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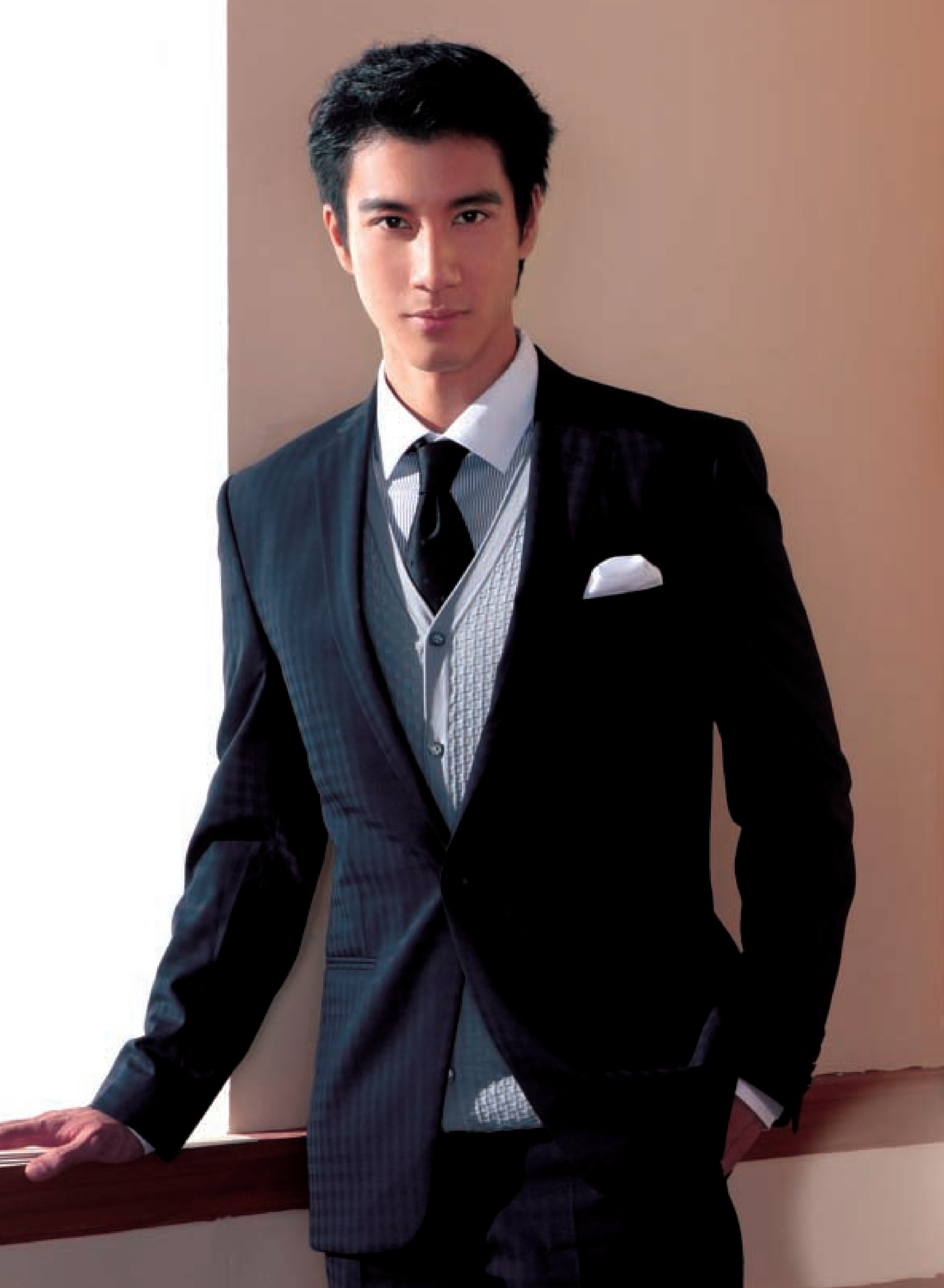
2011/12
Annual Report

Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3998



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COMPANY PROFILE

Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is the largest down apparel company in the PRC. Having a total of 8,344 retail outlets in the PRC, exclusively selling down apparel under its six core down apparel brands, namely *Bosideng, Snow Flying, Kangbo, Bengen, Shuangyu* and *Slim* (previously known as "*Shangyu"*). The Group satisfies different consumers through product differentiation of its brands and further strengthens and expands its leading position in the PRC down apparel industry.

According to the data issued by China Industrial Information Issuing Center ("CIIIC"), the total sales of *Bosideng, Snow Flying, Kangbo* and *Bengen* in 2011 accounted for 34.5% of the sales in the PRC down apparel market#. According to CIIIC and the National Bureau of Statistics of China, *Bosideng* has been the leading PRC down apparel brand for 17 consecutive years from 1995 to 2011. As a leading enterprise in the PRC down apparel industry, the Group presented the latest fashionable Fall/Winter apparel to the world on behalf of the PRC at the China International Clothing and Accessories Fair for 16 consecutive years. In 2011, *Bosideng* ranked 13th in "Most Valuable Chinese Brand" list of 2011 with a brand value of RMB20.66 billion and continued to top the textile and clothing industry.

By developing the core business of down apparel, the Group has further optimized its product mix and enhanced its profitability, and progressively adopted its non-seasonal apparel product development strategy. Currently, the brands acquired and established by the Group include *Bosideng MAN, JESSIE* ladies' wear*, Mogao* casual wears, *VETALLO* luxury business menswear and *BOSIDENG RICCI* ladies' wear. The Group will continue to actively explore opportunities to acquire non-down apparel brands with promising development potential and good reputation in order to further increase the proportion of non-down apparel business in the Group's total sales.

Among the top 30 brands of down apparel

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 year under review, the Group received numerous awards and honours, demonstrating its achievements in the apparel industry.

Major achievements of the year include the followings:

- In March 2012, *Bosideng* was awarded the "Most Reliable Brand for Consumers in 2011" and the "Most Influential Brand in the Consumer Market of China for 20 years" by China National Commercial Information Centre ("CNCIC")

- In March 2012, *Bosideng*, *Snow Flying*, *Kangbo* and *Bengen* 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 market share of similar products. In the same month, the above down apparel brands also received certificates from CIIIC for ranking 1st, 2nd, 5th and 7th respectively in terms of sales volume of similar products

- In January 2012, the Group was awarded the "Credible Quality Enterprise in China" by China Entry-Exit Inspection and Quarantine Association

- In October 2011, Mr. Gao Dekang, the Chairman of the Group, was honoured as the "Leader in Textile Apparel Industry of China" by China National Textile and Apparel Council

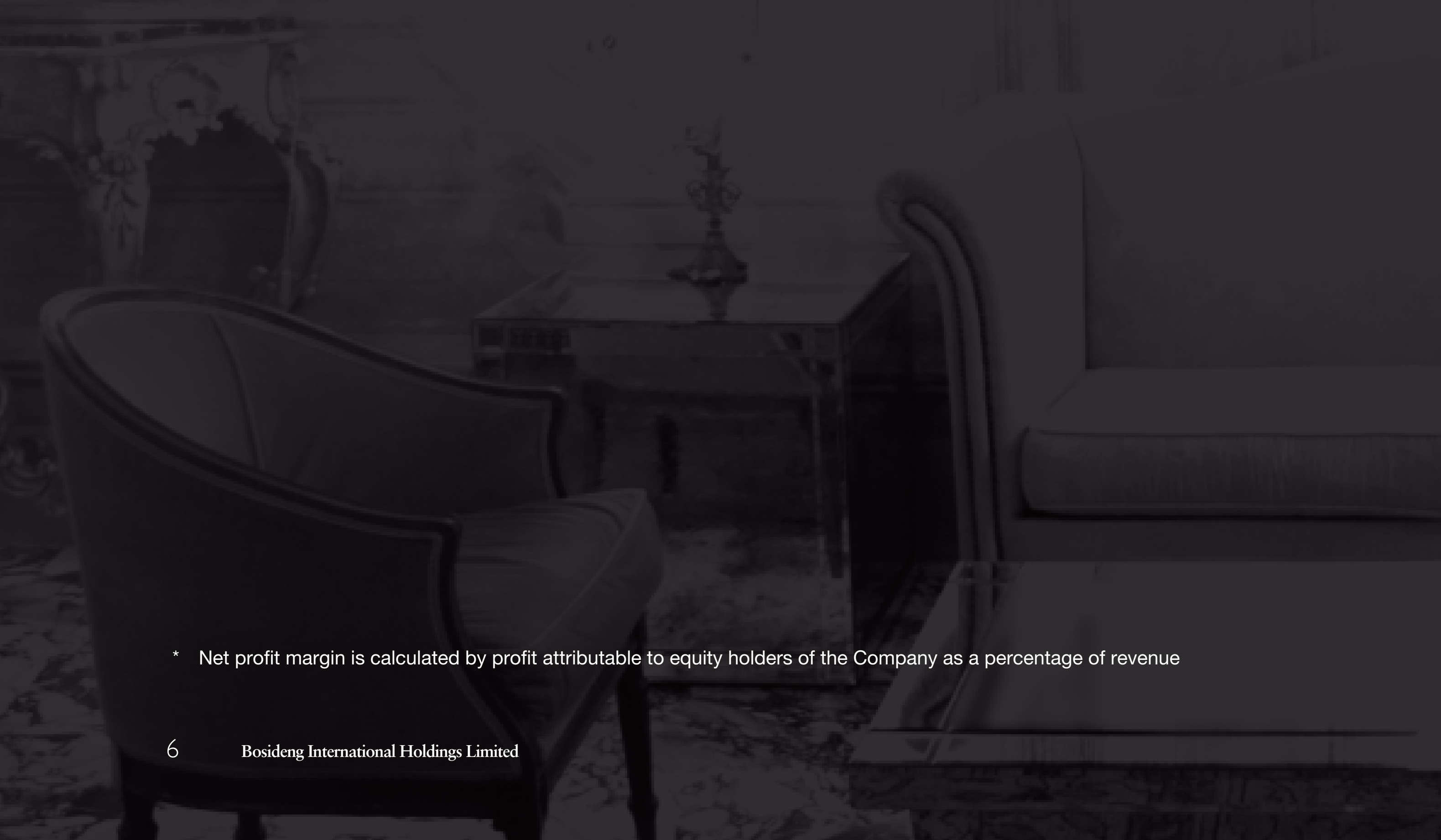
- In September 2011, *Bosideng* was ranked 13th in the "Most Valuable Chinese Brand" by R&F Global Information Group with a brand value of RMB20.66 billion, which was also the top of all apparel brands

- In July 2011, Mr. Gao Dekang, the Chairman of the Group, was elected as one of the "25 Most Influential Chinese in Global Fashion Industry" by Forbes

FINANCIAL HIGHLIGHTS

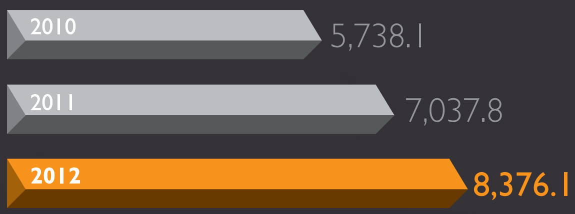
(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,		
	2012	2011	2010
Revenue	**8,376,062**	7,037,805	5,738,121
Gross Profit	**4,188,634**	3,299,369	2,886,637
Profit from operations	**1,621,393**	1,371,968	1,205,521
Profit attributable to equity holders of the Company	**1,436,642**	1,276,446	1,078,550
Non-current assets	**2,517,817**	1,025,069	890,217
Current assets	**8,719,924**	8,086,612	7,491,598
Current liabilities	**3,286,641**	1,979,191	1,362,964
Net current assets	**5,433,283**	6,107,421	6,128,634
Total assets	**11,237,741**	9,111,681	8,381,815
Total assets less current liabilities	**7,951,100**	7,132,490	7,018,851
Total equity	**7,351,702**	6,966,731	6,813,153
Gross profit margin (%)	**50.0**	46.9	50.3
Operating margin (%)	**19.4**	19.5	21.0
Net profit margin (%)*	**17.2**	18.1	18.8
Earnings per share			
– basic (RMB cents)	**18.29**	16.4	13.9
– diluted (RMB cents)	**18.29**	16.4	13.9



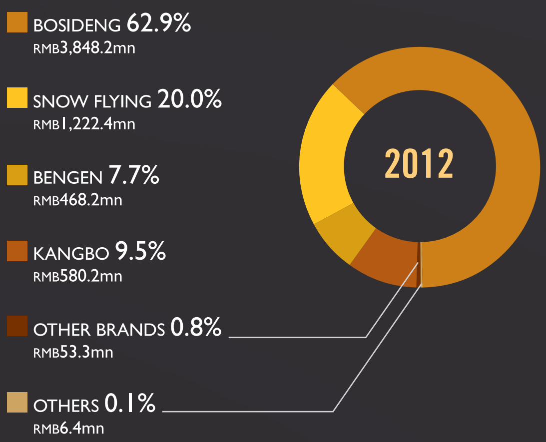
* Net profit margin is calculated by profit attributable to equity holders of the Company as a percentage of revenue

Revenue
RMB (million)



Profit Attributable to Equity Holders
RMB (million)

Down Apparel Revenue by Brand#



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 the total down apparel revenue for the year ended March 31, 2012.*

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual report of the Group for the year from April 1, 2011 to March 31, 2012 to the shareholders.

In 2011, the global economic growth slowed down as evidenced by the sharp fall in international trade. Global financial market also experienced significant fluctuations. However, with the successful implementation of the "Twelfth Five-Year Plan", the economic development of China was effectively regulated. Extensive reformation of the industrial structure of various sectors was carried out to facilitate the fast growth of economy. China is committed to boosting its economy by expanding the domestic demand. Consumer expenditure is a major driver of the economy. It provides opportunities to the apparel industry for development and enhancement.

In view of the current economic environment, Bosideng will further strengthen its competitiveness and consolidate its resources of all its brands to optimize the product portfolio and maintain its position in the apparel industry. In addition to strengthening the core down apparel business, the Group has been developing the non-seasonal apparel business, brand diversification and globalization so as to transform Bosideng into an internationally well-known integrated apparel operator.

STRENGHTENING THE DOWN APPAREL BUSINESS

According to CIIIC and the National Bureau of Statistics of China, *Bosideng* has been the leading PRC down apparel brand (in terms of sales) in 2011 for 17 consecutive years. The total sales of *Bosideng*, *Snow Flying*, *Kangbo* and *Bengen* in 2011 accounted for 34.5% of the sales in the PRC down apparel market. The four brands were among the top ten in market sales. *Bosideng* and *Snow Flying* accounted for 21.2% and 9.3% of market share, coming in the 1st and 2nd place in market share again respectively.

According to the "Most Valuable Chinese Brand" list, *Bosideng* ranked 13th with a brand value of RMB20.66 billion and ranked 1st in the garment industry. *Snow Flying*, one of our brands, ranked 48th with a brand value of RMB5.67 billion.

The Group will continue to improve its product quality and to promote brand loyalty. The Group will develop its niche markets by product differentiation. Investment will be made in the design and development of innovative and environmentally-friendly fabrics. Marketing activities will also be intensified to increase brand value.

DEVELOPMENT OF NICHE MARKETS BY DIFFERENTIATION OF DOWN APPAREL BRANDS

In order to consolidate its leading position in the down apparel industry, the Group has adopted a multi-brand strategy. The Group will further develop the four major down apparel brands, namely *Bosideng*, *Snow Flying*, *Kangbo* and *Bengen*, to increase the market shares in their respective markets and the overall market coverage. The Group will seek to introduce designs and products for specific consumer groups through appropriate sales channels. The Group will optimize the sales network by establishing more mono-brand stores at strategic locations to reach the target consumer groups.

DEVELOPMENT OF NON-SEASONAL AND MULTI-BRAND PRODUCTS

The Group has expanded its business into the non-down apparel business. Non-seasonal apparel products were initially introduced under the *Bosideng MAN* brand. All brands have maintained healthy development. More non-seasonal apparel products were introduced under *BOSIDENG RICCI*, *Mogao* and *VETALLO*. During the year, the Group acquired a ladies' wear brand, *JESSIE*, which is a well-known mid to high-end brand. The acquisition of *JESSIE* brought significant profit contributions to the Group and strengthened the Group's position in the ladies' wear market in China. The Group will continue to identify reputable men's and ladies' wear brands with huge development potential and expand its brand and product portfolio through acquisition, merger or cooperation in order to increase the share of the non-down apparel business to the overall sales of the Group. The Group will expand its product portfolio to satisfy different needs of consumers throughout the year.

BRAND BUILDING

Following the establishment of flagship stores in major cities in China, the Group promoted its flagship stores and brand image through renovation to create a brand new visual image. During the reporting period, the Shanghai flagship store of *Bosideng* in Nanjing East Road introduced down apparel and non-down apparel under various brands of the Group and recorded satisfactory results. The flagship store was renovated and the layout was reorganized to create a new atmosphere and ambiance for consumers to enjoy their delightful shopping experience.

UK FLAGSHIP STORE - A STEP TO INTERNATIONALIZE OUR BUSINESS

The Bosideng flagship store adjoining Oxford Street, London is currently under construction and is scheduled to open in July 2012 during the Olympics. The property will also house the administration office of the brand. Both *Bosideng*'s down apparel and *Bosideng MAN*'s products will be sold in the store. This flagship store will be the first overseas flagship store of the Group and the office therein will be the Group's headquarters in Europe. The store will be a milestone of the development of the Bosideng Group and symbolizes the going-out of China and a significant leap forward of the Group into the global market.

IMPROVEMENT IN MANAGEMENT SYSTEM

The Group will further improve its management system by upgrading its operational, information and supply chain systems and enhancing brand management, financial management and human resources management as well as establishing corporate culture in order to continuously improve its standards of corporate management and ensure the smooth implementation of the Group's strategy.

APPRECIATION

The satisfactory 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 longstanding support.

Gao Dekang
Chairman
of the Board of Directors

June 28, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

EXPANDING BRAND PORTFOLIO TO TAP MARKET OPPORTUNITIES

MARKET REVIEW

In 2011, a faltering global economic recovery received another setback as the European debt crisis deepened, destabilizing markets around the world. Against this backdrop, the Chinese government launched a series of economic measures to curb inflation, while maintaining relatively strong economic growth. According to the National Bureau of Statistics of China, the GDP of China for 2011 was RMB47,200 billion, representing an increase of 9.2% as compared to that of the previous year.

Total retail sales of consumer goods of China in 2011 amounted to RMB18,400 billion, representing a year-on-year increase of 17.1%. In the last five years, one of the major policies of China was to transform its economic structure by promoting the domestic demand. Supported by favorable economic policies, consumption power of urban and rural households continuously improved. The expanding consumer market will open up more opportunities for China's apparel industry, which can further consolidate its position in the international market through improving competitiveness.

LEADING DOWN APPAREL BRAND FOR 17 CONSECUTIVE YEARS

BUSINESS REVIEW

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction of innovative products *Bosideng* introduced the "Autumn Down" collection (秋羽絨) and "Memory Fabric" (紡記憶), representing a breakthrough in the traditional concept of down apparel. "Autumn Down" is based on the concept of light down, with excellent cutting, 90% of filling and weight of down of 260 grams. The "Autumn Down" collection features the use of distinctive colors and perfectly matching fabrics. "Memory Fabric" is an innovative fabric with tailoring techniques that allows of warmth and trendy design. Both collections gained great attention at professional exhibitions including Jiangsu International Apparel Fair (江蘇國際服裝節) and China International Exhibition for Down Apparel (中國國際羽博會). Both were well received by the domestic market and became the highlights of the apparel market in the autumn/winter season of 2011.

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

New development of non-down apparel business

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

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

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

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

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

JESSIE is a famous local mid to high-end ladies' wear brand with business and casual styles targeting office ladies aged between 28 and 45. The acquisition of *JESSIE* strengthened the Group's non-down apparel business and improved the Group's revenue structure. With the financial support and other resources invested by the Group, *JESSIE* realized rapid growth. The contribution made by *JESSIE* to the Group's net profit from the acquisition date up to March 31, 2012 amounted to RMB41,562,000. The net profit attributable to *JESSIE* for the financial year ended March 31, 2012 as adjusted in accordance with the equity transfer agreement was RMB90,126,000 and exceeded the profit guarantee under the agreement. Talent Shine International Limited has guaranteed the net profits (after tax) of Talent Shine Limited, Sunny Bright Global Investments Limited and their subsidiaries of not less than RMB85,000,000, RMB108,800,000, RMB136,000,000 and RMB165,920,000 for each of the four financial years ended/ending March 31, 2012, 2013, 2014 and 2015, respectively. *JESSIE* had 81 self-operated stores and 172 franchised stores in October 2011. As at March 31, 2012, the number of outlets of *JESSIE* increased to 277 with 84 self-operated stores and 193 franchised stores. The brand will further expand its sales network and it plans to open approximately 200 new stores in three years.

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

Termination of small scale non-down apparel business

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

Grand product launch shows that lead the trend

The 2011/2012 fashion show of *Bosideng* took place in Jiuzhaigou, Sichuan on August 21, 2011. The autumn/winter collections had three themes, namely the "Water of Elf" (精靈之水), "Colorful Forest" (絢彩之林) and "Picturesque Paradise' (天境風情), reinforcing *Bosideng*'s design concepts. The show was held at an outdoor venue against the natural scenery of Jiuzhaigou using the advanced "naked eye 3D" technology to enhance the visual effect. Hundreds of new down jackets were introduced to distributors, showing the latest trends as well as the Group's attention to customer needs and fully demonstrating the innovative spirit of *Bosideng*.

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

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

Establishment of the first European flagship store in London

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

The property is located at the center of London West End, the most prosperous commercial district in London and one of the largest commercial districts in Europe. The building adjoins Oxford Street which attracts approximately 30 million tourists every year and is the shopping center of London West End. The property is only 20 meters away from the Bond Street subway exit which has a traffic flow of approximately 24 million people every year, and is opposite to the Bond Street exit of Cross Rail Line, which is under construction. The Group will invest more than GBP9 million to transform the property into a landmark of London West End. The Group will leverage on the prime location and use wall advertisement to promote brand internationalisation. The project is under renovation and is planned to complete in July 2012 to catch the Olympics Games in London.

Implementation of effective marketing strategies through various promotion methods

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

Strengthen store image

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

Enhancement of ERP information system

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

Emphasis on e-commerce development

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

Improvement in logistics

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

Social responsibility and charitable activities

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

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

RETAIL NETWORK

Retail network composition by outlet type

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

Retail network composition by geographic location

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

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

FINANCIAL REVIEW

Revenue

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

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

Sales analysis by products

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

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

\# *Represents revenue from rental income*

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

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

Revenue analysis of down apparel sales by brand

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

Revenue analysis of non-down apparel sales by brand

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

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

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

Cost of sales and gross profit

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

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

Distribution expenses

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

Administrative expenses

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

Operating profit

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

Finance income

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

Finance expenses and taxation

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

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

Final dividends

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

Liquidity and financial resources

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

For the year ended March 31, 2012, the Group's net cash generated from operating activities amounted to approximately RMB1,315.8 million, compared to approximately RMB49.5 million as at March 31, 2011.

Cash and cash equivalents as at March 31, 2012 was in the amount of approximately RMB1,907.0 million, compared to approximately RMB1,417.6 million as at March 31, 2011. The increase in cash and cash equivalents was due to the decrease in the prepayment made to suppliers for securing stable supply of raw materials as the prices of raw materials were stable.

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

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

Contingent liabilities

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

Capital commitments

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

Operating lease commitment

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

Pledge of assets

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

Financial management and treasury policy

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

Foreign currency exposure

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

As at March 31, 2012, the Directors considered the Group's foreign exchange risk to be insignificant. During the year under review, the Group did not use any financial instruments for hedging purposes.

Human resources

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

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

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

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

BUSINESS OUTLOOK

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

Dedicated team to develop each down brand

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

Strengthen design, research and development capabilities and develop green fashion

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

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

Strengthen marketing efforts to enhance sales

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

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

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

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

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

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

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

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

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

Development of non-down apparel businesses

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

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

CORPORATE GOVERNANCE REPORT

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, 2012 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 issued share capital, formulating proposals for share repurchase in accordance with any repurchase mandate granted by the shareholders' meeting as well as exercising other powers, functions and duties as conferred by the articles of association of the Company. 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, 2012, the Board convened a total of five 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, 2012 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)*	5/5	N/A	1/1
Mei Dong	5/5	N/A	N/A
Kong Shengyuan	5/5	N/A	N/A
Gao Miaoqin	5/5	N/A	N/A
Huang Qiaolian	5/5	N/A	N/A
Wang Yunlei	5/5	N/A	N/A
Non-Executive Director			
Shen Jingwu	5/5	N/A	1/1
Independent Non-Executive Directors			
Dong Binggen	5/5	2/2	1/1
Jiang Hengjie	5/5	2/2	1/1
Wang Yao	5/5	N/A	1/1
Ngai Wai Fung	5/5	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.

The appointment of each of the Directors may be terminated by either the Company or the Director by giving a 3-month written notice and they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. 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 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 are of the opinion that for the year ended March 31, 2012, the Company had complied with the Code except for Code provision A.2.1, which provides that the roles of the 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 purposes 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 the Chairman of the Board of Directors and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and well-established reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decision-making of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are 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, 2012 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 of the Group for the year ended March 31, 2012 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 2010/2011 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 the effectiveness of financial reporting procedures and internal control system;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and recommendation for the Board's re-appointment of the external auditor.

During the meetings, 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, Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao (Chairman)).

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

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 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 necessary.

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, for a term of three years commencing from September 15, 2007, which was renewed on September 8, 2010. Such renewed service contract or appointment letter took effect on September 15, 2010 and shall continue until terminated by either party by giving a 3-month written notice. Each Director is subject to re-appointment by the Company at an annual general meeting upon retirement and the term of appointment can be automatically renewed upon expiry. The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

INTERNAL CONTROL

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

MANAGEMENT FUNCTION

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. The management team meets regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements for the year ended March 31, 2012, 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 a going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the 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 59 and page 60 of this report.

AUDITOR'S REMUNERATION

During the year under review, the fee 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 financial report review)	6.6
Non-audit services	1.1
	7.7

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

Certain factors that the Audit Committee will take into account when assessing the external 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 provisions of 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 that all shareholders have equal access to information. As such, the Company has honestly performed its statutory obligation in respect of information disclosure.

The management believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the executive Directors and the chief financial officer of the Company held regular briefings and results presentation, attended investors' 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.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Gao Dekang, aged 60, 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 the Executive Committee of China Federation of Industry and Commerce since 2007, the Vice President of China National Light Industry Council since 2006, the Chairman of the Board of China Federation of Industrial Economics, the Invited Vice Chairman of China National Textile and Apparel Council, 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 the "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, the Ministry of Industry and Information Technology of the PRC, the Ministry of Human Resources and Social Security of the PRC, the State Administration for Industry and Commerce of the PRC and All-China Federation of Industry and Commerce. In 2012, he was presented the "China Charity Award" (中華慈善獎) by the Ministry of Civil Affairs of the PRC. In 2011, he was elected as the "Leader of Textile and Apparel Industry in China" (中國紡織服裝領軍人物) by China National Textile and Apparel Council and received the "Person of the Year" award of the Leaders (《領袖人物》) in 2011 at the Chinese Business Leaders Annual Meeting. 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 the "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 the "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 the 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 New Zealand 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 44, is a Director and the 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 the businesses of the Group prior to its listing, has remained with the Group. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in New Zealand in 2002. She is the wife of Mr. Gao Dekang (a Controlling Shareholder and Director).

Dr. Kong Shengyuan, aged 49, is a Director and the 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 the 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 61, is a Director and the 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 the businesses of the Group prior to its listing, has remained with the Group. She graduated from Suzhou College of Education in China in 1985 and received a certificate of advanced English education for middle school English teachers. She is the cousin of Mr. Gao Dekang (a Controlling Shareholder and Director).

Ms. Huang Qiaolian, aged 47, is a Director and the Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company) 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 the businesses of the Group prior to its listing, has remained with the Group. She graduated from the School of Fashion Design in Jiangsu (江蘇服裝設計學校) in 1987 and further studied in Donghua University majoring in High Fashion in 1994 and the Public School of High Fashion in Paris, France (法國巴黎高級時裝公學院) in 1999. She studied in East China Normal University in Shanghai majoring in Business Administration in 2004.

Ms. Wang Yunlei, aged 32, 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 43, was first appointed as a non-executive Director of the Company in September 2006. Mr. Shen is a Senior Partner and the Head of Greater China of Headland Capital Partners Limited (previously named HSBC Private Equity (Asia) Limited) ("Headland"). Mr. Shen is 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 degree in Economics with summa cum laude and Dean's list from Wharton and an MBA from Stanford University with a focus on strategy and venture capital investments. Mr. Shen is currently also the Vice Chairman of Yonghui Superstores Company Limited listed on Shanghai Stock Exchange (601933).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Binggen, aged 62, 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 known as Donghua University) in 1977. Since February 1997, he has worked with Hualian Development Group Co., Ltd. as the Chairman and President. He had been the Chairman of the Shenzhen Textile Industry Association and the President of the Shenzhen Textile Engineering Association. He is currently also the Vice Chairman of China Textile Industry Enterprise Management Association, the Invited Vice Chairman of China National Textile and Apparel Council and the Vice Chairman of the Shenzhen Entrepreneur Association. He is currently the Chairman of the Board of Directors of Union Holdings (000036), a PRC company listed on the Shenzhen Stock Exchange.

Mr. Jiang Hengjie, aged 61, a professorial senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He is the advisor of China National Garment Association and the Chairman of Technology Experts Committee. He was a visiting professor at the Art College of Tsinghua University, Suzhou University, Jiangxi Institute of Clothing Technology, Beijing Institute of Clothing Technology and Southwest University. He graduated from Suzhou Silk Engineering Institute majoring in sericulture in 1975. Currently, he is an independent director of Younger Group Co., Ltd. (600177), Kaiser China Holding Co., Ltd. (002425), Sinoer Menswear Co., Ltd. (002485) and Busen Garments Co., Ltd. (002569). He was also an independent director of SGSB Group Co., Ltd. (600843) and Ningbo Shanshan Co., Ltd. (600884). Kaiser China Holding Co., Ltd., Sinoer Menswear Co., Ltd. and Busen Garments Co., Ltd. mentioned above are listed on the Shenzhen Stock Exchange and the remaining companies are listed on the Shanghai Stock Exchange.

Mr. Wang Yao, aged 53, 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 50, 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, the chief executive officer of SW Corporate Services Group Limited of which MNCOR Consulting Limited is a major shareholder and the Vice President of the Hong Kong Institute of Chartered Secretaries. Prior to that, he was the Director and head of listing services of an independent integrated corporate services provider. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities Institute. 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 20 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 and the member/chairman of the audit committee of China Railway Construction Corporation Limited (01186), BaWang International (Group) Holding Limited (01338), Powerlong Real Estate Holdings Limited (01238), Biostime International Holdings Limited (1112), China Coal Energy Company Limited (01898), SITC International Holdings Company Limited (01308), Sany Heavy Equipment International Holdings Company Limited (00631), LDK Solar Co., Ltd. (LDK) and CNPV Solar Power SA (ALCNP). 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. Apart from LDK Solar Co., Ltd. and CNPV Solar Power SA which are listed on the New York Stock Exchange and NYSE Euronext respectively, all the above companies are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Mak Yun Kuen, aged 36, is the 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 a fellow of the Association of Chartered Certified Accountants. Before joining the Group, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (03308), a company listed on the Stock Exchange.

Mr. Rui Jinsong, aged 39, is the Vice President of the Group and the General Manager of Jiangsu Bosideng Downwear Co., Ltd., a subsidiary of the Group. He is responsible for the overall management of design, production, brand building and marketing of *Bosideng* apparels, a core business segment of the Group. Mr. Rui joined the Group in May 2004 and has been responsible for the marketing management of *Bosideng*. He graduated from Wuxi Light Industry College, majoring in Textile Engineering, in 1994.

REPORT OF DIRECTORS

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2012 set out in the Auditor's Report contained in this annual report (the ''Financial Statements'').

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability. The Group's operations are substantially conducted through its direct or indirect subsidiaries in the PRC. The Group primarily focuses on developing and managing the portfolio of its down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of 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 61 and Note 7 to the Financial Statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended March 31, 2012 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 HKD12.0 cents (equivalent to approximately RMB 9.8 cents) per ordinary share in respect of the year ended March 31, 2012, totalling approximately HKD960,882,000.

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 were deposited in short-term demand deposits and/or money market instruments during the year ended March 31, 2012.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and equity for the five financial years ended March 31, 2012, as extracted from the audited financial statements of the Group disclosed in the 2007/2008, 2008/2009, 2009/2010 and 2010/2011 annual reports, and from the financial statements for the financial year ended March 31, 2012, is set out below.

	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	**Year ended March 31, 2012 RMB'000**
Results					
Profit attributable to:					
— Equity holders of the Company	1,116,937	748,120	1,078,550	1,276,446	**1,436,642**
— Minority interest	—	153	(5)	(4,450)	**14,103**
Assets, liabilities and equity					
Total assets	7,901,471	7,369,710	8,381,815	9,111,681	**11,237,741**
Total liabilities	812,889	773,916	1,568,662	2,144,950	**3,886,039**
Total equity	7,088,582	6,595,794	6,813,153	6,966,731	**7,351,702**

NON-CURRENT ASSETS

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

SHARE CAPITAL

Details of the movement in the Group's share capital during the year ended March 31, 2012 are set out in Note 36 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended March 31, 2012 are set out in Note 38 to the Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at March 31, 2012 are set out in Note 31 to the Financial Statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended March 31, 2012 and up to the date of this report are as follows:

Executive Directors:

Mr. Gao Dekang *(Chairman of the Board of Directors)*
Ms. Mei Dong
Dr. Kong Shengyuan
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Ms. Wang Yunlei

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 under their respective service contracts or appointment letters, which were renewed on September 8, 2010. Such renewed service contracts and appointment letters took effect on September 15, 2010 and shall continue until terminated by either the Company or the Director by giving a 3-month written notice. In accordance with Article 87 of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and a retiring Director shall be eligible for re-election at that annual general meeting. Accordingly, Dr. Kong Shengyuan, Ms. Huang Qiaolian, Mr. Shen Jingwu and Mr. Dong Binggen 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, 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the ''SFO''), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long position in the Company

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

Notes:

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

(2) Each of Ms. Mei Dong, Dr. Kong Shengyuan, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 shares, and 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 5,208,791,201 shares held by Mr. Gao Dekang under the SFO.

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

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

Notes:

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

Save as disclosed above, as at March 31, 2012, 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, 2012 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, 2012, conducted a review of the compliance with the Non-competition Deed and are of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed.

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Gao Dekang and his associates (as defined in the Listing Rules) have entered into certain connected transactions as further described below under the heading "Connected Transactions", "Continuing Connected Transactions", and Note 42 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, 2012 in which the Group was a party.

REMUNERATION POLICY

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

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

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

PROVIDENT AND RETIREMENT BENEFIT SCHEMES

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

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the year ended March 31, 2012 were RMB44,128,000.

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, 2012, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Party XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

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

Note:

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

Save as disclosed above, as at March 31, 2012, the Directors and the chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

MANAGEMENT CONTRACTS

Save as disclosed below under the section headed "Continuing Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2012.

CONNECTED TRANSACTION

Save as disclosed, the Group had no connected transaction during the year ended March 31, 2012.

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 42 to the Financial Statements also constituted non-exempt continuing connected transactions which were required to be disclosed in accordance with Chapter 14A of the Listing Rules.

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

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 its discretion and on such terms as it considers appropriate. This agreement provides for the following manufacturing outsourcing arrangements:

(i) the Parent Group will provide labour, factories, premises, necessary equipments, 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 manufacturing outsourcing and agency agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework manufacturing outsourcing and agency agreement at any time by giving at least three months' notice. The proposed annual caps of RMB360,200,000, RMB396,300,000 and RMB435,900,000 for the three financial years 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.

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

At the extraordinary general meeting of the Company held on February 22, 2012, the shareholders approved the extension of the term of, and the proposed annual caps for each of the three years ending 31 March 2014 for the framework manufacturing outsourcing and agency agreement. Accordingly, the proposed annual caps for the framework manufacturing outsourcing and agency agreement for the two financial years ending March 31, 2012 and 2013 have been revised to RMB550,000,000 and RMB687,500,000, respectively, and the proposed annual cap for the financial year ending March 31, 2014 has been set at RMB859,400,000. The Company and Mr. Gao Dekang have also agreed to extend the term of the framework manufacturing outsourcing and agency agreement from September 14, 2013 to September 14, 2014.

The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2012 was RMB479,481,000.

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, 2012 was RMB11,217,000.

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 three premises and on March 11, 2010, the Company and Mr. Gao Dekang entered into the supplemental property lease agreement, pursuant to which the Parent Group agreed to lease five additional premises to the Company for a term not exceeding 20 years from the date of the supplemental property lease agreement. 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 by the Group to the Parent Group for the year ended March 31, 2012 was RMB10,557,000.

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.

As the Group is actively expanding its overseas market as well as its non-down apparel business, which leads to an increase in the frequency of the business trips and thus the utilization of hotel and dining services and the property management services (including utilities, i.e. electricity and water), etc., the Company has resolved to revise the annual caps for the two financial years ending March 31, 2012 and 2013 to RMB11,800,000 and RMB14,200,000, respectively.

The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2012 was RMB6,427,000.

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 42 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 2,402,205,000 shares as at the date of this annual report). No Option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

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

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

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2012, 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, 2012, purchases made by the Group from this supplier amounted to RMB11,064,000. Save as disclosed above, none of the Directors, their associates or any shareholder of the Company (who or which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in any of the Group's large suppliers.

For the year ended March 31, 2012, the Group's five largest customers accounted for less than 30% of the Group's revenue. Save as disclosed above, none of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in any of the Group's large customers.

COMMITMENTS AND CONTINGENT LIABILITIES

Details of the commitments and contingent liabilities of the Group are set out in Note 39 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 43 to the Financial Statements.

AUDITOR

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

By order of the Board
Gao Dekang
Chairman

Hong Kong, June 28, 2012

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 61 to 141, which comprise the consolidated and company balance sheets as at March 31, 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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, 2012 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, 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2012
(Expressed in Renminbi)

	Note	For the year ended March 31, 2012 RMB'000	2011 RMB'000
Revenue	7	**8,376,062**	7,037,805
Cost of sales		**(4,187,428)**	(3,738,436)
Gross profit		**4,188,634**	3,299,369
Other income	8	**46,319**	19,617
Distribution expenses	9	**(2,268,135)**	(1,706,556)
Administrative expenses		**(337,398)**	(207,239)
Other expenses	8	**(8,027)**	(33,223)
Profit from operations		**1,621,393**	1,371,968
Finance income		**148,080**	142,153
Finance costs		**(47,737)**	(13,447)
Net finance income	12	**100,343**	128,706
Profit before income tax		**1,721,736**	1,500,674
Income tax expense	13	**(270,991)**	(228,678)
Profit for the year		**1,450,745**	1,271,996
Other comprehensive income for the year			
Foreign translation differences – foreign operations	12	**13,557**	(6,232)
Net change in fair value of available-for-sale financial assets	12	**(18,075)**	(29,407)
Income tax on other comprehensive income	13(c)	**2,023**	3,447
Other comprehensive income for the year, net of tax		**(2,495)**	(32,192)
Total comprehensive income for the year		**1,448,250**	1,239,804

The notes on pages 69 to 141 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2012
(Expressed in Renminbi)

	Note	For the year ended March 31, 2012 RMB'000	2011 RMB'000
Profit/(loss) attributable to:			
Equity shareholders of the Company		**1,436,642**	1,276,446
Non-controlling interests		**14,103**	(4,450)
Profit for the year		**1,450,745**	1,271,996
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,434,858**	1,244,254
Non-controlling interests		**13,392**	(4,450)
Total comprehensive income for the year		**1,448,250**	1,239,804
Earnings per share	18		
– basic (RMB cents)		**18.29**	16.42
– diluted (RMB cents)		**18.29**	16.42

The notes on pages 69 to 141 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At March 31, 2012
(Expressed in Renminbi)

	Note	At March 31, 2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	19	**734,803**	313,382
Prepayment for purchase of properties	19	**118,502**	—
Lease prepayments	20	**33,853**	31,203
Intangible assets	21	**1,412,130**	509,453
Investment properties	22	**17,821**	—
Deferred tax assets	23	**200,708**	171,031
		2,517,817	1,025,069
Current assets			
Inventories	24	**1,398,861**	1,214,783
Trade, bills and other receivables	25	**1,251,657**	1,046,527
Receivables due from related parties	42(b)	**88,275**	97,127
Prepayments for materials and service suppliers		**517,871**	730,587
Other financial assets	26	**755,000**	—
Available-for-sale financial assets	27	**1,467,550**	1,519,102
Pledged bank deposits	28	**862,738**	760,378
Time deposits with maturity over 3 months	29	**471,021**	1,300,479
Cash and cash equivalents	30	**1,906,951**	1,417,629
		8,719,924	8,086,612
Current liabilities			
Current income tax liabilities	13(d)	**215,462**	199,254
Interest-bearing borrowings	31	**1,740,662**	586,880
Trade and other payables	32	**1,329,913**	1,178,692
Payables due to related parties	42(b)	**604**	14,365
		3,286,641	1,979,191
Net current assets		**5,433,283**	6,107,421
Total assets less current liabilities		**7,951,100**	7,132,490

The notes on pages 69 to 141 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At March 31, 2012
(Expressed in Renminbi)

	Note	At March 31, 2012 RMB'000	2011 RMB'000
Non-current liabilities			
Non-current other payables	33	**330,439**	—
Derivative financial liabilities	34	**14,230**	—
Deferred tax liabilities	23	**254,729**	165,759
		599,398	165,759
Net assets		**7,351,702**	6,966,731
EQUITY			
Share capital	36	**622**	607
Reserves		**7,137,619**	6,872,579
Equity attributable to equity shareholders of the Company		**7,138,241**	6,873,186
Non-controlling interests		**213,461**	93,545
Total equity		**7,351,702**	6,966,731

Approved and authorized for issue by the board of directors on June 28, 2012.

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Gao Dekang
Chairman of the Board of Directors

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Kong Shengyuan
Director

The notes on pages 69 to 141 form part of these financial statements.

BALANCE SHEET

At March 31, 2012
(Expressed in Renminbi)

	Note	At March 31, 2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	19	**178**	577
Investment in subsidiaries and controlled special purpose entity	35	**2,739,558**	3,032,152
		2,739,736	3,032,729
Current assets			
Trade, bills and other receivables	25	**31,012**	2,830
Time deposits with maturity over 3 months	29	**—**	2,591
Cash and cash equivalents	30	**137,141**	12,882
		168,153	18,303
Current liabilities			
Interest-bearing borrowings	31	**1,444,793**	586,880
Trade and other payables	32	**1,117**	1,072
		1,445,910	587,952
Net current liabilities		**(1,277,757)**	(569,649)
Total assets less current liabilities		**1,461,979**	2,463,080
Net assets		**1,461,979**	2,463,080
EQUITY			
Share capital	36	**622**	607
Reserves	38	**1,461,357**	2,462,473
Total equity		**1,461,979**	2,463,080

Approved and authorized for issue by the board of directors on June 28, 2012.

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Gao Dekang
Chairman of Board of Directors

Kong Shengyuan
Director

The notes on pages 69 to 141 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2012
(Expressed in Renminbi)

	Attributable to the equity shareholders of the Company											
	Share capital RMB'000 (note 36)	Share premium RMB'000	Treasury shares held for the Share Award Scheme RMB'000 (note 37)	Capital reserves RMB'000 (note 38(a))	Statutory reserves RMB'000 (note 38(b))	Translation reserves RMB'000 (note 38(c))	Fair value reserves RMB'000 (note 38(d))	Other reserve RMB'000 (note 34)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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
Foreign translation differences – 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	–	–	–	–	–	–	–	–	–	–	98,000	98,000
Appropriation to reserves	–	–	–	–	112,781	–	–	–	(112,781)	–	–	–
Equity-settled share-based payment transactions	–	–	–	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
Balance at March 31, 2011	607	2,843,200	–	76,066	597,881	(342,454)	16,822	–	3,681,064	6,873,186	93,545	6,966,731
Total comprehensive income for the year:												
Profit for the year	–	–	–	–	–	–	–	–	1,436,642	1,436,642	14,103	1,450,745
Foreign translation differences – foreign operations	–	–	–	–	–	13,557	–	–	–	13,557	–	13,557
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	–	–	(15,341)	–	–	(15,341)	(711)	(16,052)
Transactions with owners, recorded directly in equity:												
Treasury shares held for Share Award Scheme (note 37)	–	–	(34,518)	–	–	–	–	–	–	(34,518)	–	(34,518)
Written put option to non-controlling interests (note 34)	–	–	–	–	–	–	–	(249,539)	–	(249,539)	–	(249,539)
Acquisition of subsidiaries (note 40)	15	412,332	–	–	–	–	–	–	–	412,347	113,458	525,805
Disposal of subsidiaries (note 41)	–	–	–	–	–	–	–	–	–	–	(6,934)	(6,934)
Appropriation to reserves	–	–	–	–	91,478	–	–	–	(91,478)	–	–	–
Dividends	–	(1,298,093)	–	–	–	–	–	–	–	(1,298,093)	–	(1,298,093)
Balance at March 31, 2012	622	1,957,439	(34,518)	76,066	689,359	(328,897)	1,481	(249,539)	5,026,228	7,138,241	213,461	7,351,702

The notes on pages 69 to 141 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2012
(Expressed in Renminbi)

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
Operating activities		
Profit for the year	**1,450,745**	1,271,996
Adjustments for:		
Income tax expense	**270,991**	228,678
Depreciation	**73,935**	43,211
Amortization	**34,199**	17,645
Gain on disposal of subsidiaries	**(3,191)**	—
Net interest income	**(112,105)**	(140,487)
Equity-settled share-based payment transactions	**—**	4,944
Operating profit before changes in working capital	**1,714,574**	1,425,987
Increase in inventories	**(194,230)**	(355,096)
Decrease/(Increase) in trade, bills and other receivables and prepayments	**9,280**	(616,541)
Decrease/(Increase) in receivables due from related parties	**8,852**	(48,793)
Increase/(decrease) in trade and other payables	**138,055**	(91,206)
(Decrease)/Increase in payables due to related parties	**(13,761)**	3,966
Cash generated from operations	**1,662,770**	318,317
Interest paid	**(24,629)**	(1,666)
Income tax paid	**(322,324)**	(267,180)
Net cash generated from operating activities	**1,315,817**	49,471
Investing activities		
Acquisition of subsidiaries, net of cash acquired	**(96,084)**	—
Disposal of subsidiaries, net of cash disposed of	**9,975**	—
Payment of contingent consideration in connection with acquisition	**(130,000)**	—
Acquisition of property, plant and equipment	**(611,820)**	(143,530)
Lease prepayments	**(3,336)**	—
Acquisition of investment properties	**(19,129)**	—
Acquisition of intangible assets	**(5,000)**	—
Proceeds from disposal of property, plant and equipment	**1,639**	1,419
Proceeds upon maturity of held-to-maturity investments	**—**	400,000
Acquisition of available-for-sale financial assets	**(4,328,500)**	(1,500,000)
Proceeds from disposal of available-for-sale financial assets	**4,402,600**	1,570,000
Acquisition of other financial assets	**(755,000)**	—
Decrease/(increase) in pledged bank deposits	**6,378**	(7,146)
Decrease/(increase) in time deposits with maturity over 3 months	**829,458**	(960,803)
Interest received	**138,853**	142,153
Net cash used in investing activities	**(559,966)**	(497,907)

The notes on pages 69 to 141 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2012
(Expressed in Renminbi)

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
Financing activities		
Proceeds from interest-bearing borrowings	1,740,662	586,880
Repayment of interest-bearing borrowings	(586,880)	—
Payment for purchase of shares in connection with the Share Award Scheme	(34,518)	—
Decrease/(Increase) in bank deposits pledged for bank loans	438,500	(751,000)
Increase in bank deposits pledged for issuing standby letters of credit for bank loans	(547,238)	—
Capital contributions from non-controlling interests	—	98,000
Dividends paid	(1,298,093)	(1,189,170)
Net cash used in financing activities	(287,567)	(1,255,290)
Net increase/(decrease) in cash and cash equivalents	468,284	(1,703,726)
Cash and cash equivalents at the beginning of the year	1,417,629	3,127,587
Effect of foreign currency exchange rate changes	21,038	(6,232)
Cash and cash equivalents at the end of the year	1,906,951	1,417,629
Supplementary disclosure of material non-cash transactions:		
Ordinary shares issued as consideration in a business combination	412,347	—

The notes on pages 69 to 141 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 the significant accounting policies adopted by the Group is set out in note 3.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

2 BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments

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

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

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

(e) Changes in accounting policies

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

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)

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

The impacts of these developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period.
- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the disclosures of the Group's financial instruments in the financial statements.

3 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) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries and controlled special purpose entities

Subsidiaries and controlled special purpose entities are entities controlled by the Group. The financial statements of subsidiaries and controlled special purpose entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries and controlled special purpose entities have been changed when necessary to align them with the policies adopted by the Group. In the Company's statement of financial position, investment in subsidiaries and contributions to the Company's Employees' Share Award Scheme (note 37), a controlled special purpose entity, are stated at cost less any impairment losses (see note 3(j)(ii)).

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

(v) Transactions with non-controlling interests

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

(i) Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

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)

Available-for-sale financial assets

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

Others

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

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Share capital

Ordinary shares

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

(iv) Derivative financial instruments

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

(d) Construction in progress

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

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(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. Freehold land with unlimited useful life is measured at cost and not depreciated.

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties

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

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

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

(g) Intangible assets

(i) Goodwill

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

(ii) Customer relationships

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

(iii) Trademarks

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

(iv) Subsequent expenditure

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

(v) Amortization

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

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

(h) Lease prepayments

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

(i) Inventories

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Available-for-sale financial assets

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(ii) Non-financial assets

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(iii) Interim financial reporting and impairment

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

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

(k) Dividends

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

(l) Employee benefits

(i) Defined contribution plans

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

(ii) Termination benefits

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits (continued)

(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.

(iv) Share-based payment transactions

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

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

(m) Provisions and contingent liabilities

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue

(i) Sales of goods

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

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

(v) Rental income

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Lease payments

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

(p) Finance income and costs

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

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

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

(q) Borrowing costs

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Earnings per share

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

(t) Related parties

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

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

(2) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Segment reporting

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

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

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, Interpretations and new standards which are not yet effective for the year ended March 31, 2012, and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting period beginning on or after (unless specified)
Amendments to IAS 12, *Income taxes*	January 1, 2012
Amendments to IAS 1, *Presentation of financial statements*	July 1, 2012
IFRS 10, *Consolidated financial statements*	January 1, 2013
IFRS 13, *Fair value measurement*	January 1, 2013
IAS 27, *Separate financial statements (2011)*	January 1, 2013
Revised IAS 19, *Employee benefit*s	January 1, 2013
IFRS 9, *Financial instruments*	January 1, 2015

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

4 DETERMINATION OF FAIR VALUES

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

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

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

(b) Available-for-sale financial assets

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

(c) Customer relationships

The fair value of customer relationships acquired in a business combination is determined using the multiple-period earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(d) Trademarks

The fair value of trademark acquired in a business combination is based on the discounted royalty payments that have been avoided as a result of the trademark being owned.

(e) Contingent considerations payable

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

(f) Derivative financial liabilities

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

5 FINANCIAL RISK MANAGEMENT

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

— credit risk

— liquidity risk

— interest rate risk

— foreign currency risk

— fair value

— business risk

5 FINANCIAL RISK MANAGEMENT (continued)

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

(a) Credit risk

(i) Trade and other receivables

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

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

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

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

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

(ii) Deposits with banks

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

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

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

5 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

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

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

	2012				2011			
	Contractual undiscounted cash flow				Contractual undiscounted cash flow			
	Within 1 year or on demand	More than 1 year less than 5 years	Total	Balance sheet carrying amount	Within 1 year or on demand	More than 1 year less than 5 years	Total	Balance sheet carrying amount
The Group								
Interest-bearing borrowings	1,758,067	–	1,758,067	1,740,662	591,928	–	591,928	586,880
Trade and other payables	1,329,913	–	1,329,913	1,329,913	1,178,692	–	1,178,692	1,178,692
Payables due to related parties	604	–	604	604	14,365	–	14,365	14,365
Non-current other payables	–	360,466	360,466	330,439	–	–	–	–
	3,088,584	360,466	3,449,050	3,401,618	1,784,985	–	1,784,985	1,779,937
The Company								
Interest-bearing borrowings	1,457,016	–	1,457,016	1,444,793	591,928	–	591,928	586,880
Trade and other payables	1,117	–	1,117	1,117	1,072	–	1,072	1,072
	1,458,133	–	1,458,133	1,445,910	593,000	–	593,000	587,952

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

(i) Interest rate profile

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

	2012		2011	
	Effective Interest rate	RMB'000	Effective Interest rate	RMB'000
The Group				
Interest-bearing borrowings	2.24%	(1,740,662)	1.56%	(586,880)
Pledged bank deposits	3.50%	862,738	2.68%	760,378
Time deposits with maturity over 3 months	3.26%	471,021	2.36%	1,300,479
Cash and cash equivalent	0.99%	1,906,951	0.95%	1,417,629
Other financial assets	6.94%	755,000	—	—
		2,255,048		2,891,606
The Company				
Interest-bearing borrowings	2.20%	(1,444,793)	1.56%	(586,880)
Time deposits with maturity over 3 months	—	—	0.05%	2,591
Cash and cash equivalent	0.12%	137,141	0.12%	12,882
		(1,307,652)		(571,407)

(ii) Sensitivity analysis

At March 31, 2012, 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 RMB13,320,000 (2011: RMB23,660,000). Other components of equity would not be affected by the changes in interest rates.

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

5 FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk

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

(i) Exposure to foreign currency risk

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

The Group

	At March 31,			
	2012		2011	
	US$'000	**HK$'000**	US$'000	HK$'000
Bank deposits	**5,796**	**188,366**	16,445	9,986
Trade receivables	**6,801**	**—**	3,950	—
Interest-bearing borrowings	**—**	**(1,565,000)**	—	(580,000)
	12,597	**(1,376,634)**	20,395	(570,014)

The Company

	At March 31,	
	2012	2011
	HK$'000	HK$'000
Bank deposits	**37,456**	7,103
Interest-bearing borrowings	**(1,200,000)**	(580,000)
	(1,162,544)	(572,897)

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.

	2012		2011	
	Increase/ (decrease) in foreign exchange rate in %	**Effect on profit after tax and retained earnings RMB'000**	Increase/ (decrease) in foreign exchange rate in %	Effect on profit after tax and retained earnings RMB'000
Hong Kong dollars	**10%**	**(111,593)**	10%	(48,066)
United States dollars	**10%**	**6,018**	10%	10,740

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

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

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

5 FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value

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

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

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

		For the year ended March 31,	
		2012	2011
	Level	**RMB'000**	RMB'000
Available-for-sale financial assets (note 27)	2	**1,467,550**	1,519,102
Derivative financial liabilities (note 34)	2	**14,230**	—
Contingent considerations payable (note 40)	3	**191,067**	—

All the other financial assets and liabilities are carried at amounts not materially different from their fair values as at March 31, 2012 and 2011.

(f) Business risk

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

6 ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Net realizable value of inventories

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

(b) Impairment for bad and doubtful debts

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

(c) Income tax

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

(d) Depreciation and Amortization

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

6 ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(e) Impairment for non-current assets

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

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

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

(f) Fair value of assets acquired and liabilities assumed upon acquisition

In connection with acquisition of subsidiaries through business combination, the assets acquired and liabilities assumed are adjusted to their estimated fair values on the respective date of acquisition. The determination of the values of assets acquired and liabilities assumed involves management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair value of assets acquired and liabilities assumed.

7 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major reportable segments.

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

7 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results

For the year ended March 31, 2012

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

For the year ended March 31, 2011

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

7 REVENUE AND SEGMENT REPORTING (continued)

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

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

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

(c) Geographic information

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

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

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

8 OTHER INCOME/(EXPENSES)

	Note	For the year ended March 31, 2012 RMB'000	2011 RMB'000
Royalty income	(i)	18,786	13,766
Government grants	(ii)	24,342	5,851
Gain on disposal of subsidiaries	41	3,191	—
Other income		46,319	19,617
Other expenses - Donations		(8,027)	(33,223)

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

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

9 DISTRIBUTION EXPENSES

	For the year ended March 31, 2012 RMB'000	2011 RMB'000
Advertising	250,144	224,166
Promotion	482,990	397,051
Concessionaire fees	588,661	412,667
Personnel expenses	416,472	300,382
Sales commission	70,480	74,280
Tax and surcharges	78,336	26,022
Entertainment and travelling	88,568	74,382
Depreciation	44,863	11,147
Rental	135,356	104,888
Amortization	33,513	16,459
Others	78,752	65,112
Total	2,268,135	1,706,556

10 PERSONNEL EXPENSES

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
Salaries, wages and other benefits	**509,427**	356,700
Contributions to defined contribution plans	**44,128**	36,428
Equity-settled share-based payment expenses	**—**	4,944
	553,555	398,072

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

12 NET FINANCE INCOME

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

13 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
Current tax expenses		
Provision for PRC income tax	**318,439**	318,767
Deferred tax benefit		
Origination of temporary differences (note 23)	**(47,448)**	(90,089)
	270,991	228,678

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No tax provision has been made for Bosideng America Inc and Bosideng UK Limited, subsidiaries of the Group incorporated in the United States (the "US") and the United Kingdom (the "UK"), respectively, as they do not have assessable profits subject to any US or UK income tax during the year.

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

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

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

13 INCOME TAX EXPENSE (continued)

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

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

(c) Income tax recognized in other comprehensive income:

	For the year ended March 31,					
	2012			2011		
	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Foreign translation differences – foreign operations	13,557	—	13,557	(6,232)	—	(6,232)
Net change in fair value of available-for-sale financial assets	(18,075)	2,023	(16,052)	(29,407)	3,447	(25,960)
Other comprehensive income	(4,518)	2,023	(2,495)	(35,639)	3,447	(32,192)

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

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
Balance at beginning of the year	199,254	147,667
Acquisition through a business combination (note 40)	18,641	—
Provision for current income tax for the year	318,439	318,767
Disposal of subsidiaries (note 41)	1,452	—
Payments during the year	(322,324)	(267,180)
Income tax payable at the end of the year	215,462	199,254

14 DIRECTORS' REMUNERATION

Details of the directors' remuneration are as follows:

For the year ended March 31, 2012

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

14 DIRECTORS' REMUNERATION (continued)

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

During the years ended March 31, 2012 and 2011, 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, 2012, Mr. Shen Jingwu, a non-executive director, waived director's fee of approximately RMB468,000 (2011: RMB446,000).

15 FIVE HIGHEST PAID INDIVIDUALS

Of the 5 individuals with the highest emoluments during the year ended March 31, 2012, 3 (2011: 5) are directors whose emoluments are disclosed in note 14. The aggregate of the emoluments in respect of the other two (2011: Nil) individuals are as follows:

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
Salaries and other emoluments	**1,847**	1,363
Discretionary bonus	**186**	270
Share-based payments	**—**	670
Retirement scheme contributions	**13**	8
	2,046	2,311

The emoluments of the other two (2011: Nil) individuals with the highest emoluments are within the following bands:

	For the year ended March 31,	
	2012	2011
HKD1,000,001 – HKD1,500,000 (equivalent to RMB826,450 to RMB1,239,675)	**2**	—
HKD1,500,001 – HKD2,000,000 (equivalent to RMB1,239,676 to RMB1,652,900)	**—**	—
	2	—

16 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company for the year ended March 31, 2012 includes a loss of RMB47,352,000 (2011: a loss of RMB31,010,000) 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,	
	2012	2011
	RMB'000	RMB'000
Interim dividend declared and paid of RMB3.8 cents per ordinary share (2011: interim dividend of RMB6.5 cents per ordinary share)	**304,279**	505,203
Final dividend proposed after balance sheet date of RMB9.8 cents per ordinary share (2011: RMB6.8 cents per ordinary share)	**780,717**	528,520
Special dividend proposed after balance sheet date of Nil (2011: RMB6 cents per ordinary share)	**—**	466,341
	1,084,996	1,500,064

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

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

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

18 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year ended March 31, 2012 is based on the profit attributable to equity shareholders of the Company for the year of RMB 1,436,642,000 (2011: RMB1,276,446,000) and the weighted average number of ordinary shares in issue during the year ended March 31, 2012 of 7,854,046,000 (2011: 7,772,350,000), calculated as follows:

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

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

Weighted average number of ordinary shares (in thousands):

	For the year ended March 31,	
	2012	2011
Issued ordinary shares at 1 April	**7,772,350**	7,772,350
Effect of ordinary shares issued related to business combination (note 36)	**95,669**	—
Effect of treasury shares held for Share Award Scheme (note 37)	**(13,973)**	—
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,854,046**	7,772,350
Basic and diluted earnings per share (RMB cents)	**18.29**	16.42

The diluted earnings per share for the year ended 31 March 2012 are the same as the basic earnings per share because the potential ordinary shares in respect of the written put option issued to the non-controlling equity shareholder of a subsidiary of the Group (note 34) are anti-dilutive.

19 PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At April 1, 2010	142,975	9,032	96,577	19,128	10,743	278,455
Additions	1,033	6,765	49,951	19,239	66,542	143,530
Transfer	3,201	–	16,924	–	(20,125)	–
Disposals	–	(308)	(16,120)	(5,236)	–	(21,664)
At March 31, 2011	147,209	15,489	147,332	33,131	57,160	400,321
Acquisition through a business combination (note 40)	–	–	989	–	–	989
Other additions	259,564	3,893	86,133	42,849	112,245	504,684
Transfer	2,930	–	–	–	(2,930)	–
Movement of exchange rate	(5,468)	–	(1,000)	–	(599)	(7,067)
Disposal of subsidiaries (note 41)	–	(10)	(3,129)	–	–	(3,139)
Disposals	(26)	(3)	(10,068)	(14,222)	–	(24,319)
At March 31, 2012	404,209	19,369	220,257	61,758	165,876	871,469
Accumulated depreciation:						
At April 1, 2010	(3,511)	(4,244)	(40,306)	(15,912)	–	(63,973)
Depreciation charged for the year	(6,511)	(2,066)	(28,920)	(5,714)	–	(43,211)
Disposals	–	129	14,880	5,236	–	20,245
At March 31, 2011	(10,022)	(6,181)	(54,346)	(16,390)	–	(86,939)
Depreciation charged for the year	(7,499)	(1,798)	(44,801)	(18,972)	–	(73,070)
Movement of exchange rate	4	–	25	–	–	29
Disposal of subsidiaries (note 41)	–	–	634	–	–	634
Disposals	–	2	8,495	14,183	–	22,680
At March 31, 2012	(17,517)	(7,977)	(89,993)	(21,179)	–	(136,666)
Net book value:						
At March 31, 2012	386,692	11,392	130,264	40,579	165,876	734,803
At March 31, 2011	137,187	9,308	92,986	16,741	57,160	313,382

19 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

During the year ended March 31, 2012, the Group acquired several properties in U.K., one of which will function as the Group's European flagship store as well as its headquarter in Europe. Except for the freehold land of RMB217,186,000, buildings of RMB3,010,000 and construction in progress of RMB24,111,000 which are located in U.K., all other buildings were located in mainland China at March 31, 2012.

As at March 31, 2012, no interest expense was capitalized as the borrowing costs directly attributable to the acquisition of qualifying assets are not significant.

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

The Company

	Motor vehicles and others RMB'000
Cost:	
At April 1, 2011 and 2010	1,584
Additions	25
At March 31,2012	1,609
Accumulated depreciation:	
At April 1, 2010	(577)
Depreciation charge for the year	(430)
At March 31, 2011	(1,007)
Depreciation charge for the year	(424)
At March 31, 2012	(1,431)
Net book value:	
At March 31, 2012	178
At March 31, 2011	577

20 LEASE PREPAYMENTS

	The Group At March 31,	
	2012	2011
	RMB'000	RMB'000
Cost:		
At April 1	**32,434**	32,434
Additions	**3,336**	—
At March 31	**35,770**	32,434
Accumulated amortization:		
At April 1	**(1,231)**	(45)
Amortization charge for the year	**(686)**	(1,186)
At March 31	**(1,917)**	(1,231)
Net book value:		
At March 31	**33,853**	31,203

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	Trademarks RMB'000	Total RMB'000
Cost:				
At April 1, 2010 and 2011	292,741	352,769	—	645,510
Additions	—	—	5,000	5,000
Acquisition through a business combination (note 40)	484,312	245,113	201,765	931,190
At March 31, 2012	777,053	597,882	206,765	1,581,700
Amortization and impairment losses:				
At April 1, 2010	—	(119,598)	—	(119,598)
Amortization charge for the year	—	(16,459)	—	(16,459)
At March 31, 2011	—	(136,057)	—	(136,057)
Amortization charge for the year	—	(29,225)	(4,288)	(33,513)
At March 31, 2012	—	(165,282)	(4,288)	(169,570)
Net book value:				
At March 31, 2012	777,053	432,600	202,477	1,412,130
At March 31, 2011	292,741	216,712	—	509,453

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

21 INTANGIBLE ASSETS (continued)

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill are allocated to the following cash generating units (CGUs).

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

The recoverable amount of the cash-generating unit of Menswear is determined based on value in use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU with the assistance of an independent valuer. The value in use calculation uses cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3%. The discount rate used is CGU's specific weighted average cost of capital.

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

22 INVESTMENT PROPERTIES

	The Group At March 31,	
	2012	2011
	RMB'000	RMB'000
Cost:		
At April 1	**—**	—
Additions	**19,129**	—
Effect of movement in exchange rates	**(463)**	—
At March 31	**18,666**	—
Accumulated depreciation:		
At April 1	**—**	—
Charge for the year	**(865)**	—
Effect of movement in exchange rates	**20**	—
At March 31	**(845)**	—
Net book value:		
At March 31	**17,821**	—

Investment properties comprise land and buildings that are leased to third parties. All of the investment properties of the Group represent land and office buildings and are located in the U.K.. The Group leases out investment properties under operating leases. The leases typically carry rentals determined based on the lease contract with third parties for a period of six to eight years.

The aggregate fair value of the investment properties at March 31, 2012 was approximately GBP1,900,000 (equivalent of RMB 19,103,000). The valuation was estimated by the directors based on the present value of future cash flow expected to be received from renting out the properties.

23 DEFERRED TAX ASSETS AND LIABILITIES

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

	For the year ended March 31,	
	2012	2011
	RMB'000	RMB'000
At the beginning of the year	**5,272**	(88,264)
Acquisition through a business combination(note 40)	**(107,867)**	—
Recognized in profit or loss (note 13(a))	**47,448**	90,089
Recognized in other comprehensive income (note 13(c))	**2,023**	3,447
Disposal of subsidiaries (note 41)	**(897)**	—
At the end of the year	**(54,021)**	5,272
Representing:		
Net deferred tax assets	**200,708**	171,031
Net deferred tax liabilities	**(254,729)**	(165,759)
	(54,021)	5,272

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships and Trademark RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Unrealized profits arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At April 1, 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
Acquisition through business combination (note 40)	2,893	364	(111,720)	–	–	596	(107,867)
Credited/(charged) to profit or loss	19,389	(3,944)	6,300	15,172	(23,118)	33,649	47,448
Credited to other comprehensive income	–	–	–	–	–	2,023	2,023
Disposal of subsidiaries (note 41)	(897)	–	–	–	–	–	(897)
At March 31, 2012	50,463	2,660	(153,571)	(95,828)	48,307	93,948	(54,021)

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

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(c) Unrecognized deferred tax assets and liabilities

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

	The Group At March 31,	
	2012	2011
	RMB'000	RMB'000
Accumulated tax losses of subsidiaries	104,800	82,491
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	(1,797,888)	(2,274,268)

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2012, as management consider that it is not probable that the entities concerned will generate sufficient future taxable profits against which the unused tax losses can be utilized. Under the PRC tax regulations, tax losses can be carried forward for five years after the year of loss.

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

24 INVENTORIES

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

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

25 TRADE, BILLS AND OTHER RECEIVABLES

	The Group At March 31,		The Company At March 31,	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Trade receivables	748,272	560,807	—	—
Bills receivables	101,693	82,077	—	—
	849,965	642,884	—	—
Third party other receivables:				
• VAT recoverable	146,199	114,189	—	—
• Deposits	185,486	108,104	28,072	10
• Advances to employees	9,376	3,963	—	—
• Deposit within an escrow account	—	130,000	—	—
• Others	60,631	47,387	2,940	2,820
	1,251,657	1,046,527	31,012	2,830

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

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

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

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

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

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

26 OTHER FINANCIAL ASSETS

Other financial assets represent investments in short-term wealth management products issued by banks in the PRC, with guaranteed principals and fixed returns ranging from 6.7% to 7% per annum.

27 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns, ranging from 3.1% to 6.8% (2011: 3.3% to 6%) per annum.

28 PLEDGED BANK DEPOSITS

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

	The Group At March 31,	
	2012	2011
	RMB'000	RMB'000
Standby letters of credit	**547,238**	—
Bank borrowings (note 31)	**312,500**	751,000
Bills payable and letter of credit facilities	**3,000**	9,378
	862,738	760,378

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

29 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB471,021,000 (March 31, 2011: RMB1,300,479,000) and the Company's time deposits of Nil (March 31, 2011: RMB2,591,000) as at March 31, 2012 were deposited in banks for a period of over three months.

30 CASH AND CASH EQUIVALENTS

	The Group At March 31,		The Company At March 31,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**3,240,710**	3,478,486	**137,141**	15,473
Less: pledged bank deposits	**(862,738)**	(760,378)	**—**	—
time deposits with maturity over 3 months	**(471,021)**	(1,300,479)	**—**	(2,591)
Cash and cash equivalents	**1,906,951**	1,417,629	**137,141**	12,882

Cash at bank and on hand are denominated in:

	The Group At March 31,		The Company At March 31,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
– RMB	**2,908,057**	3,282,930	**—**	—
– USD	**159,448**	117,406	**106,779**	9,490
– HKD	**153,163**	8,411	**30,362**	5,983
– GBP	**19,816**	69,517	**—**	—
– EUR	**226**	186	**—**	—
– RUB	**—**	36	**—**	—
	3,240,710	3,478,486	**137,141**	15,473

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

31 INTEREST-BEARING BORROWINGS

	The Group			
	At March 31, 2012		At March 31, 2011	
	Nominal interest rate	RMB'000	Nominal interest rate	RMB'000
Current				
Secured short-term bank loans				
– HKD	HIBOR+1.6%~ HIBOR+1.7%	1,268,589	HIBOR+1.2%	488,534
– USD	LIBOR+1.5%~ LIBOR+3%	472,073	LIBOR+1.8%	98,346
		1,740,662		586,880

	The Company			
	At March 31, 2012		At March 31, 2011	
	Nominal interest rate	RMB'000	Nominal interest rate	RMB'000
Current				
Secured short-term bank loans				
– HK$	HIBOR+1.7%	972,720	HIBOR+1.2%	488,534
– US$	LIBOR+1.5%~ LIBOR+3%	472,073	LIBOR+1.8%	98,346
		1,444,793		586,880

Bank borrowings of RMB1,287,435,000 as at March 31, 2012 (March 31, 2011: RMB98,346,000) were secured by standby letters of credit.

Bank borrowings of RMB453,227,000 as at March 31, 2012 (March 31, 2011: RMB488,534,000) were secured by pledged deposits of RMB 312,500,000 (March 31, 2011: RMB751,000,000) (see note 28).

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

32 TRADE AND OTHER PAYABLES

	The Group At March 31,		The Company At March 31,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**450,623**	333,429	**—**	—
Other payables and accrued expenses				
• Deposits from customers	**273,373**	359,531	**—**	—
• Accrued rebates and commissions	**198,994**	165,141	**—**	—
• Accrued advertising expenses	**21,119**	52,424	**—**	—
• Accrued payroll and welfare	**142,405**	97,862	**1,117**	1,072
• VAT payable	**65,151**	23,771	**—**	—
• Consideration payables in connection with Menswear acquisition	**—**	130,000	**—**	—
• Contingent considerations payable (note 40)	**96,099**	—	**—**	—
• Dividends payable	**5,000**	5,000	**—**	—
• Others	**77,149**	11,534	**—**	—
	1,329,913	1,178,692	**1,117**	1,072

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

An ageing analysis of trade payables is set out below:

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

33 NON-CURRENT OTHER PAYABLES

	The Group At March 31,	
	2012 RMB'000	2011 RMB'000
Contingent considerations payable (note 40)	94,968	—
Cash-settled written put option (note 34)	235,471	—
	330,439	—

34 WRITTEN PUT OPTION TO NON-CONTROLLING EQUITY HOLDER

On November 4, 2011, the Group granted a written put option to Talent Shine International Limited, the non-controlling equity shareholder of Talent Shine Limited and Sunny Bright Global Investments Limited, (collectively known as the "Target Companies") after their acquisition by the Group as described in note 40. The put option gives the non-controlling equity holder the right to sell its entire interest in the Target Companies after March 31, 2015 at a consideration which comprises cash and a variable number of shares. The consideration for exercising the put option is dependent on the net profit of the Target Companies and their subsidiaries and in total shall not exceed RMB900,000,000.

On November 4, 2011, the Group recorded the present value of the redemption price of the cash settled portion of the written put option of RMB235,471,000 as a non-current payable with the corresponding decrease in other reserve, and the fair value of the share settled portion of the written put option as derivative financial liabilities of RMB14,068,000 with the corresponding decrease in other reserve.

As at March 31, 2012, the fair value of the derivative financial liabilities amounted to RMB14,230,000, with fair value change recorded in profit and loss.

35 INVESTMENT IN SUBSIDIARIES AND CONTROLLED SPECIAL PURPOSE ENTITY

	The Company At March 31,	
	2012 RMB'000	2011 RMB'000
Investment, at cost	—	—
Advances to subsidiaries	2,542,264	2,956,086
Investment in a controlled special purpose entity (note 37)	121,228	—
Equity-settled share-based payments	76,066	76,066
	2,739,558	3,032,152

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

35 INVESTMENT IN SUBSIDIARIES AND CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(a) Subsidiaries

At March 31, 2012, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
1) Enterprises established outside the PRC					
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	British Virgin Islands ("BVI") July 11, 2006	US$1/ US$50,000	100%	–	Investment holding
Talent Shine Limited 廸暉有限公司	Hong Kong April 10, 2007	HK$10,000/ HK$10,000	–	70%	Sourcing and distribution of non-down apparels
Long Pacific (H.K.) Ltd. 長隆(香港)有限公司	Hong Kong May 22, 2008	HK$1/ HK$10,000	–	100%	Investment holding
Ying Fai International Investment Limited 盈輝國際投資有限公司	BVI June 2, 2008	US$10,000/ US$50,000	–	100%	Investment holding
Rocawear (China) Limited 洛卡(中國)有限公司	Hong Kong July 2, 2009	US$100/ US$10,000	–	70%	Sourcing and distribution of non-down apparels
Bosideng UK Limited 波司登(英國)有限公司	the United Kingdom October 27, 2010	GBP1/ GBP1	–	100%	Sourcing and distribution of non-down apparels
Sunny Bright Global Investments Limited 朗輝環球投資有限公司	British Virgin Islands ("BVI") August 8, 2011	US$50,000/ US$50,000	–	70%	Sourcing and distribution of non-down apparels
Jessie International Holdings Limited 杰西國際控股有限公司	British Virgin Islands ("BVI") September 20, 2011	US$1/ US$1	–	100%	Investment holding

35 INVESTMENT IN SUBSIDIARIES AND CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(a) Subsidiaries (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
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	Shanghai, the PRC June 23, 2005	US$138,000,000/ US$138,000,000	–	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Garment Development Co., Ltd. 江蘇波司登服裝發展有限公司	Jiangsu, the PRC October 13, 2006	US$35,000,000/ US$35,000,000	–	100%	Sourcing and distribution of non-down apparels
Talent Shine Import & Export (Shenzhen) Co., Ltd. 迪輝達進出口(深圳)有限公司	Shenzhen, the PRC, July 16, 2007	RMB8,300,000/ RMB 8,300,000	–	70%	Distribution of non-down apparels
Rocawear (Shanghai) Fashion Co., Ltd. 洛卡薇爾(上海)服飾有限公司	Shanghai, the PRC August 28, 2008	US$10,000,000/ US$10,000,000	–	70%	Sourcing and distribution of non-down apparels
Shanghai Bosideng Trade Development Co. Ltd. 上海波司登商貿發展有限公司	Shanghai, the PRC, November 10, 2011	RMB10,000,000/ RMB10,000,000	–	100%	Distribution of down apparels
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	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	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	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. 上海波司登休閒服飾有限公司	Shanghai, the PRC June 28, 2006	US$68,000,000/ US$68,000,000	–	100%	Sourcing and distribution of down apparels

35 INVESTMENT IN SUBSIDIARIES AND CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(a) Subsidiaries (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
4) Domestic companies established in the PRC					
Changshu Bosideng Advertising Co., Ltd. 常熟市波司登廣告有限責任公司	the PRC, September 12, 1996	RMB10,000,000/ RMB10,000,000	–	100%	Advertisement agency
Shanghai Kangbo International Trading Co., Ltd. 上海康波國際貿易有限公司	the PRC, November 6, 2000	RMB6,000,000/ RMB6,000,000	–	100%	Import and export activities, including distribution of non-down apparels
Shenzhen Jessie Fashion Co., Ltd. 深圳市杰西服裝有限責任公司	the PRC, March 26, 2001	RMB16,500,000/ RMB16,500,000	–	70%	Sourcing and distribution of non-down apparels
Changshu Bosideng Import and Export Co., Ltd. 常熟市波司登進出口有限公司	the PRC, April 11, 2002	RMB5,000,000/ RMB5,000,000	–	100%	Sourcing and distribution of OEM
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	the PRC April 13, 2009	RMB100,000,000/ RMB100,000,000	–	100%	Distribution of down apparels
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	the PRC, November 17,2009	RMB50,000,000/ RMB50,000,000	–	100%	Distribution of down apparels
Shanghai Xugao Fashion Co., Ltd. 上海旭高時裝有限公司	the PRC, December 3, 2010	RMB200,200,000/ RMB200,200,000	–	56.04%	Distribution of non-down apparels
Shanghai Bosideng Ricci Fashion Co., Ltd. 上海波司登瑞琦時裝有限公司	the PRC, December 10,2010	RMB20,000,000/ RMB20,000,000	–	100%	Distribution of non-down apparels
Shanghai Dengwei Clothing Co., Ltd. 上海登威服飾有限公司	the PRC, March 11, 2011	RMB30,000,000/ RMB30,000,000	–	100%	Distribution of non-down apparels
Shanghai Bosideng Information Technology Co. Ltd. 上海波司登信息科技有限公司	the PRC, December 20, 2011	RMB38,000,000/ RMB38,000,000	–	100%	Start-up
Shanghai Xuezhongfei Enterprise Co. Ltd. 上海雪中飛實業有限公司	the PRC, February 8, 2012	RMB50,000,000/ RMB50,000,000	–	100%	Distribution of non-down apparels

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

35 INVESTMENT IN SUBSIDIARIES AND CONTROLLED SPECIAL PURPOSE ENTITY (continued)

(b) Controlled special purpose entity

There was a special purpose entity, BOCI Prudential Trustee Limited., controlled by the Company, which operates in Hong Kong and serves as a trustee for the Share Award Scheme (the "Trustee") (note 37). The principal activity of the special purpose entity is administrating and holding the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees.

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

As at March 31, 2012, the Company had contributed RMB121,228,000 to the Employee Share Trust for shares and the amount was recorded as "Investment in a controlled special purpose entity" in the Company's balance sheet.

36 SHARE CAPITAL

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

	Authorized		Issued and fully paid	
	Number of ordinary shares (thousand)	Nominal value of ordinary shares US$('000)	Number of ordinary shares (thousand)	Nominal value of ordinary shares US$('000)
At April 1, 2010	20,000,000	200	7,772,350	78
At March 31, 2011	20,000,000	200	7,772,350	78
RMB equivalent ('000)		1,556		607
At April 1, 2011	20,000,000	200	7,772,350	78
Issue of ordinary shares for a business combination (b)	—	—	235,000	2
At March 31, 2012	20,000,000	200	8,007,350	80
RMB equivalent ('000)		1,556		622

36 SHARE CAPITAL (continued)

(a) Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of US$100, divided into 100 shares of par value of US$1.00 each. 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 of US$0.0001 each and 5,336 Series B convertible preference shares of US$0.0001 each.

(b) Issue of share capital

Pursuant to an acquisition agreement entered into between Jessie International Holdings Limited and an independent third party on October 28, 2011, 235,000,000 new ordinary shares were issued by the Company on November 4, 2011 as a part of the consideration for the acquisition of 70% of the equity interest in Talent Shine Limited and Sunny Bright Global Investments Limited. As at the date of this report, the number of outstanding ordinary shares of the Company was 8,007,350,000.

37 SHARE AWARD SCHEME

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

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

On March 31, 2012, the Trustee purchased 28,096,000 shares of the Company at a total cost (including related transaction costs) of RMB34,518,000 which has been deducted from shareholders' equity. No shares had been awarded to selected employees as of March 31, 2012 under the Share Award Scheme.

38 RESERVES

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

	Attributable to the equity shareholders of the Company				
	Share premium RMB'000 (note 38 e)	Capital reserves RMB'000 (note 38 a)	Translation reserves RMB'000 (note 38 c)	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2010	4,032,370	71,122	(598,483)	291,839	3,796,848
Total comprehensive income for the year					
Profit for the year	—	—	—	(31,010)	(31,010)
Equity-settled share-based payment transactions	—	4,944	—	—	4,944
Foreign translation differences – foreign operations	—	—	(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
Total comprehensive income for the year					
Profit for the year	—	—	—	(47,352)	(47,352)
Issue of ordinary shares related to a business combination (note 40)	412,332	—	—	—	412,332
Foreign translation differences – foreign operations	—	—	(66,956)	—	(66,956)
Dividends (note 17)	(1,299,140)	—	—	—	(1,299,140)
Balance at March 31, 2012	1,956,392	76,066	(784,578)	213,477	1,461,357

38 RESERVES (continued)

(a) Capital reserves

The capital reserves at March 31, 2012 and 2011 represent the value of employee services in respect of shares granted to employees and consultants.

(b) Statutory reserves

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

(c) Foreign currency translation reserves

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

(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, 2012, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB1,461,357,000 (2011: RMB2,462,473,000).

38 RESERVES (continued)

(f) Capital management

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

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

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

The debt-to-equity ratio as at March 31, 2012 and 2011 was as follows:

		The Group		The Company	
	Note	**2012**	2011	**2012**	2011
		RMB'000	RMB'000	**RMB'000**	RMB'000
Debts:					
– Interest-bearing borrowings	31	**1,740,662**	586,880	**1,444,793**	586,880
– Trade and other payables	32	**1,329,913**	1,178,692	**1,117**	1,072
– Payables due to related parties	42(b)	**604**	14,365	**—**	—
– Non-current other payables	33	**330,439**	—	**—**	—
– Derivative financial liabilities	34	**14,230**	—	**—**	—
Total debts		**3,415,848**	1,779,937	**1,445,910**	587,952
Shareholders' equity		**7,138,241**	6,873,186	**1,461,979**	2,463,080
Debt-to-equity ratio		**47.9%**	25.9%	**98.9%**	23.9%

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

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

39 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at March 31, 2012 not provided for in the consolidated financial statements were as follows:

	The Group At March 31,	
	2012	2011
	RMB'000	RMB'000
Contracted for	**153,076**	71,825
Authorized but not contracted for	**88,104**	160,063
	241,180	231,888

The Company had no capital commitments outstanding at March 31, 2012.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	The Group At March 31,		The Company At March 31,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**136,724**	119,560	**73**	362
After 1 year but within 5 years	**294,587**	307,429	**—**	753
Over 5 years	**1,078**	2,389	**—**	—
	432,389	429,378	**73**	1,115

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 RMB588,661,000 for the year ended March 31, 2012 (2011: RMB412,667,000).

(c) Contingent liabilities

As at March 31, 2012, the Group and the Company did not have any significant contingent liabilities.

40 BUSINESS COMBINATION

Acquisition of Talent Shine Limited and Sunny Bright Global Investments Limited

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

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

The total consideration payable by the Group comprises cash consideration of RMB148 million, issuance of 235,000,000 new ordinary shares on the Acquisition Date with the fair value based on the closing market price of HK$2.16 per share, and contingent considerations depending on the Target Group's adjusted net profits (as defined by the Sales and Purchase Agreement (the "SPA")) from March 31, 2012 to March 31, 2015, which are repayable within three years. The fair value of the contingent considerations payable at the Acquisition Date is RMB189,110,000. At March 31, 2012, the fair value of contingent considerations payable had increased to RMB191,067,000, of which RMB96,099,000 is included in Trade and other payables (note 32) and RMB94,968,000 is included in the Non-current other payables (note 33), respectively in the Group's consolidated balance sheet as of March 31, 2012.

40 BUSINESS COMBINATION (continued)

Acquisition of Talent Shine Limited and Sunny Bright Global Investments Limited (continued)

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

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognized values on acquisition RMB'000
Property, plant and equipment (note 19)	989	—	989
Intangible assets (note 21)	—	446,878	446,878
Inventories	47,106	—	47,106
Trade and other receivables	49,084	—	49,084
Prepayments for materials and service suppliers	3,746	—	3,746
Available-for-sale financial assets	40,621	—	40,621
Cash and cash equivalents	51,508	—	51,508
Trade and other payables	(135,229)	—	(135,229)
Income tax payables	(18,641)	—	(18,641)
Deferred tax assets/(liabilities) (note 23)	3,853	(111,720)	(107,867)
Net identified assets	43,037	335,158	378,195
Non-controlling interests arising from the acquisition			(113,458)
Goodwill arising from the acquisition (note 21)			484,312
Total consideration			749,049
Representing:			
Cash			147,592
Allotment of new ordinary shares (note 36(b))			412,347
Contingent considerations payable			189,110
			749,049
Analysis of the net cash outflow in respect of the acquisition:			
Cash consideration paid			147,592
Less: cash acquired			(51,508)
Net cash outflow in acquisition			96,084

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

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

41 DISPOSAL OF SUBSIDIARIES

Pursuant to a sale and purchase agreement dated March 12, 2012, the Group disposed of its entire equity interest in Shanghai Lanboxing Kids Clothing Co., Ltd and Guangdong Lanboxing Kids Clothing Co., Ltd, the then subsidiaries indirectly held by the Company, to an independent third party for a cash consideration of RMB10,408,000. The disposal transaction was completed on March 31, 2012.

The above disposal had the following effect on the Group's assets and liabilities upon the date when control was lost:

Net assets disposed of:	RMB'000
Property, plant and equipment	2,505
Inventories	57,258
Trade and other receivables	40,898
Prepayments for materials and service suppliers	10,238
Cash and cash equivalents	433
Trade and other payables	(99,530)
Income tax payables	1,452
Deferred tax assets	897
Net assets	14,151
Non-controlling interests	(6,934)
Gain on disposal of subsidiaries (note 8)	3,191
Cash proceeds from disposal of subsidiaries	10,408

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Cash consideration	10,408
Less: cash disposed of	(433)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	9,975

42 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	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	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	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	Effectively controlled by the Gao Family, the controlling equity shareholders of the Group

42 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,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Purchase of raw materials				
Bosideng Corporation	**153**	751	**—**	—
Jiangsu Suyong	**—**	1,000	**—**	—
Zhongke Bosideng	**11,064**	10,184	**—**	—
Total	**11,217**	11,935	**—**	—
Rental expenses for lease of properties				
Bosideng Corporation	**6,456**	3,937	**—**	—
Shanghai Bosideng Holdings Group	**659**	873	**—**	—
Shandong Kangbo	**2,135**	2,135	**—**	—
Jiangsu Suyong	**1,307**	3,380	**—**	—
Total	**10,557**	10,325	**—**	—
Processing fee				
Bosideng Corporation	**444,508**	303,604	**—**	—
Shandong Kangbo	**7,340**	8,286	**—**	—
Jiangsu Kangxin	**16,100**	20,382	**—**	—
Total	**467,948**	332,272	**—**	—

42 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,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Integrated service fees				
Bosideng Corporation (i)	**6,427**	3,766	**—**	—
Total	**6,427**	3,766	**—**	—
Acquisition of lease prepayment				
Bosideng Corporation	**3,336**	—	**—**	—
Total	**3,336**	—	**—**	—

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.

42 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	The Group At March 31,		The Company At March 31,	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables due from:				
Bosideng Corporation	**86,102**	89,097	**—**	—
Jiangsu Suyong	**—**	528	**—**	—
Jiangsu Kangxin	**101**	773	**—**	—
Zhongke Bosideng	**2,072**	6,729	**—**	—
	88,275	97,127	**—**	—
Total receivables due from related parties	**88,275**	97,127	**—**	—
Trade payables due to:				
Shandong Kangbo	**—**	315	**—**	—
Jiangsu Suyong	**604**	—	**—**	—
	604	315	**—**	—
Other payables due to:				
Other related parties	**—**	14,050	**—**	—
Total payables due to related parties	**604**	14,365	**—**	—

43 POST-BALANCE SHEET EVENTS

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

(ii) Subsequent to March 31, 2012, the Company is negotiating a financing arrangement with Deutsche Bank AG, Taipei Branch and Standard Chartered Bank (Hong Kong) Limited. The proposed arrangement has a revolving credit ranging from USD150 million to USD250 million, each draw down bears an interest rate of LIBOR+2.25% per annum and matures in 3 years from the draw down date. Up to the issuance of these consolidated financial statements, the arrangement had not been finalized.

44 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2012 to be Kong Bo Investment Limited, which is incorporated in the British Virgin Islands.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Dekang
(Chairman of the Board of Directors)(Notes 1 & 2)
Ms. Mei Dong
Dr. Kong Shengyuan
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Ms. Wang Yunlei

Non-executive Director

Mr. Shen Jingwu(Note 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

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Tel: (852) 2866 6918
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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 ADVISOR AS TO HONG KONG LAW

DLA Piper Hong Kong

AUDITOR

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. Wang is the Chairman of the Committee

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

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

SHAREHOLDER INFORMATION

IMPORTANT DATES

Closure of Register of Members

August 23, 2012 to August 28, 2012
(for attending the Annual General Meeting)
(both days inclusive)

September 3, 2012 to September 6, 2012
(for entitlement to the Final Dividend)
(both days inclusive)

Annual General Meeting

August 28, 2012

Dividends

Final Dividend	:	HKD 12.0 cents per share
Payable on	:	September 12, 2012

Financial Year End

March 31

Board Lot

2,000 Shares

Bosideng International Holdings Limited

波司登國際控股有限公司