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. 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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(ii) Non-financial assets (continued)

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.

(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(i)(i) and 3(i)(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Dividends

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

(k) 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)

(k) 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.

(l) 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)

(m) 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 branded menswear apparel products to distributors in the PRC and sales of OEM apparels overseas are recognized in accordance with the terms of delivery, provided the collectibility of sales proceeds is reasonably assured. Sales of branded down apparel products and branded menswear 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) Finance income and costs

Finance income comprises interest income on funds invested (including held-to-maturity investments) 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, bank charges and foreign currency losses. All borrowing costs are recognized in profit or loss or capitalized using the effective interest rate method.

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.

(p) 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 is 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.

(q) Income tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are 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)

(q) 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;
- 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.

(r) 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)

(s) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) The party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) The Group and the party are subject to common control;

(iii) The party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) The party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) The party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) The party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's most senior executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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)

(u) 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, 2011, 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)
IFRIC 19, *Extinguishing financial liabilities with equity instruments*	July 1, 2010
Improvements to IFRSs 2010	July 1, 2010 or January 1, 2011
Revised IAS 24, *Related party disclosures*	January 1, 2011
Amendments to IAS 12, *Income taxes*	January 1, 2012
IFRS 9, *Financial instruments*	January 1, 2013
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

The directors have confirmed that the above amendments, new standards and interpretations do not have a significant impact on these financial statements for the year ended March 31, 2011. These amendments, new standards and interpretations may result in changes in the future as to how the results of operations and financial positions of the Group and the Company are prepared and presented.

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, 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.

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.

5 FINANCIAL RISK MANAGEMENT (continued)

(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.

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 24.

(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

Available-for-sale 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 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:

	2011			2010		
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**Within 1 year or on demand RMB'000**	Carrying amount RMB'000	Total contracted undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
The Group						
Interest-bearing borrowings	**586,880**	**(586,880)**	**(586,880)**	—	—	—
Trade and other payables	**1,178,692**	**(1,178,692)**	**(1,178,692)**	1,204,898	(1,204,898)	(1,204,898)
Payables due to related parties	**14,365**	**(14,365)**	**(14,365)**	10,399	(10,399)	(10,399)
	1,779,937	**(1,779,937)**	**(1,779,937)**	1,215,297	(1,215,297)	(1,215,297)
The Company						
Interest-bearing borrowings	**586,880**	**(586,880)**	**(586,880)**	—	—	—
Trade and other payables	**1,072**	**(1,072)**	**(1,072)**	1,188	(1,188)	(1,188)
	587,952	**(587,952)**	**(587,952)**	1,188	(1,188)	(1,188)

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, held-to-maturity investments, and cash and deposits at bank. The following table details the interest rate profile of the Group's and the Company's interest-generating financial assets at the balance sheet date:

	2011		2010	
	Effective Interest rate	RMB'000	Effective Interest rate	RMB'000
The Group				
Interest-bearing borrowings	1.56%	(586,880)	—	—
Held-to-maturity investments	—	—	4.08%	400,000
Pledged bank deposits	2.68%	760,378	0.72%	2,232
Time deposits with maturity over 3 months	2.36%	1,300,479	1.96%	339,676
Cash and cash equivalents	0.95%	1,417,629	1.22%	3,127,587
		2,891,606		3,869,495
The Company				
Interest-bearing borrowings	1.56%	(586,880)	—	—
Time deposits with maturity over 3 months	0.05%	2,591	0.15%	3,897
Cash and cash equivalents	0.12%	12,882	0.32%	165,739
		(571,407)		169,636

(ii) Sensitivity analysis

At March 31, 2011, 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 RMB23,660,000 (2010: RMB33,858,000). 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 currency giving rise to this risk is 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,			
	2011		2010	
	US$'000	**HK$'000**	US$'000	HK$'000
Bank deposits	**16,445**	**9,986**	11,962	58,983
Trade receivables	**3,950**	**—**	—	—
Interest-bearing borrowings	**—**	**(580,000)**	—	—
	20,395	**(570,014)**	11,962	58,983

The Company

	At March 31,	
	2011	2010
	HK$'000	HK$'000
Bank deposits	**7,103**	21,955
Interest-bearing borrowings	**(580,000)**	—
	(572,897)	21,955

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.

	2011		2010	
	Increase/ (decrease) in foreign exchanges rate in %	**Effect on profit after tax and retained earnings RMB'000**	Increase/ (decrease) in foreign exchanges rate in %	Effect on profit after tax and retained earnings RMB'000
Hong Kong dollars	**10%**	**(48,066)**	10%	4,538
United States dollars	**10%**	**10,740**	10%	7,145

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.

At March 31, 2011, the financial instruments of the Group carried at fair value were available-for-sale financial assets of RMB1,519,102,000 (2010: RMB1,618,509,000) (see note 25). These instruments fall into Level 2 of the fair value hierarchy as described above.

All the other financial assets and liabilities are carried at amounts not materially different from their fair values as at March 31, 2011 and 2010.

(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 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 competitor 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, customer credit worthiness, and historical write-off experience. If the financial condition 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 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 operating segments.

- Down apparels - The down apparels segment carries on the business of sourcing and distributing branded down apparels.
- OEM management - The OEM management segment carries on the business of sourcing and distributing OEM products.
- Menswear apparels - The menswear apparels segment carries on the business of sourcing and distributing branded menswear apparels (non-down).

As the Group mainly operates in the PRC, no geographical segment information has been presented.

7 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results

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

	For the year ended March 31, 2010			
	Down apparels RMB'000	OEM management RMB'000	Menswear apparels RMB'000	Group RMB'000
Revenue to external customers	4,688,901	646,777	402,443	5,738,121
Inter-segment revenue	—	—	7,187	7,187
Reportable segment revenues	4,688,901	646,777	409,630	5,745,308
Reportable segment profit from operations	1,177,624	107,828	99,327	1,384,779
Depreciation	20,312	70	4,053	24,435
Impairment losses of customer relationships	—	—	100,000	100,000

7 REVENUE AND SEGMENT REPORTING (continued)

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

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Revenue		
Reportable segment revenues	**7,056,104**	5,745,308
Elimination of inter-segment revenue	**(18,299)**	(7,187)
Consolidated revenue	**7,037,805**	5,738,121

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**1,483,949**	1,384,779
Amortization expenses	**(17,645)**	(19,643)
Impairment losses of customer relationships	**—**	(100,000)
Government grants	**5,851**	27,305
Unallocated expenses	**(100,187)**	(86,920)
Finance income	**142,153**	75,395
Finance costs	**(13,447)**	(3,476)
Consolidated profit before income tax	**1,500,674**	1,277,440

8 OTHER INCOME/(EXPENSES)

	Note	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Royalty income	(i)	13,766	8,974
Government grants	(ii)	5,851	27,305
Other income		19,617	36,279
Donations		(33,223)	(12,394)
Impairment losses of customer relationships		—	(100,000)
Other expenses		(33,223)	(112,394)

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

(ii) The Group received unconditional discretionary grants amounting to RMB5,851,000 for the year ended March 31, 2011 (2010: RMB27,305,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

9 DISTRIBUTION EXPENSES

	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Advertising	224,166	241,177
Promotion	397,051	312,643
Concessionaire fees	412,667	299,759
Personnel expenses	300,382	225,511
Sales commission	74,280	46,939
Sales tax and surcharges	26,022	14,241
Entertainment and travelling	74,382	69,739
Rental	104,888	48,528
Amortization of customer relationships	16,459	19,598
Others	76,259	65,252
Total	1,706,556	1,343,387

10 PERSONNEL EXPENSES

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Salaries, wages and other benefits	**356,700**	241,351
Contributions to defined contribution plans	**36,428**	41,934
Equity-settled share-based payment expenses (note 34)	**4,944**	15,309
	398,072	298,594

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, distribution expenses and administrative expenses:

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Cost of inventories recognized as expenses included in cost of sales	**3,740,116**	2,864,967
Reversal of inventories to net realizable value	**(1,680)**	(13,483)
Depreciation	**43,211**	24,435
Amortization	**17,645**	19,643
Operating lease charges	**125,677**	65,840
(Reversal)/provision for impairment of bad and doubtful debts	**(51,529)**	47,900
Auditors' remuneration	**6,000**	7,100

12 NET FINANCE INCOME

	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Recognized in profit or loss:		
Interest income on held-to-maturity investments	3,732	32,758
Interest income on bank deposits	48,865	42,637
Interest income on available-for-sale financial assets	89,556	—
Finance income	142,153	75,395
Interest on interest-bearing borrowings	(1,666)	—
Bank charges	(9,542)	(2,371)
Net foreign exchange loss	(2,239)	(1,105)
Finance costs	(13,447)	(3,476)
Net finance income recognized in profit or loss	128,706	71,919
Recognized in other comprehensive income:		
Exchange differences on translation of financial statements of foreign operations	(6,232)	(2,140)
Net change in fair value of available-for-sale financial assets	(29,407)	48,509
Income tax on finance income recognized in other comprehensive income	3,447	(5,727)
Net finance income recognized in other comprehensive income, net of tax	(32,192)	40,642

No interest was capitalized during the years.

13 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Current tax expenses		
Provision for PRC income tax	318,767	209,564
Deferred tax benefit		
Origination of temporary differences (note 22)	(90,089)	(10,669)
	228,678	198,895

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

(iii) No tax provision has been made for Long Pacific (H.K.) Ltd. and Rocawear (China) Limited, as they do not have assessable profits subject to any Hong Kong Profits Tax during the year.

(iv) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of each of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

13 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Profit before income tax	**1,500,674**	1,277,440
Income tax at the applicable PRC income tax rate of 25%	**375,168**	319,360
Tax losses not recognized as deferred tax assets	**8,193**	17,457
Non-deductible expenses	**25,892**	20,192
Effect of tax concessions of PRC operations	**(215,797)**	(186,668)
Tax effect on undistributed profits of PRC subsidiaries	**31,000**	30,000
Others	**4,222**	(1,446)
Income tax expense	**228,678**	198,895

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31,					
	2011			2010		
	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
Exchange differences on translation of financial statements of foreign operations	**(6,232)**	**—**	**(6,232)**	(2,140)	—	(2,140)
Net change in fair value of available-for-sale financial assets	**(29,407)**	**3,447**	**(25,960)**	48,509	(5,727)	42,782
Other comprehensive income	**(35,639)**	**3,447**	**(32,192)**	46,369	(5,727)	40,642

13 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31, 2011 RMB'000	2010 RMB'000
Balance at beginning of the year	147,667	91,570
Provision for current income tax for the year	318,767	209,564
Payments during the year	(267,180)	(153,467)
Income tax payable at the end of the year	199,254	147,667

14 DIRECTORS' REMUNERATION

Details of the directors' remuneration are as follows:

For the year ended March 31, 2011

	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	2,005	—	—	15	2,500
Mei Dong	180	998	—	198	56	1,432
Gao Miaoqin	180	616	—	198	—	994
Kong Shengyuan	180	606	—	198	9	993
Huang Qiaolian	180	614	44	198	28	1,064
Wang Yunlei	180	280	—	135	56	651
Non-executive directors						
Shen Jingwu	—	—	—	—	—	—
Independent non-executive directors						
Dong Binggen	316	—	—	—	—	316
Jiang Hengjie	316	—	—	—	—	316
Wang Yao	316	—	—	—	—	316
Ngai Wai Fung	369	—	—	—	—	369
	2,697	5,119	44	927	164	8,951

14 DIRECTORS' REMUNERATION (continued)

For the year ended March 31, 2010

	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	2,005	—	—	—	2,485
Mei Dong	180	985	—	613	51	1,829
Gao Miaoqin	180	606	—	613	—	1,399
Kong Shengyuan	180	606	—	613	24	1,423
Huang Qiaolian	180	587	—	613	27	1,407
Wang Yunlei	180	203	—	417	51	851
Non-executive directors						
Shen Jingwu	—	—	—	—	—	—
Independent non-executive directors						
Dong Binggen	300	—	—	—	—	300
Jiang Hengjie	300	—	—	—	—	300
Wang Yao	300	—	—	—	—	300
Ngai Wai Fung	350	—	—	—	—	350
	2,630	4,992	—	2,869	153	10,644

During the years ended March 31, 2011 and 2010, 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, 2011, Mr. Shen Jingwu, a non-executive director, waived director's fee of approximately RMB446,000 (2010: RMB420,000).

15 FIVE HIGHEST PAID INDIVIDUALS

Of the 5 individuals with the highest emoluments during the year ended March 31, 2011, 5 (2010: 5) are directors whose emoluments are disclosed in note 14.

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, 2011 includes a loss of RMB31,010,000 (2010: a loss of RMB16,387,000) 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,	
	2011	2010
	RMB'000	RMB'000
Interim dividend declared and paid of RMB6.5 cents per ordinary share (2010: interim dividend of RMB3.8 cents per ordinary share)	**505,203**	295,349
Final dividend proposed after balance sheet date of RMB6.8 cents per ordinary share (2010: RMB8.8 cents per ordinary share)	**528,520**	683,967
Special dividend proposed after balance sheet date of RMB6 cents per ordinary share (2011: Nil)	**466,341**	—
	1,500,064	979,316

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

	For the year ended March 31,	
	2011	2010
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB8.8 cents per ordinary share (2010: final dividend of RMB8 cents per ordinary share)	**683,967**	621,788

18 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended March 31, 2011 was based on the profit attributable to equity shareholders of the Company for the year of RMB1,276,446,000 (2010: RMB1,078,550,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2011 of 7,772,350,000 (2010: 7,772,350,000).

The calculation of the basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following data:

	For the year ended March 31,	
	2011	2010
EARNINGS	**RMB'000**	RMB'000
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to equity shareholders of the Company	**1,276,446**	1,078,550

	For the year ended March 31,	
NUMBER OF SHARES (THOUSAND)	**2011**	2010
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,772,350**	7,772,350
Basic and diluted earnings per share (RMB cents)	**16.42**	13.88

19 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:					
At April 1, 2009	—	4,826	75,444	5,328	85,598
Acquisition through a business combination	2,177	559	962	14,528	18,226
Additions	97,015	2,919	43,227	35,607	178,768
Transfer	43,783	937	—	(44,720)	—
Disposals	—	(209)	(3,928)	—	(4,137)
At March 31, 2010	142,975	9,032	115,705	10,743	278,455
Additions	1,033	6,765	69,190	66,542	143,530
Transfer	3,201	—	16,924	(20,125)	—
Disposals	—	(308)	(21,356)	—	(21,664)
At March 31, 2011	147,209	15,489	180,463	57,160	400,321
Accumulated depreciation:					
At April 1, 2009	—	(3,193)	(39,924)	—	(43,117)
Depreciation charged for the year	(3,511)	(1,105)	(19,819)	—	(24,435)
Disposals	—	54	3,525	—	3,579
At March 31, 2010	(3,511)	(4,244)	(56,218)	—	(63,973)
Depreciation charged for the year	(6,511)	(2,066)	(34,634)	—	(43,211)
Disposals	—	129	20,116	—	20,245
At March 31, 2011	(10,022)	(6,181)	(70,736)	—	(86,939)
Net book value:					
At March 31, 2011	137,187	9,308	109,727	57,160	313,382
At March 31, 2010	139,464	4,788	59,487	10,743	214,482

All buildings are located in the PRC.

19 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Motor vehicles and others RMB'000
Cost:	
At April 1, 2009	355
Additions	1,229
At March 31, 2010 and 2011	1,584
Accumulated depreciation:	
At April 1, 2009	(137)
Depreciation charge for the year	(440)
At March 31, 2010	(577)
Depreciation charge for the year	(430)
At March 31, 2011	(1,007)
Net book value:	
At March 31, 2011	577
At March 31, 2010	1,007

20 LEASE PREPAYMENTS

	The Group At March 31,	
	2011	2010
	RMB'000	RMB'000
Cost:		
At April 1	**32,434**	—
Acquisition through a business combination	**—**	32,434
At March 31	**32,434**	32,434
Accumulated amortization:		
At April 1	**(45)**	—
Amortization charge for the year	**(1,186)**	(45)
At March 31	**(1,231)**	(45)
Net book value:		
At March 31	**31,203**	32,389

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

The Group

	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
Cost:			
At April 1, 2009	—	—	—
Acquisition through a business Combination in 2009	292,741	352,769	645,510
At March 31, 2010 and 2011	292,741	352,769	645,510
Amortization and impairment losses:			
At April 1, 2009	—	—	—
Amortization charge for the year	—	(19,598)	(19,598)
Impairment losses	—	(100,000)	(100,000)
At March 31, 2010	—	(119,598)	(119,598)
Amortization charge for the year	—	(16,459)	(16,459)
At March 31, 2011	—	(136,057)	(136,057)
Net book value:			
At March 31, 2011	292,741	216,712	509,453
At March 31, 2010	292,741	233,171	525,912

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

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating units identified according to the reportable segments as follow:

	The Group At March 31, 2011 RMB'000	2010 RMB'000
Menswear apparels	**292,741**	292,741

The recoverable amount of this cash-generating unit is determined based on fair value less cost to sell, which was assessed by management based on a market value basis as at March 31, 2011 and an estimated discount of lack of marketability.

22 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,	
	2011	2010
	RMB'000	RMB'000
At the beginning of the year	**(88,264)**	(6,912)
Acquisition through a business combination	**—**	(86,294)
Recognized in profit or loss (note 13(a))	**90,089**	10,669
Recognized in other comprehensive income (note 13(c))	**3,447**	(5,727)
At the end of the year	**5,272**	(88,264)
Representing:		
Net deferred tax assets	**171,031**	52,434
Net deferred tax liabilities	**(165,759)**	(140,698)
	5,272	(88,264)

22 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 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 April 1, 2009	20,961	15,493	—	(50,000)	—	6,634	(6,912)
Acquisition through a business combination	—	—	(81,532)	—	—	(4,762)	(86,294)
Credited/(charged) to profit or loss	(827)	4,391	31,323	(30,000)	—	5,782	10,669
Charged to other comprehensive income	—	—	—	—	—	(5,727)	(5,727)
At March 31, 2010	20,134	19,884	(50,209)	(80,000)	—	1,927	(88,264)
Credited/(charged) to profit or loss	8,944	(13,644)	2,058	(31,000)	71,425	52,306	90,089
Credited to other comprehensive income	—	—	—	—	—	3,447	3,447
At March 31, 2011	29,078	6,240	(48,151)	(111,000)	71,425	57,680	5,272

The new EIT law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 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 next 12 months.

22 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,	
	2011	2010
	RMB'000	RMB'000
Accumulated tax losses of subsidiaries	**82,491**	145,554
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(2,274,268)**	(1,395,075)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2011, 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.

23 INVENTORIES

	The Group At March 31,	
	2011	2010
	RMB'000	RMB'000
Raw materials	**117,214**	59,869
Work in progress	**22,666**	6,243
Finished goods	**1,074,903**	793,575
	1,214,783	859,687

At March 31, 2011, inventories carried at net realizable value amounted to approximately RMB414,584,000 (2010: RMB359,212,000).

24 TRADE, BILLS AND OTHER RECEIVABLES

	The Group At March 31,		The Company At March 31,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**560,807**	609,015	**—**	—
Bills receivables	**82,077**	51,656	**—**	—
	642,884	660,671	**—**	—
Third party other receivables:				
• VAT recoverable	**114,189**	55,562	**—**	—
• Deposits	**108,104**	63,272	**10**	10
• Advances to employees	**3,963**	5,708	**—**	—
• Deposit within an escrow account	**130,000**	65,000	**—**	—
• Others	**47,387**	17,297	**2,820**	451
	1,046,527	867,510	**2,830**	461

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, 2011, trade and bills receivables of approximately RMB59,294,000 (2010: RMB32,910,000) 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,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within credit terms	**583,590**	627,761	**—**	—
1 to 3 months past due	**51,121**	32,685	**—**	—
Over 3 months but less than 6 months past due	**528**	225	**—**	—
Over 6 months but less than 12 months past due	**1,378**	—	**—**	—
Over 1 year	**6,267**	—	**—**	—
	642,884	660,671	**—**	—

24 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,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
At the beginning of the year	**190,565**	181,565	**—**	—
(Reversal)/provision for impairment of bad and doubtful debts	**(51,529)**	47,900	**—**	—
Write off	**(8,502)**	(38,900)	**—**	—
At the end of the year	**130,534**	190,565	**—**	—

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.

25 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 3.3% to 6% (2010: 4.0% to 4.5%) per annum.

26 PLEDGED BANK DEPOSITS

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

	The Group At March 31,	
	2011	2010
	RMB'000	RMB'000
Bank loans (note 29)	**751,000**	—
Bills payable and letter of credit facilities	**9,378**	2,232
	760,378	2,232

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

27 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB1,300,479,000 (March 31, 2010: RMB339,676,000) and the Company's deposits of RMB2,591,000 (March 31, 2010: RMB3,897,000) as at March 31, 2011 were deposited in banks for a period of over three months.

28 CASH AND CASH EQUIVALENTS

	The Group At March 31,		The Company At March 31,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**3,478,486**	3,469,495	**15,473**	169,636
Less: pledged bank deposits	**(760,378)**	(2,232)	**—**	—
time deposits with maturity over 3 months	**(1,300,479)**	(339,676)	**(2,591)**	(3,897)
Cash and cash equivalents	**1,417,629**	3,127,587	**12,882**	165,739

Cash at bank and on hand are denominated in:

	The Group At March 31,		The Company At March 31,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
- RMB	**3,282,930**	3,187,229	**—**	—
- US$	**117,406**	230,864	**9,490**	150,335
- HK$	**8,411**	51,363	**5,983**	19,301
- GBP	**69,517**	—	**—**	—
- EUR	**186**	—	**—**	—
- RUB	**36**	39	**—**	—
	3,478,486	3,469,495	**15,473**	169,636

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.

29 INTEREST-BEARING BORROWINGS

	The Group and the Company			
	At March 31, 2011		At March 31, 2010	
	Nominal interest rate	**RMB'000**	Nominal interest rate	RMB'000
Current				
Secured short-term bank loans				
- HK$	**HIBOR+1.2%**	**488,534**	—	—
- US$	**LIBOR+1.8%**	**98,346**	—	—
		586,880		—

Bank loans of RMB586,880,000 as at March 31, 2011 (March 31, 2010: Nil) were secured by pledged bank deposits of RMB751,000,000 (see note 26).

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.

30 TRADE AND OTHER PAYABLES

	The Group At March 31,		The Company At March 31,	
	2011 RMB'000	2010 RMB'000	**2011 RMB'000**	2010 RMB'000
Trade payables	**333,429**	438,034	**—**	—
Other payables and accrued expenses				
• Deposits from customers	**359,531**	423,938	**—**	—
• Accrued rebates and commissions	**165,141**	99,378	**—**	—
• Accrued advertising expenses	**52,424**	55,929	**—**	—
• Accrued payroll and welfare	**97,862**	73,353	**1,072**	1,188
• Contingent consideration payables	**130,000**	65,000	**—**	—
• Dividends payable	**5,000**	5,000	**—**	—
• Others	**35,305**	44,266	**—**	—
	1,178,692	1,204,898	**1,072**	1,188

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

30 TRADE AND OTHER PAYABLES (continued)

An ageing analysis of trade payables is set out below:

	The Group At March 31,		The Company At March 31,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Due within 1 month or on demand	**108,326**	183,862	**—**	—
Due after 1 month but within 3 months	**225,103**	254,172	**—**	—
	333,429	438,034	**—**	—

31 INVESTMENT IN SUBSIDIARIES

	The Group At March 31,	
	2011	2010
	RMB'000	RMB'000
Investment, at cost	**—**	—
Advances to subsidiaries	**2,956,086**	3,556,417
Equity-settled share-based payments (note 34)	**76,066**	71,122
	3,032,152	3,627,539

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

31 INVESTMENT IN SUBSIDIARIES (continued)

At March 31, 2011, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	Note	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) Enterprise established outside the PRC						
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	(i)	British Virgin Islands ("BVI") July 11, 2006	US$1/ US$50,000	100%	—	Investment holding
Long Pacific (H.K.) Ltd. 長隆（香港）有限公司	(ix)	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	(ii)	BVI June 2, 2008	US$10,000/ US$50,000	—	100%	Investment holding
International Company Bosideng Ltd. 波司登國際有限公司	(v)	Russia June 25, 2008	RUB2,400,000/ RUB2,400,000	—	100%	Sourcing and distribution of non-down apparels
Rocawear (China) Limited 洛卡（中國）有限公司	(ii)	Hong Kong July 2, 2009	US$100/ US$10,000	—	70%	Sourcing and distribution of non-down apparels
Bosideng America Inc 波司登（美國）有限公司	(ii)	the United States February 3, 2010	US$200/ US$200	—	100%	Sourcing and distribution of non-down apparels
Bosideng UK Limited 波司登（英國）有限公司	(ii)	the United Kingdom October 27, 2010	GBP1/ GBP1	—	100%	Sourcing and distribution of non-down apparels
2) Wholly foreign owned enterprises established in the PRC						
Shanghai Bosideng International Fashion Co., Ltd. 上海波司登國際服飾有限公司	(ii)	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	(x)	Jiangsu, the PRC October 13, 2006	US$35,000,000/ US$35,000,000	—	100%	Sourcing and distribution of non-down apparels
Rocawear (Shanghai) Fashion Co., Ltd. 洛卡薇爾（上海）服飾有限公司	(vii)	Shanghai, the PRC August 28, 2008	US$10,000,000/ US$10,000,000	—	70%	Sourcing and distribution of non-down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
3) Sino-foreign equity joint venture enterprises established in the PRC						
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔服飾有限公司	(iii)	Shanghai, the PRC April 21, 1999	US$68,000,000/ US$68,000,000	—	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Down Wear Ltd. 江蘇波司登羽絨服裝有限公司	(iii)	Jiangsu, the PRC March 30, 2006	US$80,000,000/ US$80,000,000	—	100%	Sourcing and distribution of down apparels
Shandong Kangbo Fashion Ltd. 山東康博服飾有限公司	(iii)	Shandong, the PRC May 17, 2006	US$85,000,000/ US$85,000,000	—	100%	Sourcing and distribution of down apparels
Shanghai Bosideng Casual Wear Ltd. 上海波司登休閑服飾有限公司	(iii)	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	(vi)	the PRC, September 12, 1996	RMB10,000,000/ RMB10,000,000	—	100%	Advertisement agency
Zhengzhou Bosideng Trading Co., Ltd. 鄭州波司登貿易有限公司	(iv)	the PRC, October 9, 1998	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels
Jinan Bosideng Trading Co., Ltd. 濟南波司登貿易有限公司	(iv)	the PRC, October 19, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shijiazhuang Bosideng Trading Co., Ltd. 石家莊波司登貿易有限公司	(iv)	the PRC, October 22, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Beijing Bosideng Trading Co., Ltd. 北京市波司登貿易有限公司	(iv)	the PRC, October 26, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changchun Bosideng Trading Co., Ltd. 長春波司登貿易有限公司	(iv)	the PRC, October 29, 1998	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	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
4) Domestic companies established in the PRC (continued)						
Tianjin Bosideng Trading Co., Ltd. 天津市波司登貿易有限公司	(iv)	the PRC, February 10, 1999	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Taiyuan Bosideng Trading Co., Ltd. 太原市波司登貿易有限公司	(iv)	the PRC, October 16, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Urumchi Bosideng Trading Co., Ltd. 烏魯木齊波司登貿易有限公司	(iv)	the PRC, October 17, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lanzhou Bosideng Trading Co., Ltd. 蘭州波司登貿易有限公司	(iv)	the PRC, October 25, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Wuhan Bosideng Trading Co., Ltd. 武漢波司登貿易有限公司	(iv)	the PRC, November 4, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Kangbo International Trading Co., Ltd. 上海康波國際貿易有限公司	(viii)	the PRC, November 6, 2000	RMB6,000,000/ RMB6,000,000	—	100%	Import and export activities, including distribution of non-down apparels
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	(iv)	the PRC, November 8, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Baotou Bosideng Trading Co., Ltd. 包頭市波司登貿易有限責任公司	(iv)	the PRC, November 21, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Bosideng Trading Co., Ltd. 西安波司登貿易有限公司	(iv)	the PRC, December 1, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Hefei Bosideng Trading Co., Ltd. 合肥波司登貿易有限公司	(iv)	the PRC, December 12, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. 上海波司登服裝設計開發中心有限公司	(vi)	the PRC, March 23, 2001	RMB2,000,000/ RMB2,000,000	—	100%	Design of apparels
Harbin Bosideng Trading Co., Ltd. 哈爾濱波司登雪中飛貿易有限公司	(iv)	the PRC, March 30, 2001	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	(vi)	the PRC, April 11, 2002	RMB5,000,000/ RMB5,000,000	—	100%	Sourcing and distribution of OEM
Liaoning Bosideng Trading Co., Ltd. 遼寧波司登貿易有限公司	(iv)	the PRC, September 3, 2002	RMB5,000,000/ RMB5,000,000	—	100%	Distribution of down apparels
Nantong Bosideng Trading Co., Ltd. 南通波司登貿易有限公司	(iv)	the PRC, April 24, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lianyungang Bosideng Trading Co., Ltd. 連雲港波司登貿易有限公司	(iv)	the PRC, April 25, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changsha Bosideng Garment Trading Co., Ltd. 長沙波司登服飾貿易有限公司	(iv)	the PRC, April 25, 2006	RMB510,000/ RMB510,000	—	100%	Distribution of down apparels
Wuxi Bosideng Trading Co., Ltd. 無錫波司登貿易有限公司	(iv)	the PRC, April 26, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Hangzhou Bosideng Trading Co., Ltd. 杭洲波司登貿易有限公司	(iv)	the PRC, April 28, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	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
4) Domestic companies established in the PRC (continued)						
Cangzhou Bosideng Trading Co., Ltd. 滄州波司登貿易有限公司	(iv)	the PRC, April 28, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Luoyang Bosideng Trading Co., Ltd. 洛陽波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhumadian Bosideng Trading Co., Ltd. 駐馬店市波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Ningbo Bosideng Trading Co., Ltd. 寧波波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanjing Bosideng Trading Co., Ltd. 南京波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels
Taizhou Bosideng Trading Co., Ltd. 泰州波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Chifeng Bosideng Trading Co., Ltd. 赤峰波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,010,000/ RMB1,010,000	—	100%	Distribution of down apparels
Qingdao Bosideng Trading Co., Ltd. 青島波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shenyang Xuezhongfei Trading Co., Ltd. 瀋陽雪中飛貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	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
4) Domestic companies established in the PRC (continued)						
Huaian Bosideng Trading Co., Ltd. 淮安市波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhangjiakou Bosideng Trading Co., Ltd. 張家口波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Handan Bosideng Trading Co., Ltd. 邯鄲波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhuzhou Bosideng Trading Co., Ltd. 株洲波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Ma'anshan Bosideng Trading Co., Ltd. 馬鞍山波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Suzhou Bosideng Trading Co., Ltd. 蘇州波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Shangqiu Bosideng Trading Co., Ltd. 商丘波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xiangfan Bosideng Trading Co., Ltd. 襄樊波司登貿易有限公司	(iv)	the PRC, May 11, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Xuezhongfei Trading Co., Ltd. 西安雪中飛貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chengdu Xuezhongfei Trading Co., Ltd. 成都雪中飛貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Nanchang Bosideng Trading Co., Ltd. 南昌波司登貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Guiyang Bosideng Trading Co., Ltd. 貴陽波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Baoding Bosideng Trading Co., Ltd. 保定波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Weifang Bosideng Trading Co., Ltd. 濰坊波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zibo Bosideng Trading Co., Ltd. 淄博波司登貿易有限公司	(iv)	the PRC, May 15, 2006	RMB600,000/ RMB600,000	—	100%	Distribution of down apparels
Yinchuan Bosideng Trading Co., Ltd. 銀川波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chongqing Bosideng Trading Co., Ltd. 重慶波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Linyi Bosideng Trading Co., Ltd. 臨沂波司登貿易有限公司	(iv)	the PRC, May 16, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jiaozuo Bosideng Trading Co., Ltd. 焦作波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jinzhou Bosideng Trading Co., Ltd. 錦州波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Tangshan Bosideng Trading Co., Ltd. 唐山波司登貿易有限公司	(iv)	the PRC, May 19, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Taiyuan Xuezhongfei Trading Co., Ltd. 太原雪中飛貿易有限公司	(iv)	the PRC, May 22, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changde Bosideng Trading Co., Ltd. 常德波司登貿易有限公司	(iv)	the PRC, May 18, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanchong Xuezhongfei Trading Co., Ltd. 南充雪中飛貿易有限公司	(iv)	the PRC, May 30, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Heze Bosideng Trading Co., Ltd. 菏澤波司登貿易有限公司	(iv)	the PRC, September 3, 2007	RMB510,000/ RMB510,000	—	100%	Distribution of down apparels
Nanyang Bosideng Trading Co., Ltd. 南陽波司登商貿有限公司	(iv)	the PRC, September 21, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Mianyang Bosideng Trading Co., Ltd. 綿陽波司登貿易有限公司	(iv)	the PRC, May 20, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yichang Bosideng Trading Co., Ltd. 宜昌波司登貿易有限公司	(iv)	the PRC, May 22, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xuchang Bosideng Trading Co., Ltd. 許昌波司登貿易有限公司	(iv)	the PRC, May 26, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Neijiang Bosideng Trading Co., Ltd. 內江波司登貿易有限公司	(iv)	the PRC, May 27, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Lanzhou Xuezhongfei Trading Co., Ltd. 蘭州雪中飛貿易有限公司	(iv)	the PRC, June 5, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jinhua Bosideng Trading Co., Ltd. 金華波司登貿易有限公司	(iv)	the PRC, June 10, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yan'an Bosideng Trading Co., Ltd. 延安波司登商貿有限公司	(iv)	the PRC, June 11, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Xuezhongfei Trading Co., Ltd. 上海波司登雪中飛貿易有限公司	(iv)	the PRC, July 2, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	(vi)	the PRC April 13, 2009	RMB100,000,000/ RMB100,000,000	—	100%	Distribution of down apparels
Puyang Bosideng Trading Co., Ltd. 濮陽波司登貿易有限公司	(iv)	the PRC, June 2, 2009	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zibo Kangbo Trading Co., Ltd. 淄博康博貿易有限公司	(iv)	the PRC, July 1, 2009	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	(vi)	the PRC, November 17, 2009	RMB50,000,000/ RMB50,000,000	—	100%	Distribution of down apparels
Changchun Bosideng Xuezhongfei Trading Co., Ltd. 長春波雪貿易有限公司	(iv)	the PRC, May 18, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Baoding Xuezhongfei Trading Co., Ltd. 保定雪中飛貿易有限公司	(iv)	the PRC, May 26, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Jinan Xuezhongfei Trading Co., Ltd. 濟南雪中飛貿易有限公司	(iv)	the PRC, June 3, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Kunming Bosideng Trading Co., Ltd. 昆明波司登貿易有限公司	(iv)	the PRC, June 9, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Jining Bosideng Kangbo Clothing Trading Co., Ltd. 濟寧波康服飾貿易有限公司	(iv)	the PRC, June 10, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Sichuan Xuezhongfei Trading Co., Ltd. 四川雪中飛貿易有限公司	(iv)	the PRC, June 12, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Harbin Bosideng Xuezhongfei Trading Co., Ltd. 哈爾濱波雪貿易有限公司	(iv)	the PRC, June 23, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Hefei Bosideng Xuezhongfei Clothing Trading Co., Ltd. 合肥波雪服飾貿易有限公司	(iv)	the PRC, July 1, 2010	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Shanghai Lanboxing Kids Clothing Co., Ltd. 上海蘭博星兒童用品有限公司	(vi)	the PRC, July 23, 2010	RMB20,408,200/ RMB20,408,200	—	51%	Distribution of kids wear apparels
Shanghai Xugao Fashion Co., Ltd. 上海旭高時裝有限公司	(vi)	the PRC, December 3, 2010	RMB200,200,000/ RMB200,200,000	—	56.04%	Distribution of non-down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	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
4) Domestic companies established in the PRC (continued)						
Shanghai Bosideng Ricci Fashion Co., Ltd. 上海波司登瑞琦時裝有限公司	(vi)	the PRC, December 10, 2010	RMB20,000,000/ RMB20,000,000	—	100%	Distribution of non-down apparels
Guangdong Lanboxing Kids Clothing Co., Ltd.s 廣東蘭博星兒童用品有限公司	(xi)	the PRC, February 22, 2011	RMB10,000,000/ RMB10,000,000	—	51%	Distribution of kids wear apparels
Henan Xugao Fashion Co., Ltd. 河南旭高時裝有限公司	(xii)	the PRC, February 25, 2011	RMB5,000,000/ RMB5,000,000	—	56.04%	Distribution of non-down apparels
Jinhua Xugao Fashion Co., Ltd. 金華旭高時裝有限公司	(xii)	the PRC, February 28, 2011	RMB5,000,000/ RMB5,000,000	—	56.04%	Distribution of non-down apparels
Zhejiang Hengna Fashion Co., Ltd. 浙江恒納時裝有限公司	(xii)	the PRC, March 4, 2011	RMB5,000,000/ RMB5,000,000	—	56.04%	Distribution of non-down apparels
Shanghai Dengwei Clothing Co., Ltd. 上海登威服飾有限公司	(xiii)	the PRC, March 11, 2011	RMB30,000,000/ RMB30,000,000	—	100%	Distribution of non-down apparels
Liaoning Xugao Fashion Co., Ltd. 遼寧旭高時裝有限公司	(xii)	the PRC, March 30, 2011	RMB5,000,000/ RMB5,000,000	—	56.04%	Distribution of non-down apparels

31 INVESTMENT IN SUBSIDIARIES (continued)

Notes:

i) This entity is directly invested by the Company.

ii) These entities are invested by Bosideng International Fashion Ltd.

iii) These entities are invested by Shanghai Bosideng International Fashion Co., Ltd. (51%) and Bosideng International Fashion Ltd. (49%).

iv) These entities are 100% invested by Jiangsu Bosideng Marketing Co., Ltd.

v) These entities are 100% invested by Jiangsu Bosideng Down Wear Ltd.

vi) These entities are invested by Shanghai Bosideng International Fashion Co., Ltd.

vii) This entity is 100% invested by Rocawear (China) Limited.

viii) This entity is 100% invested by Shanghai Bingjie Fashion Co., Ltd.

ix) This entity is 100% invested by Ying Fai International Investment Limited.

x) This entity is 100% invested by Long Pacific (H.K.) Ltd.

xi) This entity is 100% invested by Shanghai Lanboxing Kids Clothing Co., Ltd.

xii) These entities are 100% invested by Shanghai Xugao Fashion Co., Ltd.

xiii) This entity is 100% invested by Jiangsu Bosideng Garment Development Co., Ltd.

xiv) 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.

32 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 March 31, 2009, 2010 and 2011	20,000,000	200	7,772,350	78
RMB equivalent ('000)		1,556		607

(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. On September 14, 2007, the authorized share capital was amended by way of special resolution of members to US$200,000 divided into 20,000,000,000 ordinary shares of US$0.00001 each, 2,135 Series A convertible redeemable preference shares ("CRPS") of US$0.0001 each and 5,336 Series B convertible preference shares ("CPS") of US$0.0001 each.

32 SHARE CAPITAL (continued)

(b) Issue of share capital

The following sets out the changes in the Company's ordinary share capital since the date of its incorporation:

(i) The Company was incorporated on July 10, 2006 with issued capital of 100 shares at US$1.00 per share. The issued capital was credited as fully paid.

(ii) On September 5, 2006, 49,401 and 499 ordinary shares of US$1.00 each were allotted and issued credited as fully paid to Kong Bo Investment Limited and Kong Bo Development Limited respectively.

(iii) Pursuant to the share split, the Company had an issued share capital of US$50,000 divided into 5,000,000,000 ordinary shares of US$0.00001 each, 2,135 Series A CRPS of US$0.0001 each and 5,336 Series B CPS of US$0.0001 each.

(iv) Pursuant to the capitalization issue, approximately 251,675,000, 2,572,000 and 2,953,000 ordinary shares were issued to Kong Bo Investment Limited, Kong Bo Development Limited and Gather Wealth Holdings Limited respectively.

(v) On October 10, 2007, the Series A CRPS and Series B CPS were converted to approximately 212,229,000 ordinary shares and 530,571,000 ordinary shares respectively.

(vi) On October 10, 2007, the Company issued 1,870,000,000 additional ordinary shares of a par value of US$0.00001 each, at a price of HK$3.28 per share by way of a global initial public offering to Hong Kong and overseas investors.

(vii) On November 6, 2007, the Company issued 124,322,000 additional ordinary shares of a par value of US$0.00001 each, at a price of HK$3.28 per share pursuant to the partial exercise of the over-allotment option in connection with the global initial public offering.

(viii) During the period from April 16, 2008 to March 31, 2009, the Company repurchased and cancelled 221,972,000 ordinary shares at a total cost of RMB210,387,000. As at the date of this report, the number of outstanding ordinary shares of the Company was 7,772,350,000.

33 RESERVES

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

	Attributable to the equity shareholders of the Company				
	Share premium RMB'000	Capital reserves RMB'000 (note 33a)	Foreign currency translation reserves RMB'000 (note 33c)	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2009	4,949,507	55,813	(592,583)	308,226	4,720,963
Total comprehensive income for the year	—	—	—	(16,387)	(16,387)
Equity-settled share-based payment transactions (note 34)	—	15,309	—	—	15,309
Translation reserves	—	—	(5,900)	—	(5,900)
Dividends (note 17)	(917,137)	—	—	—	(917,137)
Balance at March 31, 2010	4,032,370	71,122	(598,483)	291,839	3,796,848
Total comprehensive income for the year	—	—	—	(31,010)	(31,010)
Equity-settled share-based payment transactions (note 34)	—	4,944	—	—	4,944
Translation reserves	—	—	(119,139)	—	(119,139)
Dividends (note 17)	(1,189,170)	—	—	—	(1,189,170)
Balance at March 31, 2011	2,843,200	76,066	(717,622)	260,829	2,462,473

(a) Capital reserves

The capital reserves at March 31, 2011 and 2010 represent the value of employee services in respect of shares granted to employees and consultants under the share scheme as set out in note 34.

(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).

33 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, 2011, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB2,462,473,000 (2010: RMB3,796,848,000).

(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 shareholder's equity.

33 RESERVES (continued)

(f) Capital management (continued)

The debt-to-equity ratio as at March 31, 2011 and 2010 was as follows:

		The Group		The Company	
	Note	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Debts:					
- Interest-bearing borrowings	29	586,880	—	586,880	—
- Trade and other payables	30	1,178,692	1,204,898	1,072	1,188
- Payables due to related parties	36(b)	14,365	10,399	—	—
Total debts		1,779,937	1,215,297	587,952	1,188
Shareholders' equity		6,873,186	6,813,158	2,463,080	3,797,455
Debt-to-equity ratio		25.9%	17.8%	23.9%	0%

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.

34 EQUITY-SETTLED SHARE-BASED PAYMENTS

On June 14, 2007, the Company adopted a share scheme for the Group's employees and consultants (the "Share Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules. Under the Share Scheme, on June 14, 2007, Kong Bo Investment Limited, one of the ordinary share holders, and Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment"), the holder of the Series A CRPS, transferred 60,352,654 ordinary shares of US$0.00001 each of the Company and 87 Series A CRPS respectively to an appointed trustee, which holds and deals with the shares under the Share Scheme until the shares granted to employees and consultants vest.

The shares granted to each beneficiary shall vest on the dates set out below in the respective proportions set out below:

	Percentage of award shares vesting
First anniversary of the Listing Date	25.0%
Second anniversary of the Listing Date	35.0%
Third anniversary of the Listing Date	40.0%

The Share Scheme has a life of three years from the Listing Date.

The following table sets out activities under the Share Scheme during the year ended March 31, 2011.

	For the year ended March 31,			
	2011		2010	
	Number of shares	**Grant date fair value (RMB'000)**	Number of shares	Grant date fair value (RMB'000)
At the beginning of the year	**69,000,846**		69,000,846	
Granted to employees	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
At the end of the year	**69,000,846**		69,000,846	

Total expenses of RMB4,944,000 (2010: RMB15,309,000) were recognized as personnel expenses during the year ended March 31, 2011 (see note 10).

As of March 31, 2011, 69,000,846 ordinary shares under the Share Scheme had vested (March 31, 2010: 40,014,251).

35 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at March 31, 2011 not provided for in the consolidated financial statements were as follows:

	The Group At March 31,	
	2011	2010
	RMB'000	RMB'000
Contracted for	**71,825**	—
Authorized but not contracted for	**160,063**	—
	231,888	—

The Company has no capital commitments outstanding at March 31, 2011.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	The Group At March 31,		The Company At March 31,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**119,560**	73,084	**362**	375
After 1 year but within 5 years	**307,429**	196,549	**753**	476
Over 5 years	**2,389**	20,743	**—**	—
	429,378	290,376	**1,115**	851

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 RMB412,667,000 for the year ended March 31, 2011 (2010: RMB299,759,000).

(c) Contingent liabilities

As at March 31, 2011, the Group and the Company did not have any significant contingent liabilities.

36 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
IDG Accel China Investment I, Limited ("IDG")	Non-controlling equity shareholder of a subsidiary of the Group

36 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,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Purchase of raw materials				
Bosideng Corporation	**751**	36	**—**	—
Jiangsu Suyong	**1,000**	—	**—**	—
Zhongke Bosideng	**10,184**	5,293	**—**	—
Total	**11,935**	5,329	**—**	—
Rental expenses for lease of properties				
Bosideng Corporation	**3,937**	5,438	**—**	—
Shanghai Bosideng Holdings Group	**873**	80	**—**	—
Shandong Kangbo	**2,135**	2,135	**—**	—
Jiangsu Suyong	**3,380**	640	**—**	—
Total	**10,325**	8,293	**—**	—
Processing fee				
Bosideng Corporation	**303,604**	266,540	**—**	—
Shandong Kangbo	**8,286**	3,638	**—**	—
Zhongke Bosideng	**—**	5,959	**—**	—
Jiangsu Kangxin	**20,382**	9,782	**—**	—
Total	**332,272**	285,919	**—**	—

36 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,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Integrated service fees				
Bosideng Corporation (i)	**3,766**	1,856	**—**	—
Total	**3,766**	1,856	**—**	—
Purchase of buildings				
Bosideng Corporation	**—**	47,000	**—**	—
Shanghai Bosideng Holdings Group	**—**	21,000	**—**	—
Total	**—**	68,000	**—**	—
Advance from a non-controlling interest				
IDG	**5,258**	8,792	**—**	—
Total	**5,258**	8,792	**—**	—

Key management personnel remuneration is disclosed in note 14.

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

36 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	The Group At March 31,		The Company At March 31,	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables due from:				
Bosideng Corporation	**89,097**	46,788	**—**	—
Jiangsu Suyong	**528**	—	**—**	—
Jiangsu Kangxin	**773**	42	**—**	—
Zhongke Bosideng	**6,729**	1,504	**—**	—
	97,127	48,334	**—**	—
Total receivables due from related parties	**97,127**	48,334	**—**	—
Trade payables due to:				
Shandong Kangbo	**315**	50	**—**	—
Jiangsu Suyong	**—**	1,557	**—**	—
	315	1,607	**—**	—
Other payables due to:				
IDG	**14,050**	8,792	**—**	—
	14,050	8,792	**—**	—
Total payables due to related parties	**14,365**	10,399	**—**	—

37 POST-BALANCE SHEET EVENTS

(i) Subsequent to March 31, 2011, the Company proposed a final dividend of RMB528,520,000 and a special dividend of RMB466,341,000 representing RMB6.8 cents per ordinary share and RMB6 cents per ordinary share, respectively, to the equity shareholders of the Company. Further details are disclosed in note 17.

(ii) On May 27, 2011, a subsidiary of the Company signed an acquisition agreement for a property located at 28 South Molton Street, neighboring the Oxford Street shopping area in the West End of London, at a consideration of GBP20,050,000 (approximately RMB213,314,000). The subsidiary plans to further invest approximately GBP5,000,000 to GBP6,000,000 to reconstruct the property into a landmark building. The property will function as the Group's European flagship store of down apparel and menswear products, as well as its European headquarters.

38 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2011 to be Kong Bo Investment Limited, which is incorporated in the British Virgin Islands.

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
Ms. Wang Yunlei

Non-executive Director

Mr. Shen Jingwu(Notes 1)

Independent Non-executive Directors

Mr. Dong Binggen(Notes 1, 2 & 3)
Mr. Jiang Hengjie(Notes 1, 2 & 3)
Mr. Wang Yao(Note 1)
Mr. Ngai Wai Fung(Note 3)

Company Secretary and Qualified Accountant

Mr. Mak Yun Kuen

Authorised 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
17M 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 Changshu Sub-branch
Bank of Communications Shanghai Branch
Bank of Ningbo Shanghai Branch
Bank of China Limited Changshu Sub-branch

Notes:

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

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

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

IMPORTANT DATES

Closure of Register of Members

August 23, 2011 to August 26, 2011
(for attending the Annual General Meeting)
(both days inclusive)

September 1, 2011 to September 6, 2011
(for entitlement to the Final and Special Dividends)
(both days inclusive)

Annual General Meeting

August 26, 2011

Dividends

Final Dividend	:	RMB6.8 cents per share
Special Dividend	:	RMB6.0 cents per share
Payable on	:	September 12, 2011

Financial Year End

March 31

Board Lot

2,000 Shares