BOSIDENG

ANNUAL REPORT 08/09

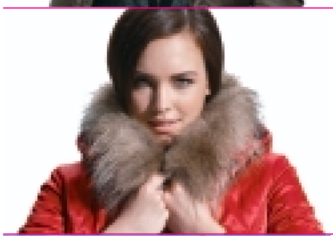
波司登
BSD
BOSIDENG

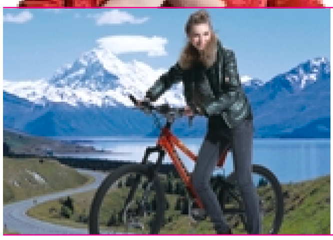
Bosideng International Holdings Limited

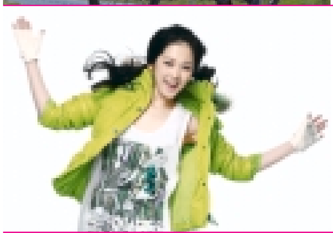
(Incorporated in the Cayman Islands with limited liability)

Stock code : 3998

Contents







Company Profile

Bosideng International Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is the largest down apparel company in the PRC. Its retail distribution network comprises 5,662 retail outlets covering more than 65 cities across the nation, selling down apparel under its six core brands including "Bosideng", "Snow Flying", "Kangbo", "Bingjie", "Shuangyu" and "Shangyu". Through these brands, the Group offers a wide range of down apparel products targeting various consumer segments, strengthening and expanding its leading position in the PRC down apparel industry.

According to China Industrial Information Issuing Centre ("CIIIC"), in terms of sales in 2008, "Bosideng", "Snow Flying", "Kangbo" and "Bingjie" down apparel products achieved a combined market share[#] of 39.5% in the PRC. "Bosideng" was the leading down apparel brand in the PRC for 14 consecutive years from 1995 to 2008, according to the CIIIC and the National Bureau of Statistics of China. As a leader in the PRC down apparel industry, the Group introduced, for the 13th consecutive year, the latest fashionable winter apparel trends to the world on behalf of the PRC at the "China International Clothing and Accessories Fair". The "Bosideng" brand has been named one of China's Top 10 Brands in the World Market by the World Confederation of Productivity Science, Chinese Association of Productivity Science and World Productivity Congress. In 2007, "Bosideng" was the only apparel brand awarded China's World Famous Brand by the PRC General Administration of Quality Supervision, Inspection and Quarantine. In 2009, the Group was ranked No. 160 on the list of the "World's Most Reputable Companies" by Reputation Institute.

To further optimize its product mix and increase profitability, the Group has gradually begun to implement a "non-seasonal product" development strategy. In September 2008, the Group opened its first non-seasonal apparel specialty store in Changshu; in May 2009, the Group acquired a menswear company and made its entry into the menswear business. In the same month, the Group formed a joint venture company to engage in the sales, promotion and development of an international brand "Rocawear" in the Greater China Region (including China, Hong Kong, Macau Special Administrative Region and Taiwan).

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

Milestones and Achievements

Awards and recognition

The Group has won a number of honours and accolades during the year under review, which is a testament to its leading position in the apparel industry.

Major highlights of the year included:

- In December 2008, the Group was awarded the ***"2008 China Brand Annual Prize (Down Apparel Industry)"*** by the international brand research institution, World Brand Lab. This is the second consecutive year that the Group was awarded the prize, demonstrating the Group's market leading position

- In December 2008, the Group was named as the ***"Most Valuable Chinese Brand 2008"*** with a value of RMB16.06 billion, in the research jointly carried out by RREEF Global Rankings (睿富全球排行榜) and Beijing Famous-brand Evaluation Co., Ltd., which is a ranking of the value of leading brands in Chinese industries

- In November 2008, the Group was granted the ***"National Quality Prize"*** (the top prize in national quality control) by the China Association for Quality representing a market recognition of its product quality

- In August 2008, the Group was named the "***Leading Textile Clothing Brand in China***" by the China National Textile and Apparel Council at the Cultural and Recommendation Meeting for the Top Ten Textile Brands in China; and "Snow Flying" was elected the "***Top Ten Textile Brands in China***"

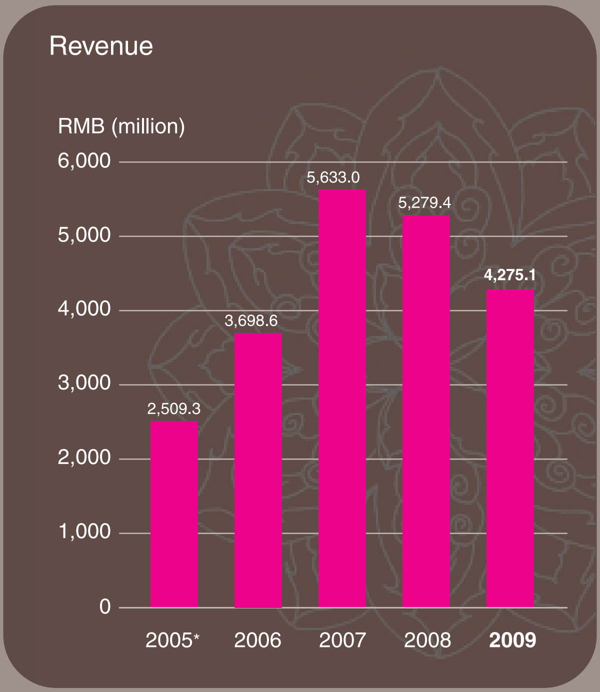
- In June 2008, the Group was honored as the ***"Benchmark Brand of Chinese Down Apparel Industry"*** by the China Brand Research Institute, thereby affirming the Group as having one of the most influential brands in the China market

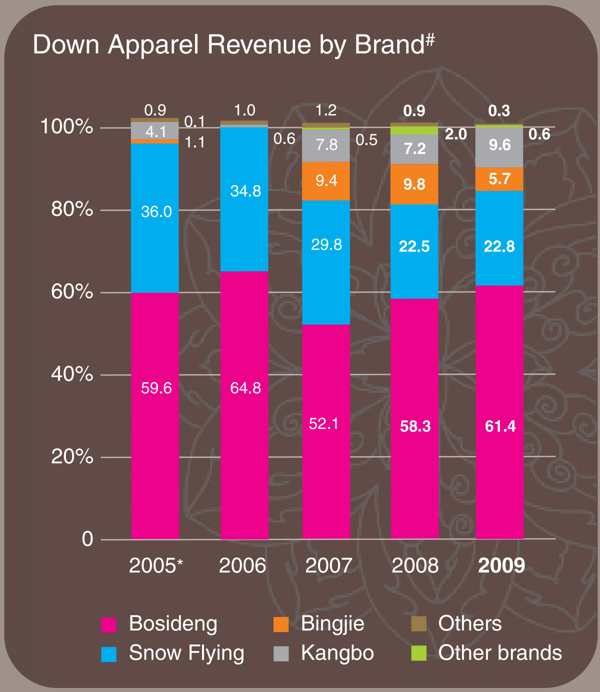
- In April 2008, the Group was ranked among ***"Top 100 Enterprises"*** by the China National Garment Association

Financial Highlights

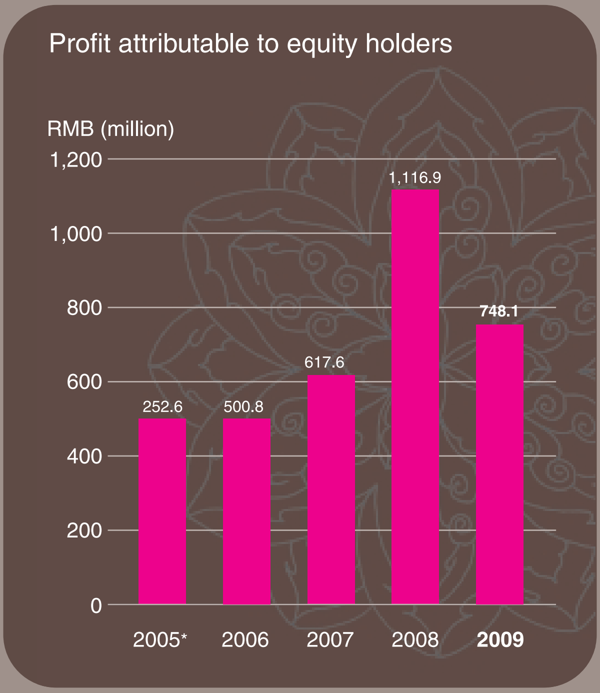
(All amounts in RMB thousands unless otherwise stated)

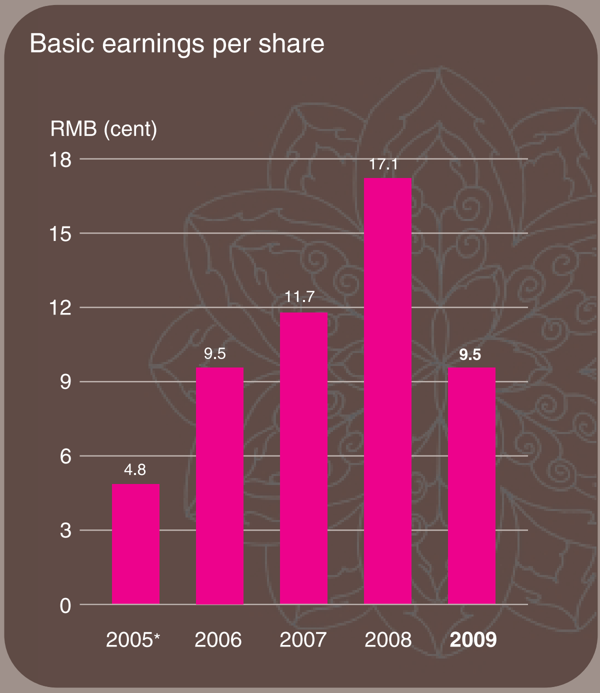
		Year ended March 31,			For the 10 months ended March 31,
	2009	2008	2007	2006	2005
Revenue	**4,275,144**	5,279,416	5,632,967	3,698,641	2,509,297
Gross Profit	**1,944,971**	2,408,802	1,987,458	1,417,041	806,250
Profit from operations	**679,765**	1,163,748	854,920	764,129	433,038
Profit attributable to equity holders of the Company	**748,120**	1,116,937	617,593	500,786	252,579
Non-current assets	**85,569**	50,267	30,825	6,656	660,267
Current assets	**7,284,141**	7,851,204	3,123,799	1,492,698	1,550,100
Current liabilities	**723,916**	779,889	2,456,151	1,119,642	1,415,544
Net current assets	**6,560,225**	7,071,315	667,648	373,056	134,556
Total assets	**7,369,710**	7,901,471	3,154,624	1,499,354	2,210,367
Total assets less current liabilities	**6,645,794**	7,121,582	698,473	379,712	794,823
Total equity	**6,595,794**	7,088,582	571,284	379,712	794,823
Gross profit margin (%)	**45.5**	45.6	35.3	38.3	32.1
Operating margin (%)	**15.9**	22.0	15.2	20.7	17.3
Net profit margin (%)	**17.5**	21.2	11.0	13.5	10.1
Earnings per share					
— basic (RMB cents)	**9.5**	17.1	11.7	9.5	4.8
— diluted (RMB cents)	**9.5**	16.2	11.1	9.5	4.8





\# Sales rebates are not deducted from the total down apparel revenue or from revenue of each brand. Sales rebates accounted for 1.8%, 1.2%, 0.8%, 0.7% and 0.4% of total down apparel revenue for the ten months ended March 31, 2005 and the years ended March 31, 2006, 2007, 2008 and 2009 respectively.





* *Refer to the 10-month period ended March 31, 2005*

Leading in the Industry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Chairman's Statement

"Dear shareholders,

The Group is confident that, by capturing opportunities, actively adjusting the operating strategy, actively increasing the strength of management standard and actively expediting the pace of innovation, it will definitely further create more room for new development amidst adverse conditions."

Mr. Gao Dekang
Chairman

Market review

Currently, the financial turmoil has swept the globe. Domestic and international economic conditions have changed considerably with increased uncertainties and difficulties. The trend of an economic downturn is apparent. The growth of the PRC economy has also slowed down while enterprises are faced with severe challenges and trials.

Looking back to the 2008/09 year, the PRC down apparel industry saw a relatively significant decrease in its overall sales performance. A large number of small to medium down apparel enterprises exited the industry, as they were unable to withstand the adverse economic conditions. Leading large down apparel enterprises with advantages in brand, capital, technology and management strengthened their market position despite a decline in their results for the period.

Facing such severe conditions, the PRC government promptly adjusted its macro-economic policy, introduced various plans for vitalizing the economy and actively propelled structural adjustment and industry integration. This undoubtedly brought development opportunities for large dominant enterprises.

Business review

During the year under review, the Group moderately adjusted its production plan, implemented its business concept of "quantity reduction, high quality and price increase", stepped up efforts in developing medium and high end markets, increased the added value of products and implemented the "off-season strategic sales plan" to sell stocks so as to minimize the impact of the financial crisis on the Group. Despite a reduction in sales to some extent, the Group still recorded much higher sales than other players in the industry, and its gross profit margin remained relatively high.

Number One in sales throughout the country for 14 years in a row

According to statistics released by CIIIC and National Bureau of Statistics, "Bosideng" has been ranked as the top brand in terms of sales for 14 consecutive years since 1995. The total market share of the Group's brand portfolio in 2008, including "Bosideng", "Snow Flying", "Kangbo" and "Bingjie", was 39.5% (2007: 39.9%). "Bosideng" and "Snow Flying" were ranked first and second respectively, with a market share of 26.34 % and 10.05% respectively. "Kangbo" and "Bingjie" were ranked No.7 and No.11 respectively.

Winning the title of "leading brand in the industry"

After being awarded "China's World Famous Brand" in 2007, Bosideng was awarded the "National Quality Prize" (the top prize in national quality control) by the China Association for Quality, the "Achievement Prize" (the annual prize for China's apparel brands) by the China National Garment Association, and the title of "Leading Textile Clothing Brand in China" by the China National Textile and Apparel Council in 2008, thus significantly enhancing its brand value.

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

Being a leading enterprise and a trend leader in the industry, the Group has committed to enhancing its design and research and development capabilities. From styles, fabrics to concepts, the Group has been constantly innovating and upgrading its products. The Group organized the "2009/10 Fall/Winter Cold-resistant Apparel Trends Conference" in March 2009 under the theme of "Taste" at the "2009 China International Clothing and Accessory Fair". The Company's exhibition hall adopted "City" as its main theme to create a visual effect incorporating stylish, healthy and modern elements and deliver the Group's brand message of "enabling people to enjoy a better living". The Group has therefore, on behalf of the apparel industry in the PRC, become the only enterprise to unveil to the world the trends in winter cold-resistant clothing for 13 consecutive years.

Overcoming seasonal restrictions to develop the non-seasonal product business

To enrich the existing product mix, mitigate the seasonal restrictions on seasonal products, reduce corporate operation risks, develop new profit growth sources and increase corporate profitability, the Group has formulated the "non-seasonal product" development strategy. In September 2008, the Group's first non-seasonal apparel specialty store opened for business in Changshu. On September 17, 2008, a new product release conference named "Bosideng 2008 Fashion Carnival" was held in Changshu, Jiangsu. At the conference, the Group officially unveiled its first non-seasonal apparel collection targeting medium and high end markets. In March 2009, at the 17th China International Clothing and Accessory Fair held in Beijing, the Group officially exhibited its non-seasonal apparel collections, winning great acclaim.

Future development strategy

Looking ahead, although the impact of the financial crisis has persisted, the Group is fully confident that it can overcome difficulties, firmly grasp development opportunities amidst the challenges and achieve a sustained healthy and rapid development.

The year of 2009/10 will be a year of overall development for the Group. While fully integrating domestic sales resources, consolidating and upgrading the domestic market, the Group will also make full use of international resources to actively facilitate product transformation by various ways such as mergers and acquisitions, distribution arrangement and joint ventures so as to completely change the business model of selling only seasonal products and commence the Group's business of non-seasonal products.

As for retail channel construction and management, retail channels for down apparel products will continue to be rationalized and optimized while non-seasonal products which are sold through the specialty stores operated by the Group will focus on market expansion. The Group will also open high end flagship stores in major cities such as Beijing and Shanghai and will progressively establish specialty stores overseas to sell apparel collections under the "Bosideng" brand and improve the "Bosideng" international sales network, thereby enhancing the position of "Bosideng" apparel in the international market.

As for brand marketing strategy, the Group will continue to refine the market and expand its market share through differentiated marketing. The Group will further enhance the brand positioning of "Bosideng" and develop "Bosideng" into an internationally renowned brand, and at the same time, make full efforts to drive the separate growth of its other dominant brands as "Snow Flying", "Kangbo" and "Bingjie".

In addition, the Group will also continue to focus on enhancing its design and research and development capabilities and increasing internal management efficiency with a view to strengthening the overall competitiveness of the Group.

Appreciation

Under the impact of the international financial crisis, the Group still managed to maintain an advantageous leading position in the industry despite a decline in its results for the year. This was attributed to the efforts of all staff and the support of consumers for the Group's products. I would like to express my heartfelt gratitude to all staff for their dedication and outstanding performance and to our shareholders, distributors, customers and suppliers for their long-term support.

Gao Dekang
Chairman

July 6, 2009

Bringing Fruitful Returns to our Shareholders

Management Discussion and Analysis

Market Review

Amidst the current financial tsunami, this global financial crisis has caused major economies in the world to experience a concurrent recession which has been unseen for many years. The PRC, which has maintained an increasingly close economic link with the global economy, has inevitably been subject to the adverse influence and impact of the international economic environment, resulting in a slowdown in economic growth.

The year of 2008/09 saw PRC enterprises being confronted with great challenges and trials. The down apparel industry was no exception. Under the pressure of internal challenges and the external crisis, the industry experienced a decrease in overall sales performance. A large number of small-and-medium-sized down apparel enterprises which were vulnerable to risks were eliminated because of their incapability of survival. In contrast, leading large down apparel enterprises with advantages in brand, capital, technology and management had strengthened their market position despite a decline in their performance to a certain extent.

The Group believes development opportunities always co-exist with challenges. During this global economic downturn, the performance of enterprises will inevitably be subject to fluctuations in the short run. However, from a long-term perspective, the current economic conditions and the direction of state policies are geared towards accelerating adjustments to industry structures and enhancing the business performance of large enterprises. This will be extremely beneficial to the development of leading enterprises within the Group's industry. The Group believes it has great potential for development in adversity by capturing opportunities amidst difficulties and challenges.

Business review

Steadily maintaining the position of market leader and strong profitability

Despite a difficult operating environment, the Group has leveraged its strong brand advantage and design capabilities based on leading industry trends and has successfully implemented its multi-brand coordination strategy, moderately adjusted its production plan, implemented its business concept of "quantity reduction, high quality and price increase", stepped up efforts in developing medium and high end markets, increased the added value of products and implemented the "off-season strategic sales plan" to sell stocks so as to minimize the impact of the financial crisis on the Group. In 2008/09, despite a reduction in sales to some extent, the Group still recorded much higher sales than other players in the industry, steadily maintained its leading position and its gross profit margin remained relatively high.

According to statistics released by CIIIC and National Bureau of Statistics, "Bosideng" has been ranked as the top brand in terms of sales for 14 consecutive years since 1995. Based on the report issued by the China Industrial Information Issuing Center in 2008, the total market share of the Group's brand in 2008, including "Bosideng", "Snow Flying", "Kangbo" and "Bingjie", was 39.5% (2007: 39.9%). Among them, "Bosideng" and "Snow Flying" were ranked first and second respectively, with a market share of 26.34 % and 10.05% respectively. "Kangbo" and "Bingjie" were ranked No.7 and No.11 respectively.

Simple Natural Elegant

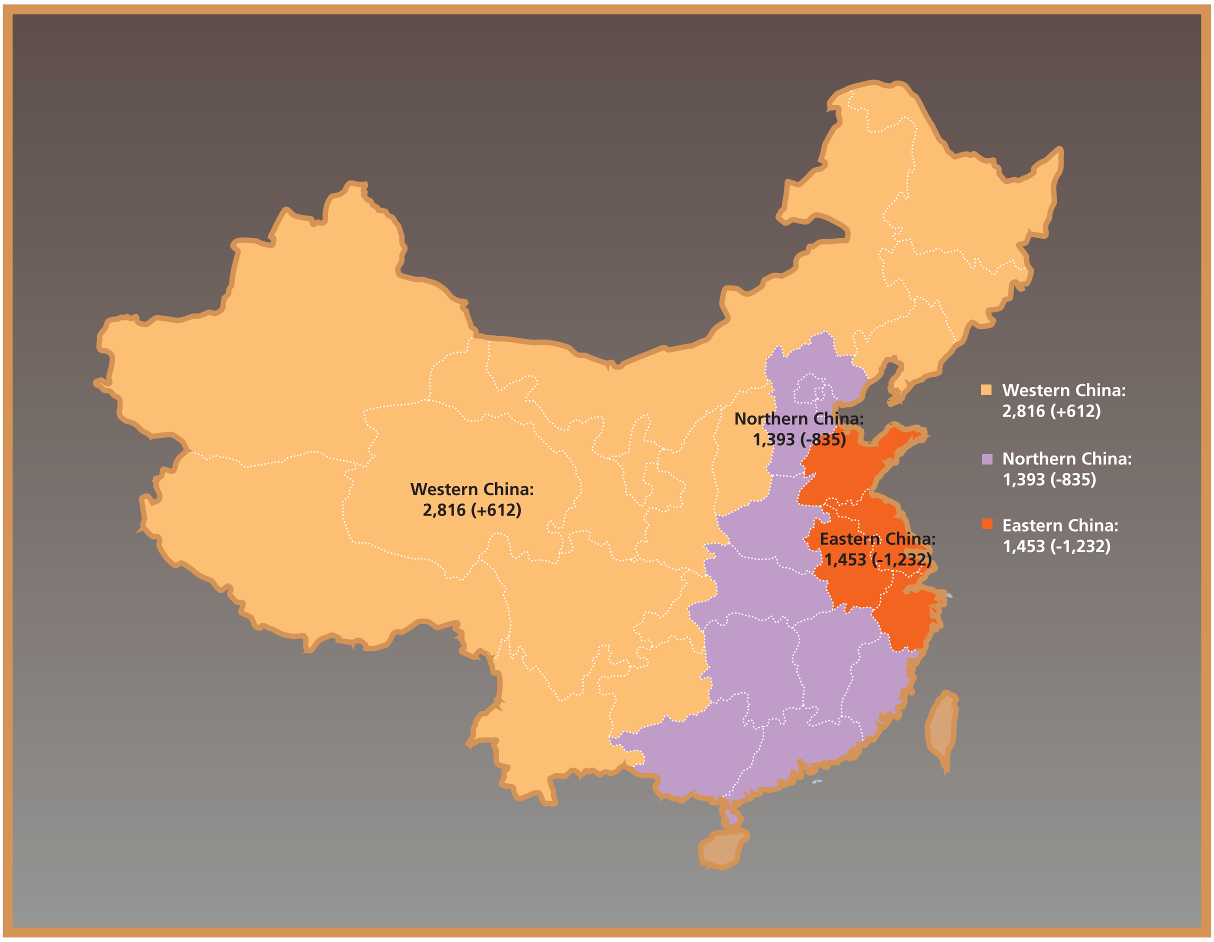
Strong leading brand value and marketing efforts

In September 2007, the Group's brand had the honor of being the only apparel brand in the PRC to be awarded "China's World Famous Brand" by the PRC General Administration of Quality Supervision, Inspection and Quarantine. Subsequently, in 2008, the Group's brand was awarded the "National Quality Prize" (the top prize in national quality control) by the China Association for Quality, the "Achievement Prize" (the annual prize for China's apparel brands) by the China National Garment Association, and the title of "Leading Textile Clothing Brand in China" by the China National Textile and Apparel Council. In addition, in a survey jointly conducted by RREEF Global Rankings (睿富全球排行榜) and Beijing Famous-brand Evaluation Co., Ltd., the Group's brand was elected "2008 China's Most Valuable Brands". In a competition organized by World Brand Lab, an international brand research institution, the Group's brand was awarded "2008 China Brand Annual Prize (Down Apparel Industry)". These numerous awards represent the Group's significant achievement milestone in its brand building and management efforts and have significantly enhanced its brand value.

Being a leading enterprise and a trend leader in the industry, the Group organized the "2009/10 Fall/Winter Cold-resistant Apparel Trends Conference" in March 2009 under the theme of "Taste" at the "2009 China International Clothing and Accessory Fair" (which is an annual large event for major manufacturers in the industry to unveil apparel trends and the latest design concepts). The exhibition hall of the Company used "City" as the main concept which produced a visual effect incorporating stylish, healthy and modern elements and delivered the brand message of "enabling people to enjoy a better living". The Group has therefore, on behalf of the apparel industry in the PRC, become the only enterprise to unveil to the world the trends in winter cold-resistant clothing for 13 consecutive years and further consolidated its leading brand position in the winter cold-resistant clothing of the PRC by leveraging its leading advantages in the market and design.

In order to adapt to severe and complicated domestic and international competitive conditions and strengthen brand building, various domestic apparel enterprises have reached a consensus on establishing a strong brand image through high-end media platforms. The Group has adopted a "support + supplement" strategy in advertising spending. This strategy involves using CCTV as the support and other media channels as the supplement, whereby over 60% of the commercials will be broadcasted through CCTV. With the help of high-end platforms such as CCTV, the Group has significantly differentiated itself from its competitors in terms of advertisement broadcasts. In November 2008, at CCTV's "2009 Bidding of Prime-time Commercials", the Group maintained its leading position among textile clothing enterprises with an estimated advertising budget amounting up to RMB220 million. Apart from launching TV commercials, the Group also integrated resources from various aspects, including various promotion media and methods such as organizing apparel expos, new product release conferences, sponsoring sports activities, appointing stars as spokesmen, outdoor advertisements and web sites, shop promotion and product display, so as to continue its brand building and marketing efforts, communicate its brand concept and the uniqueness of its products to consumers and increase the awareness of the Group's products among consumers in the target markets.

The Group has persevered in implementing a multi-brand policy, thus achieving the coordinated and effective development of all sub-brands. The Group's leading brand, "Bosideng", targets medium and high end markets, with product types and styles emphasizing stylish, quality, casual and classical characteristics. The Group's second leading brand, "Snow Flying", is positioned as a major brand for casual, sports and down apparel and targets customers who are full of vigor of life. The Group's "Kangbo" and "Bingjie" brands target the general low and medium end public. "Kangbo" mainly provides basic styles and comprises principally menswear whereas "Bingjie" focuses on down apparel of young and trendy styles and comprises principally lady's wear.



Notes: Retail outlet as at March 31, 2009
Figures in bracket denote change as compared to March 31, 2008

Eastern China areas: including Shandong Province, Eastern China and South Eastern China
Northern China areas: including Central and Northern China
Western China areas: including provinces and regions other than those in Eastern and Northern China areas

Product advantages demonstrated by excellent research and development, design and innovation capabilities

The Group believes strengthening and diversifying product design is the key to enhancing product competitiveness and achieving long-term success provided that the functions and features of down apparel are not affected. In this connection, the Group has been continuously developing technological research and development and product design systems. From styles, fabrics to concepts, the Group has been constantly innovating and upgrading its products. To further strengthen its design capability, the Group has also conducted exchanges and cooperated with designers from France and Korea so as to obtain first-hand information on the latest international trends. The Group's product design team has also conducted market surveys from time to time and participated in various trade fairs and carefully analyzed sales performance to gain an insight into customer needs, thereby keeping abreast of the latest trends. Meanwhile, the Group is also continuously expanding its product offerings, optimizes the product mix and facilitates product differentiation with a view to catering to the tastes of consumers of all ages.

As an enterprise unveiling to the world the trends in winter cold-resistant clothing on behalf of China for 13 consecutive years, the Group's product designs have provided an absolute trend direction for winter cold-resistant clothing in the PRC each year. The introduction of design concepts incorporating stylish, casual and sports elements in the down apparel industry to deliver a new concept of "light, thin, elegant" for down apparel, the launch of environmentally friendly and ecological anti-bacterial down apparel integrating environmental protection and trendiness, and the launch of anti-bacterial down apparel with water-repellant, oil-repellant, stain-repellant, anti-bacterial, fungus-resistant, odourless and self-cleaning characteristics through the application of international advanced "nano technology" in down apparel are testament to the repeated innovations of the Group which have led to significant progress and have also driven the upgrading of the entire down apparel industry within China.

Changing the seasonal product business model and implementing the non-seasonal product strategy

To enrich the existing product mix, mitigate the seasonal restrictions on seasonal products, reduce corporate operation risks, develop new profit growth sources and increase corporate profitability, the Group has formulated the "non-seasonal product" development strategy, correspondingly established a non-down apparel product business and product development team, and started to extend its brand concept through a series of non-seasonal products.

In September 2008, the Group's first non-seasonal apparel specialty store opened for business in Changshu. On September 17, 2008, a new product release conference named "Bosideng 2008 Fashion Carnival" was held in Changshu, Jiangsu. At the conference, the Group officially unveiled its first non-seasonal apparel collection targeting medium and high end markets. In March 2009, at the 17th China International Clothing and Accessory Fair held in Beijing, the Group officially exhibited its non-seasonal apparel collections. It changed its original business model of selling only seasonal products and commenced the Group's business of non-seasonal products, thereby winning great acclaim. This was another important milestone in the development of "Bosideng" brand after the Group started to implement the strategy of introducing non-seasonal products in its brand portfolio with a view to increasing the trendiness and attractiveness of its products.

Strengthening of the supply chain and the rationalization and optimization of the distribution network

The Group has continued to implement strict control over each step of the supply chain and effectively manages its product quality through a competitive cost structure. During the period under review, to strengthen network management capability and shorten the time between ordering and delivery of products for replenishment at the retail level, the Group implemented the enhancement plan to upgrade the ERP system, and professionally established the supply chain optimization project team to implement the scientific ordering, distribution and replenishment model, extending its coverage to include more retail outlets. This allowed the Group to more timely obtain important operating information and rapidly respond to market changes and at the same time reduced inventory and increased the logistics turnover rate.

The Group has developed an evaluation system for establishing retail channels, including the consideration of factors such as business area identification, shop location, staff marketing ability and shop profitability. On this basis, the Group made a significant change to the shop image and design style of its retail channels. On one hand, it uniformised retail channels located in various places with different decoration styles, thus creating standardized shop decoration and product display. On the other hand, this system has enabled the Group to provide products, retail space, lighting effects, service and ambience which are in tune with fashionable trends. Under such evaluation system, the Group eliminated or replaced distributors who do not meet the required standards and underperforming retail outlets, thereby accomplishing the streamlining of the total number of retail channels and the optimization of its stores.

Retail network composition by outlet type

	As at March 31,		
Store types	**2009**	2008	Change
Specialty store			
– operated by the Group	**31**	3	+28
– operated/supervised by third party distributors	**3,829**	5,057	-1,228
	3,860	5,060	-1,200
Concessionary retail outlets			
– operated by the Group	**694**	1,110	-416
– operated/supervised by third party distributors	**1,108**	947	+161
	1,802	2,057	-255
Total	**5,662**	7,117	-1,455

Retail network composition by geographical location

	As at March 31,		
Sales regions*	**2009**	2008	Change
Eastern China areas	**1,453**	2,685	-1,232
Northern China areas	**1,393**	2,228	-835
Western China areas	**2,816**	2,204	+612
Total	**5,662**	7,117	-1,455

* *Eastern China areas: including Shandong Province, Eastern China and South Eastern China*

Northern China areas: including Central and Northern China

Western China areas: including provinces and regions other than those in Eastern and Northern China areas

Post-balance sheet events

Product diversification, acquisition of the menswear business

In accordance with the Group's development strategy of increasing profitability by introducing non-seasonal apparel products and diversified product mix, the Group exercised the call option (the "Call Option") on May 15, 2009 to acquire Ying Fai International Investment Limited (盈輝國際投資有限公司), which indirectly and wholly owns the entire equity interests of Jiangsu Kangbo Clothing Co., Ltd. (the "Menswear Company") for a cash consideration of up to RMB650 million. The Menswear Company is engaged in the design, production and sale of menswear apparel products (other than down apparel products).

The acquisition represents an important transaction to the Group and was made because it provided an opportunity for the Group to diversify into non-seasonal apparel products, gain management and shareholding control of the Menswear Company, leverage the attractive valuation and growth potential of the Menswear Company and expand into the United Kingdom market. The development of such business is expected to be financed by the Group's internal resources in the coming year. Despite the impact of the international financial tsunami, the performance of the menswear apparel business for the financial year ended March 31, 2009 was still satisfactory, thereby demonstrating the strong competitiveness of its brand and products in the market. Subsequent to completion of the acquisition, the Group has undertaken a series of measures to incentivize key management personnel to remain in office. Please refer to the Company's announcements dated May 15, 2009 and May 26, 2009 for further details.

The establishment of a joint venture company in Greater China Region for operating the "Rocawear" business

To further implement the development strategy of increasing profitability through enhancing the Group's brand and product mix, the Group and Iconix China Limited entered into a joint venture agreement on May 28, 2009 to establish a joint venture company for operating the "Rocawear" business in the Greater China Region which includes the production, sales, advertising and promotion of "Rocawear" branded male and female apparel and accessories. "Rocawear" will be the first international brand associated with the Group, which will actively participate in sales planning and promotion in the Greater China Region. "Rocawear" mainly targets trendy hippie-style young consumers, keeps abreast of the latest fashion trends and belongs to a multinational business network.

The establishment of the joint venture company marks an important milestone of the Group's business development history. The Group shall extend a loan of up to HK$80 million to the joint venture company for business development, working capital and general corporate purposes and such loan is expected to be financed by the Group's internal resources in the coming year. The Group plans to launch "Rocawear" men's and women's products through the joint venture company by 2010, and further develop the "Rocawear" brand by opening more than 300 "Rocawear" free-standing stores and shop-in-shop concepts in the Greater China Region by 2013 under suitable business conditions so as to jointly explore the huge business opportunity of the "Rocawear" business. With the Group's extensive experience in operating brand, service and retail businesses in the PRC, the Group is confident the "Rocawear" business will benefit from our expertise in these aspects and will experience business growth in the Greater China Region. The Group looks forward to introducing unique "Rocawear" products for consumers in the short term. Please refer to the Company's announcement dated May 29, 2009 for further details.

Connected transaction relating to acquisition of properties

The Group entered into sale and purchase agreements on April 14, 2009 to purchase (a) land use rights of a land situated in Changshu city, Jiangsu Province (with total site area of about 33,334 square metres) and four buildings with total gross floor area of about 27,050.8 square metres (the "Jiangsu Property") for a consideration of RMB47 million from Bosideng Corporation, and (b) land use rights of the 25th Floor of Shanghai New City Plaza in Shanghai with a total gross floor area of about 1,207.99 square metres (the "Shanghai Property") for a consideration of RMB21.0 million from Shanghai Bosideng Holdings Group Co., Ltd. The Group intends to use the Jiangsu Property for warehouse purposes, while the Shanghai Property will continue to be used for office purposes.

The board (the "Board") of directors (the "Director") of the Company believes that these property acquisitions will benefit the Group's operational activities as it enables the Group to secure legal ownership over these properties at a price lower than the aggregate valuation of these properties as at March 31, 2009 given the current downturn in the PRC real property market. In particular, these properties will enhance the long-term stability of the Group's operations since it will not be subject to potential fluctuations in rental payment and restrictions in material lease terms. Furthermore, the Group has the option to lease out the areas (other than the office premise) to third parties in the future at favourable rentals to generate rental revenues under suitable market conditions.

As Mr. Gao Dekang (the Company's Chairman and Chief Executive Officer) is a controlling shareholder of each vendor of the Jiangsu Property and Shanghai Property, these vendors are connected persons of the Group under the Listing Rules. Accordingly, these property acquisitions are connected transactions subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement. Please see the Company's announcement dated April 14, 2009 for further details.

Financial Review

Revenue

Revenue of the Group was mainly generated from sales of branded down apparel. This accounted for 87.7% of the Group's revenue, with the remaining 12.3% coming from the OEM management business, in comparison with 88.2% and 11.8% respectively in the previous year.

The Group's revenue for the year ended March 31, 2009 decreased by 19.0% year-on-year to RMB4,275.1 million. This was mainly due to the ongoing global economic downturn and fierce competition within the down apparel industry in the People's Republic of China (the "PRC") and the Group's strategy of maintaining profitability. While its industry rivals focused on driving volume growth through aggressive price cutting measures to liquidate stocks, the Group maintained its average selling price, and thus profitability, at a stable level with the launch of new value-added products. As a result, sales of the Group's branded down apparel decreased by 19.5% year-on-year to RMB3,747.6 million, while revenue from OEM management operations also decreased by 15.6% due to the appreciation of the Renminbi against the US Dollar. In September 2008, non-seasonal apparel products started contributing revenue to the Group amounting to RMB1.0 million for the year ended March 31, 2009.

A revenue analysis of down apparel sales by brand is set out below:

Revenue analysis by branded down apparel

	Year ended March 31,			
	2009		2008	
Brands	***(RMB million)***	***% of total down apparel revenue***	*(RMB million)*	*% of total down apparel revenue*
Bosideng	**2,300.1**	**61.4%**	2,714.6	58.3%
Snow Flying	**854.8**	**22.8%**	1,047.8	22.5%
Bingjie	**213.3**	**5.7%**	456.0	9.8%
Kangbo	**359.1**	**9.6%**	333.1	7.2%
Other brands	**20.8**	**0.6%**	92.5	2.0%
Others	**12.5**	**0.3%**	44.2	0.9%
Sub-total	**3,760.6**	**100.4%**	4,688.2	100.7%
Sales rebates	**(13.0)**	**(0.4%)**	(33.9)	(0.7%)
Total down apparel revenue	**3,747.6**	**100.0%**	4,654.3	100.0%

In an effort to strengthen differentiation amongst various brands, the Group adjusted its product offerings under its portfolio of brands. While "Bosideng" brand continues to be marketed as a medium to high-end brand, targeting customers with greater consumption power and who seek trendy and fashionable designs, "Snow Flying" brand appeals to younger customers with more energetic lifestyles. As a result of such brand repositioning strategy, "Bosideng" branded apparel remained the highest contributor and contributed 61.4% or approximately RMB2,300.1 million of the total branded down apparel sales. "Snow Flying" branded apparel, being the second largest contributor, contributed 22.8% or approximately RMB854.8 million. "Kangbo" and "Bingjie" branded apparel offer colourful, youthful down apparel lines for mainly men and ladies respectively, and is targeted at the mass market. Facing head-on price competition from other low-price products, "Kangbo" and "Bingjie" recorded revenues of RMB359.1 million and RMB213.3 million, which represented 9.6% and 5.7% of the total branded down apparel sales respectively.

A breakdown of the revenue by sales methods is set out below:

Revenue analysis by sales methods

	Year ended March 31,			
	2009		2008	
	(RMB million)	***% of total revenue***	*(RMB million)*	*% of total revenue*
Branded down apparel				
• Outright sales	**2,525.2**	**59.1%**	3,327.8	63.1%
• Consignment sales	**1,209.9**	**28.3%**	1,282.3	24.3%
• Others*	**12.5**	**0.3%**	44.2	0.8%
Total down apparel revenue	**3,747.6**	**87.7%**	4,654.3	88.2%
OEM management	**527.5**	**12.3%**	625.1	11.8%
Total revenue	**4,275.1**	**100%**	5,279.4	100%

* *Represents sales primarily of raw materials related to down apparel products and sales of non-seasonal apparel products.*

A majority of the Group's products were sold through outright sales, which accounted for 67.4% of the Group's branded down apparel revenue, compared to 71.5% in the previous year. The percentage increase in the portion of consignment sales reflects our continual strategic shift to increase consignment sales as part of our branding and marketing strategy.

Cost of sales and gross profit

Cost of sales for the year remained stable as a percentage of revenue as compared to the previous year. It amounted to approximately RMB2,330.2 million, or 54.5% of the Group's revenue, as compared to approximately RMB2,870.6 million or 54.4% of Group's revenue in the previous year. This is mainly attributable to stringent cost control measures and the Group's strategy of maintaining profitability.

Cost of sales included the cost of branded down apparel, as well as the cost of OEM management operations, accounting for 81.5% and 18.5% of the Group's total cost of sales respectively, compared to 82.0% and 18.0% in the previous year.

Fair value changes on derivative financial instruments

The Group entered into a conditional call option agreement dated August 29, 2008 under which the Group was granted a call option to acquire the menswear apparel business from Goldwai Holdings Limited at an appropriate time in future. The fair value of this call option as at March 31, 2009 amounting to RMB34.2 million was valued by an independent valuer using the Black-Scholes Model, which constitutes an one-off income for the financial year ended March 31, 2009. Please refer to the Company's announcement dated August 29, 2008 and the circular dated September 11, 2008 for further details of the terms of the conditional call option agreement.

Distribution expenses

The Group's distribution expenses, mainly comprising advertising, promotion, concessionaire fees and salary and welfare, amounted to approximately RMB1,029.8 million, representing a decrease of 6.9%, compared with approximately RMB1,106.6 million in the previous year. The rate of decrease in actual spending was not as much as the rate of decrease in revenue because the advertising and promotion costs increased sharply during the Beijing Olympics. Therefore, in terms of percentage to revenue, distribution expenses constituted 24.1% of total revenue, signifying a growth of 3.1 percentage points compared with 21.0% in the same period last year.

Administration expenses

The administrative expenses of the Group, which mainly comprised of bad and doubtful debts provision, salary and welfare, travel and office expenses, amounted to approximately RMB287.0 million, an increase of 41.9%, compared with approximately RMB202.3 million in the previous year. The increase mainly resulted from the impairment of bad and doubtful debts, the increase of headcount and professional expenses after the Group's initial public offering.

Operating profit

During the year under review, the Group's operating profit decreased by 41.6% to RMB679.8 million. Operating profit margin was 15.9%, a decrease of 6.1 percentage points as compared to that of the previous year.

Finance income

The Group's finance income for the year under review increased sharply to approximately RMB105.6 million from approximately RMB61.8 million in the previous year. The increase was due to the interest income from bank deposits and the returns from money market instruments (including held-to-maturity investments) of the unused proceeds of the Group's initial public offering.

Finance costs and taxation

The Group's finance costs for the year under review decreased by 88.0% to RMB9.3 million due to the full repayment of loans and bank borrowings during the year.

For the year ended March 31, 2009, income tax expenses decreased slightly from RMB31.3 million to RMB27.8 million. This was mainly contributed by the local sales subsidiaries in the PRC as the Group's four principal operating subsidiaries in the PRC, being foreign investment enterprises, commenced their entitlement of a tax-free period for two years from January 1, 2007, followed by a further 3-year tax exemption of 50% of the applicable tax rate. Therefore, a substantial portion of the Group's profit was exempt from tax during the year.

Final Dividends

The Board has recommended the payment of a final dividend of RMB8 cents per ordinary share for the year ended March 31, 2009. 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 September 16, 2009 and are payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China on July 6, 2009. Upon shareholders' approval, the proposed final dividends will be paid on or around September 30, 2009 to shareholders whose names shall appear on the register of members of the Company on September 16, 2009.

Liquidity and financial resources

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

For the year ended March 31, 2009, the Group's net cash from operating activities amounted to RMB1,424.4 million, compared to a net cash outflow of RMB194.9 million during the same period in 2008. Cash and cash equivalents as at March 31, 2009 was in the amount of approximately RMB3,812.9 million, compared to approximately RMB4,686.2 million as at March 31, 2008. The decrease in cash and cash equivalents was due to the increase in time deposits with maturity over 3 months, which is not included within the scope of cash and cash equivalents according to the Group's accounting policies in compliance with IFRSs.

In order to maximise returns on the Group's available cash reserves, the Group had held-to-maturity investments, which comprised principal guaranteed short-term investments with banks in the PRC. These investments have interest rates ranging from 5.1% to 5.3% per annum and have maturity periods ranging from 6 to 12 months.

As at March 31, 2009, the Group had no outstanding loans and bank borrowings. The gearing ratio (total debt/total equity) of the Group was zero compared with 0.8 times as at March 31, 2008.

Contingent liabilities

As at March 31, 2009, the Group had no material contingent liabilities or commitments.

Pledge of assets

As at March 31, 2009, bank deposits amounting to approximately RMB32,000 had been pledged to secure the Group's banking facilities in relation to bills payable and bank borrowings.

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. Any significant exchange rate fluctuations of Hong Kong Dollars or US Dollars against each entity's respective functional currency may have a financial impact to the Group.

As at March 31, 2009, the Directors of the Company 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, 2009, the Group had approximately 1,740 full-time employees (2008: 1,437 full-time employees). Staff costs for the year ended March 31, 2009 (including Directors' remuneration in the form of salaries and other allowances) totalled RMB203.6 million (2008: RMB144.9 million). This increase was mainly due to the increase of headcount to support expansion of the specialty stores operated by the Group. According the Group's policy, salary and bonus are primarily based on duties, performance and length of service of each individual employee with reference to the prevailing market conditions.

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

As at March 31, 2009, there have not been any share options granted under the Share Option Scheme.

Business Outlook

Going forward, the Group holds a positive outlook. In 2009/10, the impact of the international financial crisis on the real economy will still be significant. Enterprises are facing various difficulties and challenges. However, for quality enterprises with real competitive strength, this also represents a rare development opportunity. With a major re-shuffle of apparel enterprises within the PRC, market resources will be further concentrated in these quality enterprises. The Group believes that the various positive macro-economic policies of the PRC will be successively introduced and the Group will see a new period of steady development. The Group expects itself to experience all-round development during the year of 2009/10. The Group will expand into the international market under suitable market conditions by leveraging its business strength in the PRC market. It will also leverage the "Bosideng" brand to actively adjust its business structure, expedite industrial transformation, thereby changing its original model of selling only seasonal products and commencing the business of non-seasonal products. In addition, the Group will strive towards performance optimization and sustained development to develop itself into a diversified apparel conglomerate in the long term.

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

Expediting the development of non-seasonal products by proceeding with timely mergers and acquisitions

The financial tsunami has resulted in a substantial portion of apparel enterprises experiencing slow development and difficulties in operation but has also created an excellent opportunity for acquiring optimum assets at minimal costs. The Group has adequate cash flow and an extensive domestic retail sales network and will take full advantage of this opportunity to identify suitable acquisition or cooperation targets both domestically and overseas. In addition, it will expedite the development of non-seasonal products through acquisitions and mergers to expand its brand and product portfolios.

The menswear apparel business will represent a key step for the Group's brands towards completion of the transformation from a "seasonal product" brand to a "non-seasonal product" brand, while the lady's apparel business will focus on the acquisition of enterprises with strong design and research and development capabilities which requires improvement in the aspects of retail channel and marketing.

Apart from mergers and acquisitions, the Group also plans to consider adopting various cooperation modes such as through distributors, joint ventures and collaboration with external retail channels to actively promote product transformation, fully implement and facilitate the development strategy of introducing non-seasonal products and increase the proportion of the non-down apparel business in overall sales.

Optimizing and expanding the retail sales network in both domestic and international markets

Concurrent with the rationalization and optimization of down apparel products through the application of the "evaluation system for establishing retail channels", non-seasonal products which are sold through the specialty stores operated by the Group will focus on market expansion. The Group will establish more non-seasonal apparel retail outlets in a systematic manner in accordance with the actual progress and demand in respect of the development of non-seasonal products.

The Group will open "gallery-styled" large brand flagship stores in major cities such as Beijing and Shanghai to display the full range of products under the Group's brands, and utilise its new image visual system for retail outlets to provide a complete shopping experience to consumers, thus establishing a new milestone for the image of our retail outlet store image.

The Group's down apparel has already successfully penetrated overseas markets such as Japan, the United States, Canada, Russia, Switzerland and Britain. With the launch of non-seasonal products, the Group will progressively establish specialty stores overseas to sell apparel collections under "Bosideng" and improve the "Bosideng" international sales network, thereby enhancing the position of "Bosideng" apparel in the international market.

Improving the brand marketing strategy to effectively increase the brand value

The Group will adjust its brand development strategy to further enrich the cultural significance of "Bosideng" and upgrade the brand positioning of "Bosideng". On the basis of strengthening its position as the top high end brand in the PRC down apparel market, the Group will extend the influence of "Bosideng" to other non-down apparel areas so as to transform "Bosideng" into an established international well-known brand. At the same time, the Group will make full efforts to drive the respective development of dominant brands such as "Snow Flying", "Kangbo" and "Bingjie" (and such other brands newly acquired by the Group).

The Group will closely cooperate with external professional consultancies to further define the various styles and market positioning of all its brands and carry out brand promotion by adopting various flexible and solid target-focused marketing models so as to effectively increase the brand value and maximize the returns derived from the down apparel and non-down non-seasonal apparel businesses. The Group will open high-end flagship stores in busy commercial districts to bolster the effect of brand promotion and select suitable celebrities to be its brand spokesmen. In addition, it will continue with advertising in major TV stations, famous periodicals and magazines as well as strategic outdoor locations with high pedestrian traffic. It will also sponsor sports and promotional activities as and when appropriate and maintain market exposure through various fashion shows and trade fairs.

Enhancing research, development and design capabilities and bolstering market competitiveness of its products

The Group will continue to expand and strengthen its research, design and development team while fostering closer collaboration with domestic and internationally renowned research institutions to develop and apply new fabric materials to strengthen product competitiveness.

To speed up the launch of non-seasonal apparel and the pace of internationalization, the Group will create and provide spaces and arenas for designers to develop their artistic potential and stimulate their artistic inspirations. The Group will invite famous designers from France, Korea and Hong Kong to offer on-site guidance and send outstanding designers to France and Italy for inspection and study, participation in international professional exhibitions, collection of information on what is currently popular and exposure to artistic ideas. The Group will also cooperate with reputable international design firms to establish design studios in cities such as Shanghai and Guangzhou. By applying international leading-edge design concepts, the Group has seamlessly combined the classical Chinese ethnic style with international popular trends, and has continually improved on cutting, colour and fabrics. By generating creative designs for customers with a sincere heart, the Group is continuously increasing the quality and competitiveness of its products.

Strengthening the management information system and optimizing the supply chain and logistics management

The Group plans to further upgrade its management information system, enhance the coverage and analytical functions of its ERP system and generally extend the operational scope to both upstream and downstream segments of the supply chain. These system upgrades will provide the Group with a comprehensive assessment of the performance of its entire supply chain to expedite its response to market changes. The Group also intends to establish a quality inspection centre to ensure its adherence to quality control standards at every stage of the supply chain. To facilitate swift response to market changes and timely replenishment of stocks, the Group will also strengthen and upgrade its logistics management.

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 on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended March 31, 2009 except for Code Provision A.2.1, of which details are disclosed below.

Board of Directors

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

The Board currently consists of eleven Directors, of whom six are executive Directors, one is a non-executive Director and four are independent non-executive Directors. All six executive Directors are responsible for implementating the business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including, but not limited to, the Listing Rules. All Directors (including the non-executive Director and independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate directors' and officers' liabilities insurance.

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

During the financial year ended March 31, 2009, the Board convened a total of 8 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, 2009 are as follows:

	No. of meetings attended/held		
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Executive Director			
Gao Dekang *(Chairman)*	8/8	N/A	1/1
Mei Dong	8/8	N/A	N/A
Gao Miaoqin	8/8	N/A	N/A
Kong Shengyuan	8/8	N/A	N/A
Huang Qiaolian	7/8	N/A	N/A
Wang Yunlei	8/8	N/A	N/A
Non-Executive Directors			
Shen Jingwu	7/8	N/A	—
Independent Non-Executive Directors			
Dong Binggen	4/8	2/4	1/1
Jiang Hengjie	5/8	4/4	1/1
Wang Yao	8/8	N/A	1/1
Ngai Wai Fung	8/8	4/4	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 Director has confirmed in writing of his independence pursuant to Rule 3.13 of the Listing Rules.

All the appointments of non-executive Director and independent non-executive Directors may be terminated by the Company at any time and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

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

The Roles of the Chairman and Chief Executive Officer

The Directors is of the opinion that as at March 31, 2009, the Company has complied with the Code except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

Mr. Gao Dekang is the Chairman and CEO of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang's experience and established market reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant Board committees, and there are 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 have complied with the required standard set out in the Model Code throughout the year ended March 31, 2009 and up to the date of this report.

Audit Committee

The audit committee of the Company (the "Audit Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C3 of the Code, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor external auditors, and perform other duties and responsibilities as assigned by the Board. The audited consolidated financial statements for the year ended March 31, 2009 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 2008/2009 annual report, interim financial information and annual financial statements with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- review of the accounting policies adopted by the Group and issues related to accounting practice;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assisting the Board to evaluate on the effectiveness of financial reporting procedure and internal control system;
- approval of the audit fees and terms of engagement of the external auditor; and
- review 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 and performance assessment system and bonus and commission policies. The Remuneration Committee consists of five members, comprising three independent non-executive Directors, one non-executive Director and one executive Director (namely Mr. Gao Dekang (Chairman), Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao).

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

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") has been established by the Company on September 15, 2007 with written terms of reference pursuant to paragraph A.4.5 of the Code, which primary functions are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The Nomination Committee consists of three members, comprising two independent non-executive Directors and one executive Director (namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie).

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

Appointments, Re-election and Removal of Directors

Each of the executive Directors of the Company has entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors of the Company has entered into an appointment letter with the Company, on September 15, 2007, for a term of three years. Such term is subject to his re-appointment by the Company at an annual general meeting upon retirement. The articles of association of the Company provide that any Director appointed by the Board, either to fill a casual vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Internal Control

The Board has 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 effective and adequate internal control system. The Company convened meetings with the Audit Committee periodically to discuss financial, operational and risk management control. The Directors are of the view that the existing system of internal control is effective and adequate to the Group.

Management Function

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

Directors' and Auditor's Responsibility for the Financial Statements

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

In preparing the financial statements for the year ended March 31, 2009, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, and made prudent and reasonable judgments and estimates, and have prepared the financial statements on an going concern basis. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The statement of the auditors of the Group about their reporting responsibilities on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on page 54 and page 55 of this report.

Auditors' Remuneration

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

	RMB' million
Review of interim results	1.6
Audit of final report	4.2
	5.8

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

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

Communicatons with Shareholders and Investor Relations

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

The management believes that effective communication with the investment community is essential. Since the listing of the Company in October 2007, the executive Directors and the chief financial officer of the Company held regular briefings and results presentation, attended investor forums and responded to investors' call-in enquiries, arranged shop 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 the 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 57, is the Chairman and CEO of the Company. He is the founder of the Group and is responsible for the strategic development and overall management of the Group. He has over 20 years' experience in the down apparel industry. He has also assumed leadership in various associations, such as the China Garment Association (as Vice President since 2004), the Down Apparel and Related Products Committee of China National Garment Association (as First Deputy Director since 2006). He has been awarded numerous prizes and honors. In December 2008, he was named as one of the "Thirty Figures of Leading Brands in China During Thirty Years"(「品牌中國30年30人」) by Brand China Industry Union and the People's Government of Sanya Municipality, Hainan Province. In March 2009, he was elected as one of the "Fifteen Figures in China's Business Circle During Fifteen Years"(「中國商界15年15人」) by "ShangJie" magazine, sina.com and caistv.com. He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in 2002. Mr. Gao is the husband of Ms. Mei Dong (a Controlling Shareholder and Director) and cousin of Ms. Gao Miaoqin (a Director).

Ms. Mei Dong, aged 41, is a Director and Executive Vice President of the Company and was appointed as 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 joined Bosideng Corporation, a company controlled by Mr. Gao Dekang, in June 1994. Since then, Ms. Mei has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. She received an EMBA degree (majoring in Business Administration) from Phoenix International University in 2002. She is the wife of Mr. Gao Dekang (a Controlling Shareholder and Director).

Dr. Kong Shengyuan, aged 46, is a Director and Vice President of the Company and was appointed as 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, pursuant to the reorganisation of businesses comprising 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 58, is a Director and Vice President of the Company and was appointed as executive Director in July 2006. Ms. Gao is responsible for the legal and public relations matters of the Group. She has over ten 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, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. She graduated from Suzhou College of Education in China in 1985and 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 44, is a Director and Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company) and was appointed as executive Director in June 2007, Ms. Huang is responsible for designing the Group's branded down apparel products. She has over 20 years' experience in the fashion industry. Ms. Huang joined Bosideng Corporation in March 1997. Since then, Ms. Huang has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. She has been awarded numerous prizes in fashion design. Ms. Huang is also popularly known as "Ms. Zhu Lin" in the fashion industry in the PRC.

Ms. Wang Yunlei, aged 29, a Director of the Company and CEO's Assistant and was appointed as executive Director in September 2006. 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 and has since then remained with the Group. 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 Directors

Mr. Shen Jingwu, aged 40, was first appointed as a non-executive Director of the Company in September 2006. Mr. Shen joined HSBC Private Equity (Asia) Limited ("HPEA") in 2005 and is currently a Managing Director and Head of Greater China of HPEA. He received an MBA degree from Stanford University with a specialization in strategy and venture captial investments in 1997, and a Bachelor of Science degree in Economics from the Wharton School, University of Pennsylvania, graduating summa cum laude. He is registered as a Licensed Representative of HPEA with the SFC in Hong Kong.

Independent Non-executive Directors

Mr. Dong Binggen, aged 59, senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He graduated from Eastern China Textile Institute (now Donghua University) with a Bachelor of Arts degree in 1977. From February 1997 to present, he has worked with Hualian Development Group Co., Ltd. as Chairman and Chief Executive Officer. He is also concurrently Vice Chairman of the China Textile Entrepreneur Association, Vice Chairman of the China Garment Association, Managing Director of the China National Textile and Apparel Council, Chairman of the Shenzhen Textile Industry Association, President of the Shenzhen Textile Engineering Association and Vice Chairman of the Shenzhen Entrepreneur Association. He is currently a director of Union Holdings, a PRC company listed on the Shenzhen Stock Exchange (000036).

Mr. Jiang Hengjie, aged 58, senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He is the First Vice President and Legal Representative of the China Garment Association, Chairman of the National Garment Standardization Technology Committee, Managing Director of the China Textile Engineering Society as well as a visiting professor at the Art College of Tsinghua University, Suzhou University, Jiangxi Institute of Clothing Technology and Beijing Institute of Clothing Technology. He received a B.A. degree in sericulture from Suzhou Silk Engineering Institute in 1975. Currently, he is a director of SGSB Group Co., Ltd. (600843) and an independent director of both Ningbo Shanshan Co., Ltd. (600884) and Younger Group Co., Ltd. (600177). All these companies are listed on the Shanghai Stock Exchange.

Mr. Wang Yao, aged 51, was appointed as an independent non-executive Director of the Company in September 2007. He now serves as Deputy Secretary and concurrently Head of the Industry Development Department and Information Department of the China General Chamber of Commerce, as well as Deputy Director of the China National Commercial Information Centre. He received a Ph.D. degree in Engineering from Harbin Institute of Technology in 1989. Currently, he is a director of Golden Eagle Retail Group Ltd. (3308), a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Ngai Wai Fung, aged 47, was appointed as an independent non-executive Director of the Company in September 2007. He is currently the Director and Head of Listing Services of KCS Hong Kong Limited, an independent integrated corporate services provider, Vice President of the Hong Kong Institute of Chartered Secretaries and the Chairman of its Membership Committee. He is an associate of the Association of Chartered Certified Accountants in the United Kingdom, an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries. He 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. He is a doctoral candidate in Finance at Shanghai University of Finance and Economics. He has over 19 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chips companies. He is currently an independent non-executive director and a member of the Audit Committee of China Life Insurance Company Limited (02628), Franshion Properties (China) Limited (0817) and China Railway Construction Corporation Limited (01186), the shares of which are listed on the Stock Exchange.

Senior Management

Mr. Huang Gui, aged 34, is a Vice President of the Company and is responsible for the strategic planning and administrative management of the Group, and has over ten years' experience in business management. Mr. Huang joined Bosideng Corporation in May 2004. Since then, Mr. Huang has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. He studied at the Northern Jiaotong University of China, majoring in Management Engineering, from 1994 to 1998.

Mr. Rui Jinsong, aged 36, is a Vice President of the Company and responsible for the marketing of the Group. Mr. Rui joined Bosideng Corporation in May 2004. Since then, Mr. Rui has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. He studied at Wuxi Light Industry College, majoring in Textile Engineering, from 1990 to 1994.

Mr. Shen Guangjian, aged 35, is an Assistant to the CEO, the Manager of the Strategic Investment Department and Manager of the Securities Department. He joined Shanghai Bosideng International Fashion Co., Ltd. ("Bosideng International Fashion") (a subsidiary of the Company) in April 2007. He received his Bachelor of Economics degree and Master of Economics degree from Anhui University. He holds a Hong Kong Securities Institute Specialist Certificate (with a specialization in corporate finance) and professional qualifications for securities issues, undertakings, investment analysis, brokerage and investment funds granted by the China Securities Association. He is also qualified as a mid-level economist with a specialization in finance by the PRC Ministry of Personnel. Prior to joining the Group, he was a senior manager of the Finance Department of GC Investment Consulting (Shanghai) Co., Ltd. (漢宇投資諮詢（上海）有限公司), manager of the representative office of Polaris Securities Co., Ltd., and manager's assistant of the investment banking headquarters of Hua An Securities Co., Ltd.

Ms. Guo Yanlin, aged 32, is an Assistant to the CEO. She joined Bosideng International Fashion in 2008. She graduated from East China University of Political Science and Law, with a Bachelor of Laws degree and a Master of Laws degree. She possesses the qualifications of a practicing lawyer and secretary to the board of listed companies in China. Prior to joining the Group, she had worked for Anshan Cooperation (Group) Co. Ltd. (a domestic A-share listed company in China) as secretary to the board and China Hi-Tech Group Company Limited (a domestic A-share listed company in China) as supervisor and the general manager of the asset management department.

Mr. Zhu Haiming, aged 39, is the Finance Controller of the Company and is responsible for the financial management of the Group. He joined Bosideng International Fashion in 2008. He graduated from the Shanghai Lixin University of Commerce (majoring in Accounting), and received a Master's Degree in Business Administration from the University of Management and Technology in the United States in 2003. Mr. Zhu is qualified as a China Certified Public Accountant. Prior to joining the Group, he had worked for Ernst & Young.

Mr. Liu Wei, aged 41, is the Audit Director of the Company and is responsible for the auditing of the Group. Mr. Liu joined Bosideng Corporation in 2004. Since then, Mr. Liu has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. He graduated from the Central South University with a Master's Degree in Business Administration in 2004. Mr. Liu is qualified as a China Certified Public Accountant, senior auditor and an internationally certified internal auditor.

Mr. Song Jiajun, aged 36, is the Brand Director of the Company and is responsible for brand planning of the Group. Mr. Song joined Bosideng Corporation in September 2005. Since then, Mr. Song has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. He studied at Shanghai Huangpu District Part-time University, majoring in Marketing, from 1992 to 1995.

Ms. Pan Jianping, aged 54, is the Quality Director of the Company and is responsible for the quality management of the Group. She has over 20 years' experience in the down and non-down apparel industries. Ms. Pan joined Bosideng Corporation in 1994. Since then, Ms. Pan has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. She graduated from the Beijing College for Further Education for Military and Civilian Services majoring in Business Management in 2004.

Ms. Huang Meifang, aged 40, is the General Manager for the "Bosideng" Brand Division of Jiangsu Bosideng Down Wear Ltd. (a subsidiary of the Company) and is responsible for the production of the "Bosideng" branded down apparel products of the Group. She has over 20 years' experience in the down and non-down apparel industries. Ms. Huang joined Bosideng Corporation in 1996. Since then, Ms. Huang has remained with Bosideng Corporation and, pursuant to the reorganisation of businesses comprising the Group prior to its listing, has remained with the Group. She graduated from Changshu Zhitang High School in 1986.

Qualified Accountant and Company Secretary

Mr. Mak Yun Kuen, aged 33, is the Qualified Accountant and Company Secretary of the Company. He is also the Chief Financial Officer and Authorized Representative of the Group and is responsible for the overall financial and accounting affairs, investor relationship and company secretarial matters of the Group. He joined the Company in 2008. Mr. Mak graduated from Lingnan University with a Bachelor's Degree in Business Administration (Honours), and is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Before joining the Group, he was the qualified accountant and company secretary of Golden Eagle Retail Group Limited (3308), a company listed on the Stock Exchange.

Report of Directors

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2009 set out in the Auditor's Report contained in this annual report (the "**Financial Statements**").

Principal Activities

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

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated income statement on page 56 and Note 7 to the Financial Statements.

Results and Distribution

The results of the Group for the year ended March 31, 2009 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 RMB8.0 cents in respect of the year ended March 31, 2009, totalling approximately RMB621,788,000.

Use of Proceeds from Listing

The net proceeds (after deduction of related issuance costs) from the Company's initial public offering including the exercise of the over-allotment option amounted to approximately RMB6,012,025,000. The net proceeds were partially applied and such application is consistent with the proposed usage of the net proceeds disclosed in the Company's prospectus dated September 27, 2007 (the "**Prospectus**"). The unused balance of the net proceeds are deposited in short-term demand deposits and/or money market instruments for the year ended March 31, 2009.

Summary of Financial Information

A summary of the results and assets, liabilities and equity of the Group for the period from June 1, 2004 to March 31, 2005 and three financial years ended March 31, 2008, as extracted from the audited financial statements of the Group disclosed in the Prospectus and the Company's annual report 2007/2008, and for the financial year ended March 31, 2009, as extracted from the Financial Statements, is set out below.

	Period from June 1, 2004 to March 31, 2005 RMB'000	Year ended March 31, 2006 RMB'000	Year ended March 31, 2007 RMB'000	Year ended March 31, 2008 RMB'000	**Year ended March 31, 2009 RMB'000**
Results					
Profit attributable to:					
— Equity holders of the Company	252,579	500,786	617,593	1,116,937	**748,120**
— Minority interest	4,252	6,112	(3,475)	—	**153**
Assets, liabilities and equity					
Total assets	2,210,367	1,499,354	3,154,624	7,901,471	**7,369,710**
Total liabilities	1,415,544	1,119,642	2,583,340	812,889	**773,916**
Total equity	794,823	379,712	571,284	7,088,582	**6,595,794**

Fixed Assets

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

Share Capital

Details of the movement in the Group's share capital during the year ended March 31, 2009 are set out in Note 29 to the Financial Statements.

Reserves

Details of movements in the reserves of the Group during the year ended March 31, 2009 are set out on page 61 of the Financial Statements.

Bank Borrowings

The Group had no bank borrowings of the Group as at March 31, 2009.

Directors and Directors' Service Contracts

The Directors of the Company during the year ended March 31, 2009 and up to the date of this annual report are:

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

Non-executive Director:
Mr. Shen Jingwu

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

All of the Directors were appointed for a term of three years with effect from September 15, 2007. In accordance with Article 87 of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and a retiring Director shall be eligible for re-election at that annual general meeting. Accordingly, Dr. Kong Shengyuan, Ms. Huang Qiaolian, Ms. Wang Yunlei and Mr. Shen Jingwu 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 annual report.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at March 31, 2009, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other *(Note 1)*	5,207,291,201	67.00%
	Deemed interest *(Note 2)*	52,478,931	0.67%
Ms. Mei Dong	Other *(Note 1)*	5,207,291,201	67.00%
	Beneficial owner *(Note 3)*	2,763,697	0.036%
Ms. Gao Miaoqin	Beneficial owner *(Note 3)*	2,763,697	0.036%
Dr. Kong Shengyuan	Beneficial owner *(Note 3)*	2,763,697	0.036%
Ms. Huang Qiaolian	Beneficial owner *(Note 3)*	2,763,697	0.036%
Ms. Wang Yunlei	Beneficial owner *(Note 3)*	1,878,242	0.024%

Notes:

(1) These shares are directly held by Kong Bo Investment Limited (as to 5,154,719,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly-owned by Kova Group Limited, which is in turn wholly-owned by The GDK Family Trust, the trustee of which is HSBC International Trustee Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such shares under the SFO.

(2) As at the date of this report, the Share Scheme comprises 52,478,931 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme) subsequent to the vesting of part of the shares comprising the Share Scheme on the first anniversary of October 11, 2007 (the "Listing Date"). Mr. Gao Dekang is deemed to be interested in the 52,478,931 shares of the Company held by Gather Wealth Holdings Limited in his capacity as of one of the founders of the Share Scheme.

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

(b) Long position in the associated corporation 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:

(1) Kong Bo Investment Limited and Kong Bo Development Limited own 66.32% and 0.68% of the shares of the Company (comprising 5,154,719,202 shares and 52,571,999 shares, respectively), each of which is wholly-owned by Kova Group Limited, which is in turn wholly-owned by The GDK Family Trust, the trustee of which is HSBC International Trustee Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong) Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in the shares of Kong Bo Investment Limited, Kong Bo Development Limited and Kova Group Limited under the SFO.

Save as disclosed above, as at March 31, 2009, 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, 2009 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, 2009, conducted a review of the compliance with the Non-competition Deed and is of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed, save for the Board's approval of the non-exercise of the right of first refusal (the "Right of First Refusal") granted under the Non-competition Deed in relation to the acquisition of 70% of the equity interest in the Menswear Company from Changshu Bosideng Fashion Co., Ltd. (an associate of Mr. Gao Dekang). Please refer to the Company's announcement dated August 29, 2008, the circular dated September 11, 2008, and the section headed "Connected Transaction" on page 47 of this report for further details of the Right of First Refusal (including the reasons for its non-exercise).

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", Note 35 to the Financial Statements under the section "Related Party Transactions" and the "Management Discussion and Analysis" section of this report under the heading "Post-balance sheet events – Connected transaction relating to acquisition of properties". 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, 2009 in which the Group was a party.

Remuneration Policy

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

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

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

Provident and Retirement Fund Schemes

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

The Group's contributions to the retirement benefit schemes charged to the consolidated income statement for the year ended March 31, 2009 were RMB31,080,000.

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, 2009, 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
Kong Bo Investment Limited	Corporate interest	5,154,719,202	66.32%
HSBC International Trustee Limited	Trustee *(Note 1)*	5,207,291,201	67.00%
Kova Group Limited	Interest of controlled corporation *(Note 1)*	5,207,291,201	67.00%
Shanghai Olympics Investment Holdings Company Limited ***("Olympics Investment")***	Corporate interest Deemed interest *(Note 2)*	616,151,953 52,478,931	7.93% 0.67%
The HSBC Private Equity Fund 3 Limited ***("HSBC Private Equity")***	Interest of controlled corporation *(Note 3)*	668,630,884	8.60%
Solandra Investments Limited	Interest of controlled corporation *(Note 3)*	668,630,884	8.60%
HSBC Entities	Interest of controlled corporation *(Note 4)*	668,630,884	8.60%

Notes:

(1) These shares are directly held by Kong Bo Investment Limited (as to 5,154,719,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development is wholly-owned by Kova Group Limited, which is in turn wholly-owned by The GDK Family Trust, the trustee of which is HSBC International Trustee Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Kova Group Limited and HSBC International Trustee Limited is deemed to be interested in such shares under the SFO.

(2) As at the date of this report, the Share Scheme comprises 52,478,931 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme) subsequent to the vesting of part of the shares comprising the Share Scheme on the first anniversary of the Listing Date. Olympics Investment is deemed to be interested in the 52,478,931 shares of the Company held by Gather Wealth Holdings Limited in its capacity as one of the founders of the Share Scheme.

(3) Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interest of HSBC Private Equity. Solandra Investments Limited is an indirect wholly-owned subsidiary of its ultimate holding company, HSBC Holdings plc. Each of HSBC Private Equity and Solandra Investments Limited is deemed to be interested in the shares of the Company held by Olympics Investment.

(4) This refers to the shareholding of each of the HSBC Entities, which comprise The Hongkong and Shanghai Banking Corporation Limited, HSBC Asia Holdings B.V., HSBC Asia Holdings (UK) Limited, HSBC Holdings B.V., HSBC Finance (Netherlands) and HSBC Holdings plc, each of which is deemed to be interested in the shares of the Company held by Olympics Investment. Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interests of HSBC Private Equity. Solandra Investments Limited is directly wholly-owned by The Hongkong and Shanghai Banking Corporation Limited, which is directly wholly-owned by HSBC Asia Holdings B.V., a direct wholly-owned subsidiary of HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited is in turn directly wholly-owned by HSBC Holdings B.V., which is directly wholly-owned by HSBC Finance (Netherlands), a direct wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at March 31, 2009, the Directors and the chief executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Management Contracts

Save as disclosed below under the section "Continuing Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2009.

Connected Transaction

On September 26, 2008, the independent shareholders of the Company approved the non-exercise of the Right of First Refusal granted under the Non-competition Deed in relation to the acquisition of 70% of the equity interest of the Menswear Company from Changshu Bosideng Fashion Co., Ltd. (an associate of Mr. Gao Dekang). The Menswear Company is primarily engaged in the design, production and sale of menswear (other than down apparel products) (the "Menswear Business"). The non-exercise of the Right of First Refusal was consistent with the views of the Directors and the independent financial adviser to the Company's independent board committee and independent shareholders, who were both of the opinion that it was not appropriate and not in the best interests of the Company and its shareholders as a whole for the Company to exercise the Right of First Refusal at that time.

The non-exercise of the Right of First Refusal constituted a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notwithstanding the non-exercise of the Right of First Refusal, the Group retained the Call Option to acquire the Menswear Business at an appropriate time in the future. On May 15, 2009, the Group exercised the Call Option to acquire Ying Fai International Investment Limited（盈輝國際投資有限公司）, which indirectly and wholly owned the entire interests of the Menswear Company, for a cash consideration of up to RMB650 million. Please refer to the section headed "Post-balance sheet events - Product diversification, acquisition of the menswear business" on page 20 of this report for more details of the exercise of the Call Option. The Call Option constituted a *de minimis* transaction exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

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 35 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 and in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the Prospectus.

Framework Trademark Licensing Agreement

As part of the Group's business reorganization, the Parent Group has previously assigned to the Group all trademarks that are relevant to the Group's core business, on the condition that the Group will license these trademarks to the Parent Group solely for use in connection with business operations which are outside the scope of the Group's business (excluding any use as company names and on properties invested by the Parent Group).

The Group therefore entered into a framework trademark licensing agreement dated September 15, 2007 with Mr. Gao Dekang and the Parent Group, pursuant to which the Group shall licence to the Parent Group all these trademarks, In consideration, the Parent Group will pay the Group royalties based on arms-length commercial terms and by reference to the royalties charged by the Group on independent third parties.

The term of the framework trademark licensing agreement is three years, renewable at the parties' option for another term of three years by giving at least six months' notice prior to expiry of the initial term.

The proposed annual caps, representing the maximum aggregate royalties due from the Parent Group for the three financial years ending March 31, 2010 are RMB4,500,000, RMB5,800,000 and RMB7,000,000, respectively. The actual amount of royalties paid by the Parent Group to the Group for the year ended March 31, 2009 was RMB4,000,000.

Framework Manufacturing Outsourcing and Agency Agreement

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

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

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

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

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

Mr. Gao Dekang is the Chief Executive Officer and director of the Company. As such, any transaction entered into between Mr. Gao Dekang and the Group will constitute connected transactions under Chapter 14A of the Listing Rules.

The term of the framework outsourcing manufacturing agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework outsourcing manufacturing agreement at any time by giving at least three months' notice.

The proposed annual caps, representing the maximum aggregate annual amount due from the Group to the Parent Group for the three financial years ending March 31, 2010 are RMB270,000,000, RMB297,700,000 and RMB327,500,000, respectively. The actual amount of fees paid or payable by the Group to the Parent Group for the year ended March 31, 2009 was RMB229,984,000.

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 proposed annual caps, representing the maximum aggregate annual amount due from the Group to the Parent Group for the three financial years ending 31 March 2010 are RMB3,000,000, RMB5,000,000 and RMB8,000,000, respectively. The actual amount paid by the Group to the Parent Group for the year ended March 31, 2009 was RMB3,746,000.

Framework Distribution and Sale Agreement

The Company entered into a framework distribution and sale agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Parent Group will sell the Group's down apparel through its distribution and sales channels for a commission fee to be calculated as an agreed percentage of the monthly sales receipts. Under this agreement, the commission rate applicable to the Group must be in line with the rate offered by the Parent Group to independent third parties.

The term of the framework distribution and sale 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 distribution and sale agreement at any time by giving at least three months' notice.

The proposed annual caps, representing the maximum aggregate commission fees due from the Group to the Parent Group for the three financial years ending March 31, 2010 are RMB5,500,000, RMB8,300,000 and RMB13,000,000, respectively. The actual amount of commission fees paid by the Group to the Parent Group for the year ended March 31, 2009 was RMB1,210,000.

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. The rental payable under the property lease agreement is 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 proposed annual caps, representing the maximum aggregate rental payable to the Parent Group for the three financial years ending March 31, 2010 are RMB8,600,000, RMB8,900,000 and RMB9,200,000, respectively. The actual amount of rental payable to the Parent Group for the year ended March 31, 2009 was RMB8,145,000.

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 proposed annual caps, representing the maximum aggregate service fees due from the Group to the Parent Group for the three financial years ending 31 March 2010 are RMB3,400,000, RMB3,400,000 and RMB3,400,000, respectively. The actual amount of service fees paid by the Group to the Parent Group for the year ended March 31, 2009 was RMB2,287,000.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and in Note 35 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 of Directors 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 of Directors 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 Shares Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time (such 30% representing 2,331,705,000 Shares as at the date of this annual report). No Option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

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

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

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

Share Scheme

On June 14, 2007, the Group adopted the Share Scheme (which is not subject to the provisions of Chapter 17 of the Listing Rules and which further details have been disclosed in the Prospectus) in order to attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of the Group's business. The Share Scheme initially comprised an aggregate of 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme), which had been contributed and transferred to the trustee by two of the Company's shareholders (namely Kong Bo Investment Limited and Shanghai Olympics Investment Holdings Company Limited). Subsequent to the vesting of part of the shares comprising the Share Scheme on the first anniversary of the Listing Date, the Share Scheme comprises 52,478,931 shares of the Company as at the date of this report. The trustee will hold and deal with the shares under the Share Scheme in accordance with the instructions of the Award Committee (comprising of two members, of which each of Kong Bo Investment Limited and Shanghai Olympics Investment Holdings Company Limited has a right to appoint a member). This Award Committee will determine the number of these Shares to be awarded to each selected employee, consultant, management member and Director. The Share Scheme will have a life of three years from the Listing Date.

Apart from the foregoing, at no time during the year ended March 31, 2009 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company had repurchased 221,972,000 of its shares on the Stock Exchange at an aggregate consideration of HK$238,816,754.80 before expenses. Details of the share repurchases are as follows:

Month of repurchases	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate consideration paid *HK$*
April 2008	4,942,000	1.48	1.44	7,267,797.40
May 2008	15,568,000	1.48	1.42	22,712,692.60
June 2008	37,216,000	1.48	1.35	52,708,606.00
September 2008	65,692,000	1.00	0.87	64,543,352.80
October 2008	98,554,000	0.99	0.73	91,584,306.00
Total	221,972,000	1.48	0.73	238,816,754.80

The repurchased shares were cancelled on delivery of the share certificates during the year. The Directors are of the view that such repurchases have the effect of enhancing the earnings per share of the Group and would benefit the shareholders as a whole. Depending on the market circumstances, the Company may undertake further share repurchases as the Directors may consider to be appropriate.

Pre-Emptive Right

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands do not impose any limitations on such rights.

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, 2009, 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, 2009, purchases made by the Group from this supplier amounted to RMB3,474,000. Save as disclosed above, none of the Directors, their associates or any shareholder of the Company (who or which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) has any interest in any of the Group's large suppliers.

For the year ended March 31, 2009, the Group's five largest customers accounted for less than 30% of the Group's revenue. None of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the Group's large customers.

Contingent Liabilities and Commitments

Details of the commitments and contingent liabilities of the Group are set out in Note 34 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 36 to the Financial Statements.

Auditors

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

By order of the Board
Gao Dekang
Chairman

Hong Kong, July 6, 2009

Independent Auditor's Report

KPMG

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

We have audited the consolidated financial statements of Bosideng International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 56 to 134, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at March 31, 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility For The Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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, 2009 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

July 6, 2009

Consolidated Income Statement

For the year ended March 31, 2009

	Note	For the year ended March 31, 2009 RMB'000	2008 RMB'000
Revenue	7	**4,275,144**	5,279,416
Cost of sales		**(2,330,173)**	(2,870,614)
Gross profit		**1,944,971**	2,408,802
Other income	8	**17,352**	63,807
Fair value changes on derivative financial instruments	23	**34,217**	—
Distribution expenses	9	**(1,029,801)**	(1,106,599)
Administrative expenses		**(286,974)**	(202,262)
Profit from operations		**679,765**	1,163,748
Finance income		**105,615**	61,814
Finance expenses		**(9,310)**	(77,313)
Net finance income/(expense)	12	**96,305**	(15,499)
Profit before income tax		**776,070**	1,148,249
Income tax expense	13	**(27,797)**	(31,312)
Profit for the year		**748,273**	1,116,937
Attributable to:			
Equity holders of the Company		**748,120**	1,116,937
Minority interest		**153**	—
		748,273	1,116,937
Dividends payable to equity holders of the Company attributable to the year	17		
Interim dividends declared during the year		**294,674**	—
Final dividends proposed after the balance sheet date		**621,788**	698,421
		916,462	698,421
Earnings per share	18		
– basic (RMB cents)		**9.51**	17.06
– diluted (RMB cents)		**9.51**	16.23

The notes on pages 64 to 134 are an integral part of these financial statements.

Consolidated Balance Sheet

At March 31, 2009

	Note	At March 31, 2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**42,481**	31,339
Deferred tax assets	20	**43,088**	18,928
		85,569	50,267
Current assets			
Inventories	21	**856,787**	985,421
Trade, bills and other receivables	22	**721,622**	1,265,704
Receivables due from related parties	35(c)	**22,992**	36,365
Prepayments for materials and service suppliers		**179,658**	262,948
Derivative financial instruments	23	**34,217**	—
Held-to-maturity investments	24	**570,000**	612,000
Pledged bank deposits	25	**32**	2,578
Time deposits with maturity over 3 months	26	**1,085,914**	—
Cash and cash equivalents	27	**3,812,919**	4,686,188
		7,284,141	7,851,204
Total assets		**7,369,710**	7,901,471
EQUITY			
Share capital	29	**607**	622
Reserves		**6,595,187**	7,086,721
Equity attributable to equity holders of the Company		**6,595,794**	7,087,343
Minority interest		**—**	1,239
Total equity		**6,595,794**	7,088,582

The notes on pages 64 to 134 are an integral part of these financial statements.

Consolidated Balance Sheet (Continued)

At March 31, 2009

		At March 31,	
	Note	**2009**	2008
LIABILITIES		**RMB'000**	RMB'000
Non-current liabilities			
Deferred tax liabilities	20	**50,000**	33,000
		50,000	33,000
Current liabilities			
Interest-bearing borrowings	32	**—**	60,000
Current income tax payables	13(c)	**91,570**	80,000
Trade and other payables	33	**624,442**	617,687
Payables due to related parties	35(c)	**7,904**	22,202
		723,916	779,889
Total liabilities		**773,916**	812,889
Total equity and liabilities		**7,369,710**	7,901,471
Net current assets		**6,560,225**	7,071,315
Total assets less current liabilities		**6,645,794**	7,121,582

Approved and authorized for issue by the board of directors on July 6, 2009.

Gao Dekang
Chairman

Kong Shengyuan
Director

The notes on pages 64 to 134 are an integral part of these financial statements.

Balance Sheet

At March 31, 2009

ASSETS	Note	At March 31, 2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment	19	**218**	379
Investment in subsidiaries	28	**3,741,515**	3,871,022
		3,741,733	3,871,401
Current assets			
Trade and other receivables	22	**300**	—
Cash and cash equivalents	27	**980,945**	2,245,118
		981,245	2,245,118
Total assets		**4,722,978**	6,116,519
EQUITY			
Share capital	29	**607**	622
Reserves	30	**4,720,963**	6,109,229
Total equity		**4,721,570**	6,109,851

The notes on pages 64 to 134 are an integral part of these financial statements.

	Note	At March 31, 2009 RMB'000	2008 RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	33	**1,408**	—
Payables due to a subsidiary	35(c)	**—**	6,668
Total liabilities		**1,408**	6,668
Total equity and liabilities		**4,722,978**	6,116,519
Net current assets		**979,837**	2,238,450
Total assets less current liabilities		**4,721,570**	6,109,851

Approved and authorized for issue by the board of directors on July 6, 2009.

Gao Dekang
Chairman

Kong Shengyuan
Director

The notes on pages 64 to 134 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2009

	Share/ combined capital RMB'000 (note 29)	Convertible preference shares RMB'000	Share premium RMB'000 (note 30a)	Capital reserves RMB'000 (note 30b)	Statutory reserves RMB'000 (note 30c)	Foreign currency translation reserves RMB'000 (note 30d)	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interest RMB'000	Total equity RMB'000
Balance at April 1, 2007	5,797	—	—	29,458	68,908	1,997	(20,199)	469,237	555,198	16,086	571,284
Deemed distribution to the equity holder on acquisition of entities under common control	(5,400)	—	—	—	—	—	—	(11,799)	(17,199)	(14,847)	(32,046)
Capitalization issue of ordinary shares	19	—	—	—	—	—	—	(19)	—	—	—
Issuance of ordinary shares in public offer, net of issuance costs	150	—	6,011,875	—	—	—	—	—	6,012,025	—	6,012,025
Issuance of ordinary shares in connection with conversion of convertible redeemable preference shares ("CRPS")	16	—	161,338	(29,458)	—	—	—	—	131,896	—	131,896
Issuance of ordinary shares in connection with conversion of convertible preference shares ("CPS")	40	—	(20,239)	—	—	—	20,199	—	—	—	—
Profit for the year	—	—	—	—	—	—	—	1,116,937	1,116,937	—	1,116,937
Appropriation to reserves	—	—	—	—	199,414	—	—	(199,414)	—	—	—
Equity-settled share-based payment transactions (note 31)	—	—	—	27,550	—	—	—	—	27,550	—	27,550
Translation reserves	—	—	—	—	—	(271,629)	—	—	(271,629)	—	(271,629)
Dividends	—	—	—	—	—	—	—	(467,435)	(467,435)	—	(467,435)
Balance at March 31, 2008	622	—	6,152,974	27,550	268,322	(269,632)	—	907,507	7,087,343	1,239	7,088,582
Profit for the year	—	—	—	—	—	—	—	748,120	748,120	153	748,273
Acquisition of minority interests (1)	—	—	—	—	—	—	—	—	—	(1,392)	(1,392)
Appropriation to reserves	—	—	—	—	122,399	—	—	(122,399)	—	—	—
Equity-settled share-based payment transactions (note 31)	—	—	—	28,263	—	—	—	—	28,263	—	28,263
Repurchase of ordinary shares (note 29 (b))	(15)	—	(210,372)	—	—	—	—	—	(210,387)	—	(210,387)
Translation reserves	—	—	—	—	—	(64,450)	—	—	(64,450)	—	(64,450)
Dividends	—	—	(993,095)	—	—	—	—	—	(993,095)	—	(993,095)
Balance at March 31, 2009	607	—	4,949,507	55,813	390,721	(334,082)	—	1,533,228	6,595,794	—	6,595,794

(1) On July 22, 2008, the Group acquired 10% minority interests in Shanghai Kangbo International Trading Co., Ltd. ("Shanghai Kangbo") at a consideration of RMB1,392,000, which equaled 10% of the book value of Shanghai Kangbo at that date.

The notes on pages 64 to 134 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2009

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Operating activities		
Profit for the year	**748,273**	1,116,937
Adjustments for:		
Income tax expense	**27,797**	31,312
Depreciation	**21,421**	11,637
Change in fair value of derivative financial instruments	**(34,217)**	—
Net interest income	**(101,299)**	(6,534)
Share-based payment transactions	**28,263**	27,550
Operating profit before changes in working capital	**690,238**	1,180,902
Decrease in inventories	**128,634**	381,447
Decrease/(increase) in trade, bills and other receivables and prepayments	**627,372**	(632,494)
Decrease/(increase) in receivables due from related parties	**13,373**	(246,011)
Increase/(decrease) in trade and other payables	**6,755**	(583,418)
Decrease in payables due to related parties	**(14,298)**	(59,250)
Cash generated from operations	**1,452,074**	41,176
Interest paid	**(4,316)**	(50,573)
Income tax paid	**(23,387)**	(185,473)
Net cash generated from/(used in) operating activities	**1,424,371**	(194,870)
Investing activities		
Acquisition of property, plant and equipment	**(36,268)**	(24,048)
Interest received	**105,615**	61,814
Proceeds from disposal of property, plant and equipment	**3,705**	11,897
Increase in held-to-maturity investments	**(2,271,241)**	(612,000)
Proceeds from held-to-maturity investments	**2,313,241**	—
Decrease in pledged bank deposits	**2,546**	4,470
Increase in time deposits with maturity over 3 months	**(1,085,914)**	—
Acquisition of minority interest	**(1,392)**	—
Net cash used in investing activities	**(969,708)**	(557,867)

The notes on pages 64 to 134 are an integral part of these financial statements.

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Financing activities		
Net cash receipt from related parties	**—**	555,565
Proceeds from interest-bearing borrowings and equity holder loan	**—**	1,924,756
Repayment of interest-bearing borrowings and equity holder loan	**(60,000)**	(2,500,696)
Repurchase of ordinary shares	**(210,387)**	—
Proceeds from issue of ordinary shares in placing and public offer, net of issuance costs	**—**	6,012,025
Deemed distribution in connection with acquisition of entities under common control	**—**	(32,046)
Dividends paid	**(993,095)**	(756,856)
Net cash (used in)/generated from financing activities	**(1,263,482)**	5,202,748
Net (decrease)/increase in cash and cash equivalents	**(808,819)**	4,450,011
Cash and cash equivalents at the beginning of the year	**4,686,188**	507,806
Effect of foreign currency exchange rate changes	**(64,450)**	(271,629)
Cash and cash equivalents at the end of the year	**3,812,919**	4,686,188
Supplemental disclosure of non-cash transactions:		
Purchases of inventories set off against receivables due from related parties	**—**	122,966
Conversion of convertible preference shares into ordinary shares	**—**	131,896

The notes on pages 64 to 134 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 REPORTING ENTITY AND CORPORATE INFORMATION

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 in the People's Republic of China (the "PRC").

The Company's shares were listed (the "Listing") 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

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the purpose of preparing these consolidated financial statements, the Group has applied all new and revised IFRSs to the year ended March 31, 2009, except for any new standards or interpretations that are not yet effective for accounting periods beginning on and after April 1, 2008, as set out in note 3(q).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that the derivative financial instruments are stated at their fair values (see note 3c(ii)) .

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

(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 RMB ("presentation currency"). All financial information presented in RMB has been rounded to the nearest thousand, except unless 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. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in note 6.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the equity holders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling equity holders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of reserves. Any cash paid for the acquisition is recognized directly in equity.

(iii) Transactions eliminated on consolidation

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iv) Transactions with minority interests

Minority 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 by subsidiaries, are presented in the consolidated balance sheet and consolidated statement of changes in equity, separately from equity attributable to the equity holders of the Group. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Group.

Transactions with minority equity holders of the Group are at book value and classified as equity transactions. Accordingly, when the Group acquires minority interests of its subsidiaries, the difference between the amounts of consideration and carrying values of minority interests are recognized as reserve movement.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the 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 the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to RMB at exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at exchange rates at the date of the transactions. Foreign currency differences are recognized directly in equity as foreign currency translation reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the FCTR.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise held-to-maturity investments, trade, bills and other receivables, receivables due from related parties, pledged bank deposits, time deposits, cash and cash equivalents, interest-bearing borrowings, trade and other payables and payables due to related parties.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. 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 statement of cash flows.

Accounting for finance income and expenses is discussed in note 3(l)(ii).

Held-to-maturity investments

If the group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Others

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Derivative financial instruments

Derivative financial instruments include call options held by the Group and are recognized initially at fair value. Attributable transaction costs are recognized in profit or loss when incurred. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is credited/charged immediately to profit or loss.

(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.

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(d) Goodwill

All business combinations, other than combinations of entities under common control, are accounted for by applying the purchase method. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Goodwill is stated at cost less any accumulated impairment losses (see note 3(g)). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see note 3(g)). 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 and the costs of dismantling and removing the items and restoring the site on which they are located. 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.

(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 when that cost is incurred if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Machinery	5–10 years
Motor vehicles and others	3–5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Retirement and disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss.

(v) Construction in progress

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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 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.

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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 reporting 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 or intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) 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 reporting 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.

(h) Dividends

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee benefits

(i) Short-term 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.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into the relevant bureau in the PRC 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 when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to 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 encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of shares granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted to reflect the actual number of shares for which the related service and non-market vesting conditions are met.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions

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 future 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.

(k) Revenue

(i) Sales of goods

Revenue from the sale of goods 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 in the income statement when the significant risks and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

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

(ii) Provision of services

Fees from import and export agency services rendered are recognized in the income statement as and when the services are performed.

(iii) Government grants

Government grants are recognized initially as deferred income 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 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 other income on an accrual basis in accordance with the substance of the relevant agreement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Expenses

(i) Operating lease payments

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

(ii) Finance income and expenses

Finance income comprises interest income on funds invested (including held-to-maturity investments). Interest income is recognized as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, net of interest capitalized. All borrowing costs are calculated using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis.

(iii) Borrowing costs

Interest payable on borrowings calculated using the effective interest rate method is expensed in the income statement in the period in which it is incurred, except to the extent that it is capitalized as being 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.

The capitalization of borrowing costs as part of the costs of the qualifying assets commences when expenditures for the assets are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the assets for their 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)

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognized for 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 reporting date. Deferred tax assets and liabilities are offset if there is a legal 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 to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting 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 are recognized at the same time as the liability to pay the related dividend is recognized.

(n) 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 share holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Related parties

Parties are considered to be related to an entity in the Group if the party has the ability, directly or indirectly, to control the entity or exercise significant influence over the entity in making financial and operating decisions, or vice versa, or where the entity and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the reporting format for the purposes of these consolidated financial statements. No geographical segment information is separately presented as the Group's business segments are mainly managed and operated in the PRC. The major market of the Group's business segments is the PRC.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances, and intra-group transactions are eliminated as part of the combination process. Unallocated items comprise mainly income-earning assets, interest-bearing borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

At the date of this report, the IASB has issued the following new or revised IFRSs and interpretations which are not yet effective in respect of the year ended March 31, 2009. The Group has not early adopted these IFRSs and interpretations in the preparation of the financial statements.

	Effective for accounting period beginning on or after *(unless specified)*
IFRIC 13, *Customer loyalty programs*	July 1, 2008
IFRIC 16, *Hedges of a net investment in a foreign operation*	October 1, 2008
IFRIC 15, *Agreements for the construction of real estate*	January 1, 2009
IFRIC 17, *Distributions of non-cash assets to owners*	July 1, 2009
IFRIC 18, *Transfers of assets from customers*	Applies to transfers of assets from customers received on or after July 1, 2009
IFRS 8, *Operating segments*	January 1, 2009
Revised IAS 1, *Presentation of financial statements*	January 1, 2009
Revised IAS 23, *Borrowing costs*	January 1, 2009
Amendments to IFRS 1, *First-time adoption of International Financial Standards, and IAS 27, Consolidated and separate financial statements - Cost of an investment in a subsidiary, jointly-controlled entity or associate*	January 1, 2009
Amendment to IFRS 2, *Share-based payment – Vesting conditions and cancellations*	January 1, 2009
Amendments to IAS 32, *Financial instruments: Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation*	January 1, 2009

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) New or revised standards and interpretations not yet adopted (continued)

	Effective for accounting period beginning on or after *(unless specified)*
Amendments to IFRIC 9, *Reassessment of embedded derivatives* and IAS 39, *Financial instruments: Recognition and measurement - Embedded derivatives*	The amendments are effective for annual periods ending or after June 30, 2009
Amendments to IFRS 7, *Financial instruments: Disclosures – Improving disclosures about financial instruments*	January 1, 2009
Improvements to IFRSs	January 1, 2009 or July 1, 2009
Revised IFRS 1, *First-time adoption of International Financial Reporting Standards*	July 1, 2009
Revised IFRS 3, *Business combinations*	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after July 1, 2009
Amended IAS 27, *Consolidated and separate financial statements*	July 1, 2009
Amendment to IAS 39, *Financial instruments: Recognition and measurement – Eligible hedged items*	July 1, 2009

The directors have confirmed that the above IFRSs and interpretations do not have a significant impact on how the results of operations and financial position for the year ended March 31, 2009 are prepared. These IFRSs and interpretations may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

4 DETERMINATION OF FAIR VALUES

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

(a) Derivative financial instruments

The fair values of the call option at the inception date and March 31, 2009 were measured at the estimated market price, which was determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies. Details are disclosed in note 23.

(b) Grant date fair value of employees shares

The grant date fair value of employees shares is measured at the estimated market price, which is determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies.

(c) Cash and cash equivalents, trade, bills and other receivables, and trade and other payables

The carrying values approximate fair value because of the short maturities of these instruments.

(d) Interest-bearing borrowings

The carrying amount of bank loans approximates their fair value based on the borrowing rate currently available for bank loans with similar terms and maturity.

5 FINANCIAL INSTRUMENTS

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

– credit risk
– liquidity risk
– interest rate risk
– foreign currency risk
– capital management risk
– business risk

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

5 FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables. 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 concentrations 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 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 22.

(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) Held-to-maturity investments

Held-to-maturity investments are arranged with financial institutions with established credit ratings. Pursuant to the agreements with the financial institutions, there is limited credit risk on the principal amounts, as these are guaranteed by the financial institutions.

5 FINANCIAL INSTRUMENTS (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:

	2009			2008		
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**Within 1 year or on demand RMB'000**	Carrying amount RMB'000	Total contracted undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
The Group						
Interest-bearing borrowings	**—**	**—**	**—**	60,000	(63,690)	(63,690)
Trade and other payables	**624,442**	**(624,442)**	**(624,442)**	617,687	(617,687)	(617,687)
Payables due to related parties	**7,904**	**(7,904)**	**(7,904)**	22,202	(22,202)	(22,202)
	632,346	**(632,346)**	**(632,346)**	699,889	(703,579)	(703,579)
The Company						
Trade and other payables	**1,408**	**(1,408)**	**(1,408)**	—	—	—
Payables due to a subsidiary	**—**	**—**	**—**	6,668	(6,668)	(6,668)
	1,408	**(1,408)**	**(1,408)**	6,668	(6,668)	(6,668)

5 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

(i) Interest rate profile

The Group's interest rate risk arises primarily from bank borrowings, held-to-maturity investments and cash and deposits at bank. All of the bank loans of the Group were fixed rate instruments and were insensitive to any change in market interest rates. The Group did not use derivative financial instruments to hedge its debt obligations. The following table details the interest rate profile of the Group's and the Company's interest-generating financial assets and interest-bearing financial liabilities at the balance sheet date:

	2009		2008	
	Effective Interest rate	**RMB'000**	Effective Interest rate	RMB'000
The Group				
Interest-bearing borrowings	**—**	**—**	7.10%	(60,000)
Held-to-maturity investments	**5.24%**	**570,000**	3.79%	612,000
Pledged deposits	**0.72%**	**32**	0.72%	2,578
Time deposits with maturity over 3 months	**2.27%**	**1,085,914**	—	—
Cash and cash equivalents	**2.06%**	**3,812,919**	1.36%	4,686,188
The Company				
Cash and cash equivalents	**2.47%**	**980,945**	2.12%	2,245,118

(ii) Sensitivity analysis

At March 31, 2009, 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 RMB52,615,000 (2008: RMB46,468,000). 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 INSTRUMENTS (continued)

(d) Foreign currency risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi 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 that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollars and Hong Kong Dollars.

(i) Exposure to currency risk

The following table details the Group's and the Company's major exposures at the balance sheet date to 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,			
	2009		2008	
	USD'000	**HKD'000**	USD'000	HKD'000
Bank deposits	**21,632**	**28,062**	35,046	652,057

The Company

	At March 31,	
	2009	2008
	HKD'000	HKD'000
Bank deposits	**25,923**	637,153

5 FINANCIAL INSTRUMENTS (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.

	2009		2008	
	Increase/ (decrease) in foreign exchanges rate in %	**Effect on profit after tax and retained earnings RMB'000**	Increase/ (decrease) in foreign exchanges rate in %	Effect on profit after tax and retained earnings RMB'000
Hong Kong dollars	**10%**	**2,475**	10%	58,809
United States dollars	**10%**	**14,794**	10%	24,599

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to 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 INSTRUMENTS (continued)

(e) 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 structures 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 shareholders.

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

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

The debt-to-equity ratio as at March 31, 2009 was as follows:

		The Group		**The Company**	
	Note	**2009**	2008	**2009**	2008
		RMB'000	RMB'000	**RMB'000**	RMB'000
Debts:					
– Trade and other payables	33	**624,442**	617,687	**1,408**	—
– Payables due to related parties	35(c)	**7,904**	22,202	**—**	6,668
– Interest-bearing loans	32	**—**	60,000	**—**	—
Total debts		**632,346**	699,889	**1,408**	6,668
Shareholders' equity		**6,595,794**	7,087,343	**4,721,570**	6,109,851
Debt-to-equity ratio		**9.6%**	9.9%	**0%**	0%

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

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

5 FINANCIAL INSTRUMENTS (continued)

(f) Business risk

The Group's primary business is the design, outsourced manufacturing 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.

Other market price risk

The Group is exposed to other market price risk in relation to its call option, details of which are set out in note 23. The fair value of the call option was calculated using the Black-Scholes Model and, amongst other inputs, the estimated underlying net assets value of 100% equity of Ying Fai International Investment Limited ("YFL").

Sensitivity analysis

As set out in note 23, the fair value of the call option was calculated by using the Black-Scholes Model, which uses assumptions that are not supported by observable current market transactions nor based on available observable market data. The fair values of the call option recognized in the financial statements may have changed significantly if one or more of those assumptions were changed.

If the following individual inputs to the valuation model had been 10% higher/(lower) while all other variables were held constant, the Group's profit for the year ended March 31, 2009 would have increased/(decreased) as follows:

	Higher by 10% **RMB'000**	**Lower by 10%** **RMB'000**
Estimated fair value of YFL	51,224	(27,057)
Expected volatility-YFL	10,492	(10,227)

6 ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Net realizable value of inventories

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

(b) Impairment for bad and doubtful debts

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

(c) Income tax

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

(d) Derivative financial instruments

The directors of the Company use their judgment in selecting appropriate valuation techniques to determine the fair value of derivative financial instruments not quoted in an active market, where the valuation techniques are those commonly applied by market practitioners. Assumptions are made based on market statistics and adjusted for specific features of the instrument. Details of the assumptions used are disclosed in note 23.

7 REVENUE AND SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

Business segment

The Group comprises the following main business segments:

- Down apparels - The down apparels segment carries on the business of sourcing and distributing down apparels.
- Original Equipment Manufacturing ("OEM") management - The OEM management segment carries on the business of sourcing and distributing OEM apparels.

Geographical segment

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

For the year ended March 31, 2009

(a) Revenue and expenses

	For the year ended March 31, 2009		
	Down apparels RMB'000	**OEM management RMB'000**	**Total RMB'000**
Total segment revenues	3,747,613	527,531	4,275,144
Segment results	607,244	60,436	667,680
Government grants			9,088
Unallocated income			71,505
Profit for the year			748,273

7 REVENUE AND SEGMENT REPORTING (continued)

(b) Assets and liabilities

	At March 31, 2009		
	Down apparels RMB'000	**OEM management RMB'000**	**Total RMB'000**
Segment assets	6,211,752	94,844	6,306,596
Unallocated assets			1,063,114
Total assets			7,369,710
Segment liabilities	(626,721)	—	(626,721)
Unallocated liabilities			(147,195)
Total liabilities			(773,916)
Capital expenditures incurred	36,268	—	36,268

For the year ended March 31, 2008

(a) Revenue and expenses

	For the year ended March 31, 2008		
	Down apparels RMB'000	**OEM management RMB'000**	**Total RMB'000**
Total segment revenues	4,654,306	625,110	5,279,416
Segment results	1,027,418	91,558	1,118,976
Government grants			51,360
Unallocated expenses			(53,399)
Profit for the year			1,116,937

7 REVENUE AND SEGMENT REPORTING (continued)

(b) *Assets and liabilities*

	At March 31, 2008		
	Down apparels RMB'000	**OEM management RMB'000**	**Total RMB'000**
Segment assets	5,481,719	159,431	5,641,150
Unallocated assets			2,260,321
Total assets			7,901,471
Segment liabilities	(631,989)	(881)	(632,870)
Unallocated liabilities			(180,019)
Total liabilities			(812,889)
Capital expenditures incurred	24,048	—	24,048

8 OTHER INCOME

		For the year ended March 31,	
	Note	**2009 RMB'000**	2008 RMB'000
Royalty income	(i)	**8,264**	12,447
Government grants	(ii)	**9,088**	51,360
		17,352	63,807

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

(ii) The Group received unconditional discretionary grants amounting to RMB9,088,000 for the year ended March 31, 2009 (2008: RMB51,360,000) 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,	
	2009	2008
	RMB'000	RMB'000
Advertising	**230,659**	304,507
Promotion	**252,811**	251,687
Concessionaire fees	**245,728**	265,847
Sales commission	**—**	38,000
Salary and welfare	**137,684**	93,729
Sales tax and surcharges	**8,702**	6,206
Entertainment and traveling	**66,424**	68,599
Rental	**22,518**	21,326
Others	**65,275**	56,698
Total	**1,029,801**	1,106,599

10 PERSONNEL EXPENSES

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Salaries, wages and other benefits	**144,300**	110,432
Contributions to defined contribution plans	**31,080**	6,963
Share-based payment expenses (note 31)	**28,263**	27,550
	203,643	144,945

Contributions made by the Group to pension funds are dealt with in the consolidated income statement 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 obligation for the payment of retirement and other post-retirement benefits of employees 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,	
	2009	2008
	RMB'000	RMB'000
Cost of inventories recognized as expenses included in cost of sales	2,321,117	2,975,540
Write down/(reversal) of inventories to net realizable value	9,056	(104,926)
Depreciation	21,421	11,637
Operating lease charges	28,797	29,253
Impairment losses for bad and doubtful debts	125,026	41,560
Auditors' remuneration	6,500	6,693

12 NET FINANCE INCOME/(EXPENSE)

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Interest income on bank deposits	**105,615**	61,814
Finance income	**105,615**	61,814
Interest on convertible redeemable preference shares	**—**	(8,501)
Interest on interest-bearing borrowings and equity holder loan wholly repayable within five years	**(4,316)**	(46,779)
Bank charges	**(3,494)**	(4,582)
Net foreign exchange loss	**(1,500)**	(17,451)
Finance expenses	**(9,310)**	(77,313)
Net finance income/(expense)	**96,305**	(15,499)

No interest was capitalized during the years.

13 INCOME TAX EXPENSE

(a) Income tax in the consolidated income statement represents:

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Current tax expenses		
Provision for PRC income tax	**34,957**	17,240
Deferred tax (benefit)/expenses		
Origination of temporary differences (note 20)	**(7,160)**	14,072
	27,797	31,312

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

(ii) No tax provision has been made for International Company Bosideng Ltd., a subsidiary of the Group registered in Russia, as it did not have assessable profits subject to any Russian income tax during the year.

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

Prior to December 31, 2007

The applicable tax rates of the Group's operating subsidiaries in the PRC ranged from 27% to 33% for the calendar year ended December 31, 2007. Pursuant to the income tax rules and regulations of the PRC applicable to foreign investment enterprises (the "FEIT Law") effective as at December 31, 2007, four principal operating subsidiaries located in the PRC, which became foreign investment enterprises in late 2006, started to be entitled to a tax holiday of a tax-free period for two years from January 1, 2007. Thereafter, they are subject to PRC enterprise income tax at 50% of the applicable income tax rate for the following three years.

Since January 1, 2008

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "New Tax Law") which became effective on January 1, 2008, when the FEIT Law was abolished. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises.

Pursuant to the transitional arrangement under the New Tax Law, the four principal operating subsidiaries which are foreign investment enterprises continue to enjoy the tax-exemption or 50% reduction on the applicable income tax rates under the New Tax Law during the transitional period of five years starting from January 1, 2008 until the expiry of the tax holidays previously granted under the FEIT Law. Thereafter they will be subject to the unified rate of 25%.

Applicable income tax rate of other domestic companies established in the PRC is 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,	
	2009	2008
	RMB'000	RMB'000
Profit before income tax	**776,070**	1,148,249
Income tax at the applicable PRC income tax rate of 25%/33%	**194,018**	378,922
Tax losses not recognized as deferred tax assets	**27,215**	41,422
Non-deductible expenses	**23,387**	16,124
Changes in tax rate	**—**	9,898
Effect of tax concessions of PRC operations	**(230,936)**	(447,983)
Tax effect on undistributed profits of PRC subsidiaries	**17,000**	33,000
Others	**(2,887)**	(71)
Income tax expense	**27,797**	31,312

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

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Balance at beginning of the year	**80,000**	248,233
Provision for current income tax for the year	**34,957**	17,240
Payments during the year	**(23,387)**	(185,473)
Income tax payable at the end of the year	**91,570**	80,000

14 DIRECTORS' REMUNERATION

Details of the directors' remuneration are as follows:

For the year ended March 31, 2009

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	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	996	—	1,130	51	2,357
Gao Miaoqin	180	633	—	1,130	—	1,943
Kong Shengyuan	180	601	—	1,130	101	2,012
Huang Qiaolian	180	612	—	1,130	10	1,932
Wang Yunlei	180	201	—	770	40	1,191
Non-executive directors						
Shen Jingwu	—	—	—	—	—	—
Independent non-executive directors						
Dong Binggen	300	—	—	—	—	300
Jiang Hengjie	300	—	—	—	—	300
Wang Yao	300	—	—	—	—	300
Ngai Wai Fung	350	—	—	—	—	350
	2,630	5,048	—	5,290	217	13,185

14 DIRECTORS' REMUNERATION (continued)

For the year ended March 31, 2008

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Contributions to defined contribution schemes RMB'000	Total RMB'000
Executive directors						
Gao Dekang	260	1,264	—	—	12	1,536
Mei Dong	98	844	—	1,105	10	2,057
Gao Miaoqin	98	461	—	1,105	—	1,664
Kong Shengyuan	98	451	8,036	1,105	39	9,729
Huang Qiaolian	98	464	—	1,105	6	1,673
Wang Yunlei	98	157	—	751	37	1,043
Non-executive directors						
Shen Jingwu	—	—	—	—	—	—
Independent non-executive directors						
Dong Binggen	163	—	—	—	—	163
Jiang Hengjie	163	—	—	—	—	163
Wang Yao	163	—	—	—	—	163
Ngai Wai Fung	190	—	—	—	—	190
	1,429	3,641	8,036	5,171	104	18,381

During the years ended March 31, 2009 and 2008, 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, 2009, Mr. Shen Jingwu, a non-executive director, waived director's fee of approximately RMB420,000 (2008: RMB228,000). During the year ended March 31, 2008, Mr. Gao Dekang, an executive director, waived salaries of approximately RMB263,000, and there was no such arrangement during the year ended March 31, 2009.

15 FIVE HIGHEST PAID INDIVIDUALS

Of the 5 individuals with the highest emoluments during the year ended March 31, 2009, 5 (2008: 4) are directors whose emoluments are disclosed in note 14.

The aggregate of the emoluments in respect of the remaining highest paid individuals during the year are as follows:

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Salaries, allowances and other benefits in kind	—	1,434
Contributions to defined contribution schemes	—	10
Share-based payments	—	1,105
	—	2,549

An analysis of the above emoluments by number of individuals and emolument range is set out below:

	For the year ended March 31,	
	2009	2008
Nil to RMB1,000,000	—	—
RMB2,500,001 to RMB3,000,000	—	1
	—	1

16 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended March 31, 2009 includes a profit of RMB630,000 (2008: RMB12,053,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
Amount of consolidated profit attributable to equity holders dealt with in the Company's financial statements	**630**	12,053
Final dividends from subsidiaries attributable to the profit of previous financial years, approved and paid during the year	**—**	658,944
Company's profit for the year (note 30)	**630**	670,997

17 DIVIDENDS

On September 26, 2008, the Company declared and distributed a final dividend and a special dividend in an aggregate amount of RMB698,421,000 to the shareholders of the Company from the Company's reserves as at March 31, 2008.

On December 15, 2008, the Company declared and distributed an interim dividend of RMB294,674,000 to the shareholders of the Company from the Company's reserves as at September 30, 2008.

A final dividend of RMB8 cents per ordinary share, totalling approximately RMB621,788,000, for the year ended March 31, 2009 has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting. These financial statements do not reflect this dividend payable.

18 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended March 31, 2009 was based on the profit attributable to equity holders of the Company for the year of RMB748,120,000 (2008: RMB1,116,937,000) and the weighted average number of shares in issue during the year ended March 31, 2009 of 7,867,383,000 (2008: 6,545,665,000). The weighted average number of shares in issue during the year ended March 31, 2008 has been retrospectively adjusted for the effects of the share split and capitalization issue which took place in September 2007 (see note 29), as if the shares were in issue and outstanding throughout the entire year.

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

	For the year ended March 31,	
EARNINGS	**2009**	2008
	RMB'000	RMB'000
Earnings for the purpose of basic earnings per share, being profit for the year attributable to equity holders of the Company	**748,120**	1,116,937
Effect of dilutive potential ordinary shares:		
Interest on convertible redeemable preference shares	**—**	8,501
Earnings for the purpose of diluted earnings per share	**748,120**	1,125,438

	For the year ended March 31,	
NUMBER OF SHARES (THOUSAND)	**2009**	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,867,383**	6,545,665
Effect of dilutive potential ordinary shares:		
Weighted average conversion number of Series A CRPS	**—**	111,638
Weighted average conversion number of Series B CPS	**—**	279,095
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,867,383**	6,936,398
Basic earnings per share (RMB cents)	**9.51**	17.06
Diluted earnings per share (RMB cents)	**9.51**	16.23

19 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost				
Balance at April 1, 2007	6,929	38,194	—	45,123
Additions	790	23,258	—	24,048
Disposals	(3,840)	(8,591)	—	(12,431)
Balance at March 31, 2008	3,879	52,861	—	56,740
Additions	950	29,990	5,328	36,268
Disposals	(3)	(7,407)	—	(7,410)
Balance at March 31, 2009	4,826	75,444	5,328	85,598
Depreciation				
Balance at April 1, 2007	(587)	(13,711)	—	(14,298)
Depreciation charged for the year	(1,240)	(10,397)	—	(11,637)
Disposals	6	528	—	534
Balance at March 31, 2008	(1,821)	(23,580)	—	(25,401)
Depreciation charged for the year	(1,373)	(20,048)	—	(21,421)
Disposals	1	3,704	—	3,705
Balance at March 31, 2009	(3,193)	(39,924)	—	(43,117)
Carrying amount				
March 31, 2009	1,633	35,520	5,328	42,481
March 31, 2008	2,058	29,281	—	31,339

19 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	**Motor vehicles and others RMB'000**
Cost	
Balance at April 1,2007	—
Additions	384
Disposals	—
Balance at March 31, 2008	384
Additions	10
Disposals	(39)
Balance at March 31, 2009	355
Depreciation	
Balance at April 1, 2007	—
Depreciation change for the year	(5)
Disposals	—
Balance at March 31, 2008	(5)
Depreciation charge for the year	(136)
Disposals	4
Balance at March 31, 2009	(137)
Carrying amount	
March 31, 2009	218
March 31, 2008	379

20 DEFERRED TAX ASSETS AND LIABILITIES

The movement on the net balance of deferred tax asset and (liability) account is as follows:

	For the year ended March 31,	
	2009	2008
	RMB'000	RMB'000
At the beginning of the year	**(14,072)**	—
Recognized in the consolidated income statement (note 13)	**7,160**	(14,072)
At the end of the year	**(6,912)**	(14,072)

The Group

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

	Write down of inventory	Provision for impairment loss for bad and doubtful debts	Others	Undistributed retained earnings of PRC subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At April 1,2007	—	—	—	—	—
Credited/(charged) to consolidated income statement	18,928	—	—	(33,000)	(14,072)
At March 31, 2008	18,928	—	—	(33,000)	(14,072)
Credited/(charged) to consolidated income statement	2,033	15,493	6,634	(17,000)	7,160
At March 31, 2009	20,961	15,493	6,634	(50,000)	(6,912)

Pursuant to the New Tax Law, 10% withholding tax will be levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit earned after January 1, 2008. Deferred tax liabilities have been recognized for the retained earnings recorded in the books and accounts of the Group's PRC subsidiaries generated after January 1, 2008, which management estimates will be distributed outside of the PRC within the next 12 months.

20 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognized deferred tax assets and liabilities

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

	As at March 31,	
	2009	2008
	RMB'000	RMB'000
Accumulated tax losses of subsidiaries	**179,630**	242,026
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(694,729)**	—

No deferred tax assets have been recognized in respect of the cumulative tax losses of certain subsidiaries of the Group as at March 31, 2009, 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.

21 INVENTORIES

	As at March 31,	
	2009	2008
	RMB'000	RMB'000
Raw materials	**29,980**	27,852
Work in progress	**3,980**	10,184
Finished goods	**822,827**	947,385
	856,787	985,421

At March 31, 2009, inventories carried at net realizable value amounted to approximately RMB509,180,000 (2008: RMB557,682,000).

22 TRADE, BILLS AND OTHER RECEIVABLES

	The Group As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**508,367**	1,048,150	**—**	—
Bills receivables	**64,479**	158,482	**—**	—
Third party other receivables				
• VAT recoverable	**119,639**	18,466	**—**	—
• Deposits	**7,722**	22,046	**5**	—
• Advances to employees	**10,061**	11,002	**—**	—
• Others	**11,354**	7,558	**295**	—
	721,622	1,265,704	**300**	—

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

As at March 31, 2009, trade and bills receivables of approximately RMB100,435,000 (2008: RMB370,780,000) 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 As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within credit terms	**472,411**	835,852	**—**	—
1 to 3 months past due	**58,789**	360,129	**—**	—
Over 3 months but less than 6 months past due	**12,192**	9,597	**—**	—
Over 6 months but less than 12 months past due	**26,538**	1,054	**—**	—
Over 1 year	**2,916**	—	**—**	—
	572,846	1,206,632	**—**	—

22 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,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
At the beginning of the year	**56,539**	14,979	**—**	—
Add: provision for impairment of receivables	**125,026**	41,560	**—**	—
At the end of the year	**181,565**	56,539	**—**	—

The creation and release of provision for impaired receivables has been included in administrative expenses in the consolidated income statement. 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 fair values of trade and bills receivables disclosed above.

23 DERIVATIVE FINANCIAL INSTRUMENTS

The movements of derivative financial instruments during the year are set out below:

The Group

	Call option
	RMB'000
At April 1, 2008	**—**
Grant date fair value	**6,621**
Changes in fair value	**27,596**
At March 31, 2009	**34,217**

On August 29, 2008, Bosideng International Fashion Limited ("BIF"), a subsidiary of the Group, entered into a conditional call option agreement (the "Agreement") with Goldwai Holdings Limited ("GHL"), a third party, at a consideration of HK$10 for purchasing GHL's entire interest in Ying Fai International Investment Limited ("YFL"). YFL, based on a licensing agreement with the Group, engages in distribution of Bosideng branded menswear apparels in the PRC through its indirectly wholly owned operating subsidiary, Jiangsu Kangbo Clothing Co., Ltd. ("Jiangsu Kangbo"), incorporated in the PRC. The Agreement became effective on December 29, 2008, when all conditions set out in the Agreement were fulfilled.

23 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Pursuant to the Agreement, BIF has the right (but not obligation) to exercise the call option to acquire all of GHL's equity interests in YFL within 15 business days commencing from each issuance date of the audited financial statements of Jiangsu Kangbo for the years ended March 31, 2009, 2010 and 2011 respectively, if the audited net profit after tax ("NPAT") of Jiangsu Kangbo prepared in accordance with IFRSs for the respective years exceeds:

- RMB55 million for the year ending 31 March 2009. As such the exercise price will be calculated based on 10 times the NPAT (but not exceeding RMB650 million in any case); or
- RMB65 million for the year ending 31 March 2010. As such the exercise price will be calculated based on 9.5 times the NPAT (but not exceeding RMB750 million in any case); or
- RMB75 million for the year ending 31 March 2011. As such the exercise price will be calculated based on 9 times the NPAT (but not exceeding RMB850 million in any case).

The fair value of the call option at December 29, 2008 and March 31, 2009 was valued by an independent valuer using the Black-Scholes Model that uses the key inputs summarized in the following table.

	December 29, 2008	March 31, 2009
Estimated fair value of YFL	RMB550 million	RMB664 million
Expected exercise price	RMB650 million	RMB650 million
Expected volatility- YFL	23.48%	24.08%
Risk free rate	1.15%	1.11%
Expected exercise date	May 31, 2009	May 31, 2009
Expected dividend yield	Nil	Nil

The estimated fair value of YFL was determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies. Management determined that the market approach and income approach were appropriate to determine the fair value of YFL as at December 29, 2008 and March 31, 2009 respectively.

Since YFL is a private company, the expected volatility was based on the historical volatilities of comparable publicly traded companies engaged in similar industry.

The fair value of the option of approximately RMB34,217,000 as at March 31, 2009 has been credited to the consolidated income statement for the year ended March 31, 2009.

On May 15, 2009, BIF exercised the call option and entered into a Sell and Purchase Agreement ("SPA") with Goldwai Holdings Limited on May 26, 2009 to acquire all its interest in YFL for a cash consideration of RMB650 million (note 36(iii)).

24 HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are principal guaranteed short-term investments with banks in the PRC. These investments have interest rates ranging from 5.1% to 5.3% per annum and have maturity periods ranging from 6 to 12 months.

25 PLEDGED BANK DEPOSITS

Bank deposits of RMB32,000 as at March 31, 2009 (2008: RMB2,578,000) were pledged to banks as security for certain of the Group's banking facilities in relation to bills payable and bank borrowings.

26 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

Time deposits of RMB1,085,914,000 as at March 31 2009 (2008: Nil) were deposited in banks for a period of over three months.

27 CASH AND CASH EQUIVALENTS

	The Group As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at banks and on hand	**4,898,865**	4,688,766	**980,945**	2,245,118
Less: pledged bank deposits	**(32)**	(2,578)	**—**	—
time deposits with maturity over 3 months	**(1,085,914)**	—	**—**	—
Cash and cash equivalents	**3,812,919**	4,686,188	**980,945**	2,245,118

Cash at bank and cash on hand are denominated in:

	The Group As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
– RMB	**3,722,337**	2,183,144	**—**	—
– US$	**1,151,666**	1,917,685	**958,081**	1,670,621
– HK$	**24,750**	587,937	**22,864**	574,497
– EUR€	**44**	—	**—**	—
– RUB	**68**	—	**—**	—
	4,898,865	4,688,766	**980,945**	2,245,118

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.

28 INVESTMENT IN SUBSIDIARIES

	The Company As at March 31, 2009 RMB'000	2008 RMB'000
Investment, at cost	—	—
Advances to subsidiaries	**3,685,702**	3,843,472
Share-based payments (note 31)	**55,813**	27,550
	3,741,515	3,871,022

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

As at March 31, 2009, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
1) Enterprise established outside the PRC						
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	(i)	British Virgin Islands ("BVI"), July 11, 2006	US$ 1/ US$ 50,000	100%	—	Investment holding
International Company Bosideng Ltd. 波司登國際有限公司	(iv)	Russia June 25, 2008	RUB 2,400,000/ RUB 2,400,000	—	100%	Sourcing and distribution of non-down apparels
2) Wholly foreign owned enterprises established in the PRC						
Shanghai Bosideng International Fashion Co., Ltd. 上海波司登國際服飾有限公司	(ii)	Shanghai, the PRC June 23, 2005	US$ 138,000,000/ US$ 138,000,000	—	100%	Sourcing and distribution of down apparels
Shanghai Bosideng Business Development Ltd. 上海波司登商貿發展有限公司	(ii)	Shanghai, the PRC August 28, 2008	US$ 2,000,000/ US$10,000,000	—	100%	Sourcing and distribution of non-down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
3) Sino-foreign equity joint venture enterprises established in the PRC						
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔服飾有限公司	(iii)	Shanghai, the PRC April 21, 1999	US$ 68,000,000/ US$ 68,000,000	—	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Down Wear Ltd. 江蘇波司登羽絨服裝有限公司	(iii)	Jiangsu, the PRC March 30, 2006	US$ 68,000,000/ US$ 68,000,000	—	100%	Sourcing and distribution of down apparels
Shandong Bosideng Fashion Ltd. 山東波司登服飾有限公司	(iii)	Shandong, the PRC May 17, 2006	US$ 68,000,000/ US$ 68,000,000	—	100%	Sourcing and distribution of down apparels
Shanghai Bosideng Fashion Ltd. 上海波司登時裝有限公司	(iii)	Shanghai, the PRC June 28, 2006	US$ 68,000,000/ US$ 68,000,000	—	100%	Sourcing and distribution of down apparels
4) Domestic companies established in the PRC						
Changshu Bosideng Advertising Co., Ltd 常熟波司登廣告有限公司	(iv)	the PRC, September 12, 1996	RMB500,000/ RMB500,000	—	100%	Advertisement agency
Zhengzhou Bosideng Trading Co., Ltd. 鄭州波司登貿易有限公司	(iv)	the PRC, October 9, 1998	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels
Jinan Bosideng Trading Co., Ltd. 濟南波司登貿易有限公司	(iv)	the PRC, October 19, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shijiazhuang Bosideng Trading Co., Ltd. 石家莊波司登貿易有限公司	(iv)	the PRC, October 22, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Beijing Bosideng Trading Co., Ltd. 北京市波司登貿易有限公司	(iv)	the PRC, October 26, 1998	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Changchun Bosideng Trading Co., Ltd. 長春波司登貿易有限公司	(iv)	the PRC, October 29, 1998	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Tianjin Bosideng Trading Co., Ltd. 天津市波司登貿易有限公司	(iv)	the PRC, February 10, 1999	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Taiyuan Bosideng Trading Co., Ltd. 太原市波司登貿易有限公司	(iv)	the PRC, October 16, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Urumchi Bosideng Trading Co., Ltd. 烏魯木齊波司登貿易有限公司	(iv)	the PRC, October 17, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lanzhou Bosideng Trading Co., Ltd. 蘭州波司登貿易有限公司	(iv)	the PRC, October 25, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Wuhan Bosideng Trading Co., Ltd. 武漢波司登貿易有限公司	(iv)	the PRC, November 4, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Kangbo International Trading Co., Ltd. 上海康波國際貿易有限公司	(iv)	the PRC, November 6, 2000	RMB6,000,000/ RMB6,000,000	—	100%	Import and export activities, including distribution of non-down apparels
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	(iv)	the PRC, November 8, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Baotou Bosideng Trading Co., Ltd. 包頭市波司登貿易有限公司	(iv)	the PRC, November 21, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Bosideng Trading Co., Ltd. 西安波司登貿易有限公司	(iv)	the PRC, December 1, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Hefei Bosideng Trading Co., Ltd. 合肥波司登貿易有限公司	(iv)	the PRC, December 12, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. 上海波司登服裝設計開發中心有限公司	(v)	the PRC, March 23, 2001	RMB2,000,000/ RMB2,000,000	—	100%	Design and distribution of clothes
Haerbin Bosideng Trading Co., Ltd. 哈爾濱波司登雪中飛貿易有限公司	(iv)	the PRC, March 30, 2001	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changshu Bosideng Import and Export Co., Ltd 常熟波司登進出口有限公司	(iv)	the PRC, April 11, 2002	RMB5,000,000/ RMB5,000,000	—	100%	Sourcing and distribution of OEM
Liaoning Bosideng Trading Co., Ltd. 遼寧波司登貿易有限公司	(iv)	the PRC, September 3, 2002	RMB5,000,000/ RMB5,000,000	—	100%	Distribution of down apparels
Nantong Bosideng Trading Co., Ltd. 南通波司登貿易有限公司	(iv)	the PRC, April 24, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lianyungang Bosideng Trading Co., Ltd. 連雲港波司登貿易有限公司	(iv)	the PRC, April 25, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changsha Bosideng Garment Trading Co., Ltd. 長沙波司登服飾貿易有限公司	(iv)	the PRC, April 25, 2006	RMB510,000/ RMB510,000	—	100%	Distribution of down apparels
Wuxi Bosideng Trading Co., Ltd. 無錫波司登貿易有限公司	(iv)	the PRC, April 26, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Anhui Wanbei Bosideng Trading Co., Ltd. 安徽皖北波司登貿易有限公司	(iv)	the PRC, April 26, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Hangzhou Bosideng Trading Co., Ltd. 杭州波司登貿易有限公司	(iv)	the PRC, April 28, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Cangzhou Bosideng Trading Co., Ltd. 滄州波司登貿易有限公司	(iv)	the PRC, April 28, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Luoyang Bosideng Trading Co., Ltd. 洛陽波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xinyu Bosideng Trading Co., Ltd. 新余市波司登貿易有限公司	(iv)	the PRC, April 29, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhumadian Bosideng Trading Co., Ltd. 駐馬店市波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Ningbo Bosideng Trading Co., Ltd. 寧波波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changzhou Bosideng Trading Co., Ltd. 常州波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanjing Bosideng Trading Co., Ltd. 南京波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Taizhou Bosideng Trading Co., Ltd. 泰州波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Xinxiang Bosideng Trading Co., Ltd. 新鄉波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chifeng Bosideng Trading Co., Ltd. 赤峰波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,010,000/ RMB1,010,000	—	100%	Distribution of down apparels
Anyang Bosideng Trading Co., Ltd. 安陽波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Qingdao Bosideng Trading Co., Ltd. 青島波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shenyang Xuezhongfei Trading Co., Ltd. 瀋陽雪中飛貿易有限公司	(iv)	the PRC, May 8, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Huaian Bosideng Trading Co., Ltd. 淮安市波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhangjiakou Bosideng Trading Co., Ltd. 張家口波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Handan Bosideng Trading Co., Ltd. 邯鄲波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zhuzhou Bosideng Trading Co., Ltd. 株洲波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Weihai Bosideng Trading Co., Ltd. 威海波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Maanshan Bosideng Trading Co., Ltd. 馬鞍山市波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Qinhuangdao Bosideng Trading Co., Ltd. 秦皇島波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Suzhou Bosideng Trading Co., Ltd. 蘇州波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Shangqiu Bosideng Trading Co., Ltd. 商丘波司登貿易有限公司	(iv)	the PRC, May 10, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yancheng Bosideng Trading Co., Ltd. 鹽城波司登貿易有限公司	(iv)	the PRC, May 11, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
Xiangfan Bosideng Trading Co., Ltd. 襄樊波司登貿易有限公司	(iv)	the PRC, May 11, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Xuezhongfei Trading Co., Ltd. 西安雪中飛貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Chengdu Xuezhongfei Trading Co., Ltd. 成都雪中飛貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanchang Bosideng Trading Co., Ltd. 南昌波司登貿易有限公司	(iv)	the PRC, May 12, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

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

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Jinzhou Bosideng Trading Co., Ltd. 錦州波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Tangshan Bosideng Trading Co., Ltd. 唐山波司登貿易有限公司	(iv)	the PRC, May 19, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Taiyuan Xuezhongfei Trading Co., Ltd. 太原雪中飛貿易有限公司	(iv)	the PRC, May 22, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Changde Bosideng Trading Co., Ltd. 常德波司登貿易有限公司	(iv)	the PRC, May 18, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Houma Xuezhongfei Trading Co., Ltd. 侯馬雪中飛貿易有限公司	(iv)	the PRC, May 14, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanchong Xuezhongfei Trading Co., Ltd. 南充雪中飛貿易有限公司	(iv)	the PRC, May 30, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Heze Bosideng Trading Co., Ltd. 菏澤波司登貿易有限公司	(iv)	the PRC, September 3, 2007	RMB510,000/ RMB510,000	—	100%	Distribution of down apparels
Nanyang Bosideng Trading Co., Ltd. 南陽波司登商貿有限公司	(iv)	the PRC, September 21, 2007	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Mianyang Bosideng Trading Co., Ltd. 綿陽波司登貿易有限公司	(iv)	the PRC, May 20, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yichang Bosideng Trading Co., Ltd. 宜昌波司登貿易有限公司	(iv)	the PRC, May 22, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

28 INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Note	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
4) Domestic companies established in the PRC (continued)						
Xuchang Bosideng Trading Co., Ltd. 許昌波司登貿易有限公司	(iv)	the PRC, May 26, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Neijiang Bosideng Trading Co., Ltd. 內江波司登貿易有限公司	(iv)	the PRC, May 27, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Anshan Bosideng Trading Co., Ltd. 鞍山波司登貿易有限公司	(iv)	the PRC, June 2, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Lanzhou Xuezhongfei Trading Co., Ltd. 蘭州雪中飛貿易有限公司	(iv)	the PRC, June 5, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jinhua Bosideng Trading Co., Ltd. 金華波司登貿易有限公司	(iv)	the PRC, June 10, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Yan'an Bosideng Trading Co., Ltd. 延安波司登商貿有限公司	(iv)	the PRC, June 11, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Xuezhongfei Trading Co., Ltd. 上海波司登雪中飛貿易有限公司	(iv)	the PRC, July 2, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels

Notes:

i) This entity is directly invested by the Company.

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

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

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

v) This entity is 100% invested by Shanghai Bosideng International Fashion Co., Ltd.

vi) The English translation of the names of the companies above is for reference only. The official names of the companies are in Chinese.

29 SHARE CAPITAL

The combined capital of the Group as at April 1, 2007 represents the issued capital of the Company of US$50,000 (equivalent to RMB397,000) and RMB5,400,000 representing the 90% equity interest in the issued capital of Shanghai Kangbo International Trading Co., Ltd. ("Shanghai Kangbo") of RMB6,000,000. On June 14, 2007, the 90% equity interest in Shanghai Kangbo was transferred from Bosideng Corporation, a related party, to the Group. This transfer is accounted for as an acquisition of entities under common control.

Pursuant to the written resolution of the shareholders dated September 14, 2007, each issued and unissued ordinary share of US$ 1.00 each in the Company was sub-divided into 100,000 ordinary shares of US$0.00001 each ("Share Split"), resulting in the Company having an issued share capital of US$ 50,000 divided into 5,000,000,000 ordinary shares of US$ 0.00001 each.

Also pursuant to the written resolution dated September 14, 2007, the sum of US$2,572 (approximately RMB19,000) out of the Company's retained earnings was capitalized, and 257,200,000 ordinary shares were issued to the then shareholders of the Company ("Capitalization Issue")

All references in the consolidated financial statements referring to shares and amount per share of the Company have been restated for the Share Split and the Capitalization Issue.

Movements in the authorized share capital of the Company during the years are as follows:

		Authorized		Issued and fully paid	
	Note	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, 2007	29(b)(ii)	50	50	50	50
Increase in share capital on September 14, 2007	29(a)	19,999,950	150	—	—
Share Split	29(b)(iii)	—	—	4,999,950	—
Capitalization Issue	29(b)(iv)	—	—	257,200	3
Issues of ordinary shares on conversion of CRPS/CPS	29(b)(v)	—	—	742,800	7
Issues of ordinary shares under placing and public offering	29(b)(vi) &(vii)	—	—	1,994,322	20
At March 31, 2008		20,000,000	200	7,994,322	80
RMB equivalent ('000)			1,556		622

29 SHARE CAPITAL (continued)

	Note	Authorized: Number of ordinary shares (thousand)	Authorized: Nominal value of ordinary shares US$('000)	Issued and fully paid: Number of ordinary shares (thousand)	Issued and fully paid: Nominal value of ordinary shares US$('000)
At April 1, 2008		20,000,000	200	7,994,322	80
Repurchase of ordinary shares	29(b)(viii)	—	—	(221,972)	(2)
At March 31, 2009		20,000,000	200	7,772,350	78
RMB equivalent ('000)			1,556		607

(a) Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of US$100, divided into 100 shares of par value of US$1.00 each. On September 14, 2007, the authorized share capital was amended by way of special resolution of members to US$200,000 divided into 20,000,000,000 ordinary shares, 2,135 Series A CRPS of US$0.0001 each and 5,336 Series B CPS of US$0.0001 each.

(b) Issue of share capital

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

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

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

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

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

29 SHARE CAPITAL (continued)

(b) Issue of share capital (continued)

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

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

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

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

30 RESERVES

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

	Attributable to the equity holders of the Company						
	Convertible preference shares	Share premium	Capital reserves	Foreign currency translation reserves	Other reserves	Retained earnings/ (Accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note)	(note 30a)	(note 30b)	(note 30d)			
Balance at March 31, 2007	—	—	29,458	(654)	(20,199)	(13,767)	(5,162)
Capitalization issue	—	—	—	—	—	(19)	(19)
Issuance of ordinary shares in public offer, net of issuance costs	—	6,011,875	—	—	—	—	6,011,875
Conversion of CRPS	—	161,338	(29,458)	—	—	—	131,880
Conversion of CPS	—	(20,239)	—	—	20,199	—	(40)
Profit for the year	—	—	—	—	—	670,997	670,997
Equity-settled share-based payment transactions	—	—	27,550	—	—	—	27,550
Translation reserves	—	—	—	(378,237)	—	—	(378,237)
Dividends	—	—	—	—	—	(349,615)	(349,615)
Balance at March 31, 2008	—	6,152,974	27,550	(378,891)	—	307,596	6,109,229
Profit for the year	—	—	—	—	—	630	630
Equity-settled share-based payment transactions (note 31)	—	—	28,263	—	—	—	28,263
Repurchase of ordinary shares	—	(210,372)	—	—	—	—	(210,372)
Translation reserves	—	—	—	(213,692)	—	—	(213,692)
Dividends	—	(993,095)	—	—	—	—	(993,095)
Balance at March 31, 2009	—	4,949,507	55,813	(592,583)	—	308,226	4,720,963

Note: The convertible preference shares with carrying amount of US$ 0.5336 as at March 31, 2007, were converted into ordinary shares during the year ended March 31, 2008.

30 RESERVES (continued)

(a) Share Premium

On October 10, 2007, the Company issued 1,870,000,000 new ordinary shares of US$ 0.00001 each at a price of HK$ 3.28 per share by way of global initial public offering to Hong Kong and overseas investors. On November 6, 2007, the Company also issued 124,322,000 new ordinary shares of US$ 0.00001 each at a price of HK$ 3.28 per share upon the exercise of the over-allotment option in connection with the global initial public offering.

Net proceeds from such issues amounted to RMB6,012,025,000 (after offsetting issuance costs of RMB110,494,000), out of which RMB150,000 and RMB6,011,875,000 were recorded in share capital and share premium respectively.

(b) Capital reserves

The capital reserves at April 1, 2007 represented the equity component of Series A convertible redeemable preference shares. These were converted into ordinary shares on October 10, 2007.

The capital reserves at March 31, 2008 and 2009 represented the value of employee services in respect of shares granted to employees and consultants under the share scheme as set out in note 31.

(c) Statutory reserves

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

(d) Foreign currency translation reserves

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

(e) Distributable reserves

Under the Companies Law 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 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.

As at March 31, 2009, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB4,720,963,000 (2008: RMB6,109,229,000).

31 SHARE-BASED PAYMENTS

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

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

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

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

The following table sets out activities under the Share Scheme during the year ended March 31, 2009.

	For the year ended March 31,			
	2009		2008	
	Number of shares	**Grant date fair value (RMB'000)**	Number of shares	Grant date fair value (RMB'000)
At the beginning of the year	**69,000,846**		—	—
Granted to employees	**3,322,778**	**3,423**	69,000,846	76,066
Forfeited	**(3,322,778)**		—	—
At the end of the year	**69,000,846**		69,000,846	

Total expenses of RMB28,263,000 (2008: 27,550,000) were recognized as personnel expenses during the year ended March 31, 2009 (note 10).

As of March 31, 2009, 16,521,915 ordinary shares under the Share Scheme were vested (2008: Nil).

32 INTEREST-BEARING BORROWINGS

	As at March 31,	
	2009	2008
	RMB'000	RMB'000
Current		
Unsecured short-term bank loans	—	60,000

The Group's borrowings are all denominated in RMB and repayable as follows:

	As at March 31,	
	2009	2008
	RMB'000	RMB'000
Within one year:		
– RMB	—	60,000

The weighted average effective interest rate per annum of the Group's borrowings as at March 31, 2009 is set out as follows:

	As at March 31,	
	2009	2008
	RMB'000	RMB'000
Total borrowings:		
– RMB	—	7.10%

At March 31, 2009, the Group had RMB460,000,000 undrawn borrowing facilities (2008: RMB552,000,000).

33 TRADE AND OTHER PAYABLES

	The Group As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**297,524**	281,239	**—**	—
Other payables and accrued expenses				
• Customer deposits	**171,739**	130,225	**—**	—
• Accrued rebates and commissions	**52,740**	116,187	**—**	—
• Accrued advertising expenses	**28,965**	37,304	**—**	—
• Accrued payroll and welfare	**40,945**	29,126	**1,408**	—
• Other levies payable	**—**	3,672	**—**	—
• Others	**32,529**	19,934	**—**	—
	624,442	617,687	**1,408**	—

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 As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Due within 1 month or on demand	**142,681**	140,562	**—**	—
Due after 1 month but within 3 months	**154,843**	140,677	**—**	—
	297,524	281,239	**—**	—

34 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at the balance sheet date, the Group and the Company did not have any significant capital commitments.

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	The Group As at March 31,		**The Company As at March 31,**	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Within 1 year	**14,284**	10,348	**429**	429
After 1 year but within 5 years	**12,681**	9,765	**93**	518
	26,965	20,113	**522**	947

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of 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 RMB245,728,000 for the year ended March 31, 2009 (2008: RMB265,847,000).

(c) Contingent liabilities

As at the balance sheet date, the Group and the Company did not have any significant contingent liabilities.

35 RELATED PARTY TRANSACTIONS

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

Name of party	Relationship
Kong Bo Investment Limited ("KBI") 康博投資有限公司	Equity holder of the Company
Kong Bo Development Limited 康博發展有限公司	Equity holder of the Company
Changshu Bosideng Apparels Co., Ltd. 常熟波司登服飾有限公司	Effectively controlled by Mr. Gao Dekang and his family ("the Gao Family"), the controlling equity holders 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 holders of the Group
Bosideng Corporation 波司登股份有限公司	Effectively controlled by the Gao Family, the controlling equity holders 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 holders of the Group
Shandong Ru Shang Co., Ltd. 山東儒商有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Jiangsu Kangxin Garment Co., Ltd. (previously known as Smartland Children's Wear Co., Ltd.) ("Smartland") 江蘇康欣製衣有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Changshu Bingxu Fashion Co., Ltd. 常熟冰旭服飾有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Jiangsu Kangbo Clothing Co., Ltd. 江蘇康博製衣有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd. 中科波司登納米服飾（蘇州）有限公司	Effectively controlled by the Gao Family, the controlling equity holders of the Group

35 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

(i) Non-recurring*

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Sales of raw materials				
Bosideng Corporation	—	1,228	—	—
Smartland	—	6	—	—
Total	—	1,234	—	—
Purchase of raw materials				
Bosideng Corporation	—	75,788	—	—
Smartland	—	3,097	—	—
Total	—	78,885	—	—
Sales of down apparels				
Bosideng Corporation	—	4,164	—	—
Smartland	—	39	—	—
Total	—	4,203	—	—

35 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

(i) Non-recurring* (continued)

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Purchase of down apparels				
Bosideng Corporation	—	17,960	—	—
Smartland	—	31,558	—	—
Total	—	49,518	—	—
Net cash receipt				
Bosideng Corporation	—	(555,565)	—	—
Total	—	(555,565)	—	—
Deemed distribution on acquisition of entities under common control				
Bosideng Corporation	—	23,346	—	—
Changshu Bingxu Fashion Co., Ltd. (i)	—	8,700	—	—
Total	—	32,046	—	—
Interest expenses				
KBI	—	7,019	—	7,019
Total	—	7,019	—	7,019

35 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

(ii) Recurring**

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Purchase of raw materials				
Bosideng Corporation	**272**	—	—	—
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd.	**3,474**	—	—	—
Total	**3,746**	—	—	—
Rental expenses for lease of properties				
Bosideng Corporation	**5,368**	5,408	—	—
Shandong Kangbo	**2,135**	2,135	—	—
Shanghai Bosideng Holdings Group	**642**	642	—	—
Total	**8,145**	8,185	—	—
Royalty income				
Bosideng Corporation	—	500	—	—
Changshu Bosideng Apparels Co., Ltd.	—	4,000	—	—
Jiangsu Kangbo Clothing Co., Ltd. (ii)	**4,000**	—	—	
Total	**4,000**	4,500	—	—
Processing fee				
Bosideng Corporation	**212,178**	144,181	—	—
Smartland	**7,572**	9,481	—	—
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd.	**3,900**	—	—	—
Changshu Bosideng Apparels Co., Ltd.	**238**	6,712	—	—
Shandong Kangbo	**6,056**	11,027	—	—
Total	**229,944**	171,401	—	—

35 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

(ii) Recurring** (continued)

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Concessionaire fees				
Shandong Ru Shang Co., Ltd. (iii)	**903**	3,121	**—**	—
Total	**903**	3,121	**—**	—
Integrated service fees				
Bosideng Corporation (iv)	**2,287**	1,537	**—**	—
Total	**2,287**	1,537	**—**	—

(b) Transaction with key management personnel

Non-recurring*

	The Group For the year ended March 31,		The Company For the year ended March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Advisory fee paid to Dr. Kong Shengyuan (v)	**—**	7,886	**—**	7,886

Other key management personnel remuneration is disclosed in note 14.

* These transactions with fellow subsidiaries represent transitional arrangements in connection with the Group's reorganization before the IPO. Purchase and sales are primarily made at cost of the products, which were completed before October 11, 2007, the Company's Listing Date.

** The directors of the Company are of the opinion that these related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

35 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	The Group As at March 31,		The Company As at March 31,	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables due from				
Shandong Ru Shang Co., Ltd. (iii)	**—**	357	**—**	—
	—	357	**—**	—
Other receivables due from				
Bosideng Corporation	**22,586**	35,716	**—**	—
Smartland	**—**	292	**—**	—
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd.	**406**	—	**—**	—
	22,992	36,008	**—**	—
Total receivables due from related parties	**22,992**	36,365	**—**	—
Trade payables due to:				
Changshu Bosideng Apparels Co., Ltd.	**1,145**	6,196	**—**	—
Shandong Kangbo	**6,562**	8,987	**—**	—
Smartland	**197**	—	**—**	—
	7,904	15,183	**—**	—
Other payables due to:				
Bosideng Corporation	**—**	7,019	**—**	—
BIF	**—**	—	**—**	6,668
	—	7,019	**—**	6,668
Total payables due to related parties	**7,904**	22,202	**—**	6,668

35 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties (continued)

(i) As a result of transfer of interest by the Gao Family to a third party, Changshu Bingxu Fashion Co., Ltd. has ceased to be a related party since June 2008.

(ii) As a result of transfer of interest by the Gao Family to a third party, Jiangsu Kangbo Clothing Co., Ltd. has ceased to be a related party since December 2008.

(iii) As a result of transfer of interest by the Gao Family to a third party, Shandong Ru Shang Co., Ltd. has ceased to be a related party since September 2008.

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

(v) The fee was paid to a company controlled by Dr. Kong Shengyuan, director of the Company, in recognition of his contribution to the listing of the Company.

36 POST-BALANCE SHEET EVENTS

(i) Subsequent to March 31, 2009, the Company proposed a final dividend of RMB621,788,000 to the shareholders of the Company. Further details are disclosed in note 17.

(ii) On April 14, 2009, the Group purchased a land use right and four buildings located in Changshu, Jiangsu Province, the PRC from Bosideng Corporation and an office building located in Shanghai, the PRC from Shanghai Bosideng Holdings Group Co., Ltd., both of which are related parties of the Group, at a total consideration of RMB68 million. The directors of the Company are of the opinion that the transaction was priced with reference to prevailing market prices and in the ordinary course of business.

(iii) On May 15, 2009, BIF exercised the call option pursuant to the Agreement dated August 29, 2008 (see note 23) and entered into a Sell and Purchase Agreement ("SPA") with Goldwai Holdings Limited on May 26, 2009 to acquire all its interest in Ying Fai International Investment Limited for a cash consideration of RMB650 million. The transaction was completed on May 26, 2009 (the "Acquisition Date").

36 POST-BALANCE SHEET EVENTS (continued)

The acquisition of Ying Fai International Investment Limited will be accounted for by the Group as a business combination. Set out below is the expected allocation of the purchase price to the fair value of assets acquired and liabilities assumed at the Acquisition Date (unaudited):

	The Acquisition Date RMB'000 (unaudited)
Property, plant and equipment	**18,226**
Land use right	**32,434**
Customer relationship	**352,769**
Inventories	**26,718**
Trade, bills and other receivables	**34,048**
Cash and cash equivalents	**37,523**
Trade and other payables	**(44,759)**
Dividends payable	**(5,000)**
Deferred tax liabilities	**(86,294)**
Net identified assets and liabilities	**365,665**
Goodwill on acquisition of 100% interest of Ying Fai International Investment Limited	**292,741**
Total consideration	**658,406**
Representing:	
Cash paid	**650,000**
Fair value of call option at the Acquisition Date	**8,406**
	658,406

(iv) On May 28, 2009, BIF entered into a joint venture agreement with Iconix China Limited to establish a joint venture company registered in Hong Kong, which will be engaged in distribution of Rocawear branded casual wear business.

37 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2009 to be KBI, which is incorporated in the British Virgin Islands.

Corporate Information

Board of Directors

Executive Directors

Mr. Gao Dekang *(Chairman)*(2)(3)
Ms. Mei Dong
Ms. Gao Miaoqin
Dr. Kong Shengyuan
Ms. Huang Qiaolian
Ms. Wang Yunlei

Non-executive Director

Mr. Shen Jingwu(2)

Independent Non-executive Directors

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

Company Secretary and Qualified Accountant

Mr. Mak Yun Kuen

Authorized Representatives

Dr. Kong Shengyuan
Mr. Mak Yun Kuen

Listing Exchange Information

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

3998

Investor Relations

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Grand Cayman KY1-1111
Cayman Islands

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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

(1) Members of Audit Committee, Mr. Ngai is the Chairman of the Committee
(2) Members of Remuneration Committee, Mr. Gao is the Chairman of the Committee
(3) Members of Nomination Committee, Mr. Gao is the Chairman of the Committee

Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712–16
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Legal Advisors As to Hong Kong Law

Freshfields Bruckhaus Deringer

Auditors

KPMG
Certified Public Accountants

Compliance Advisor

Guotai Junan Capital Limited

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