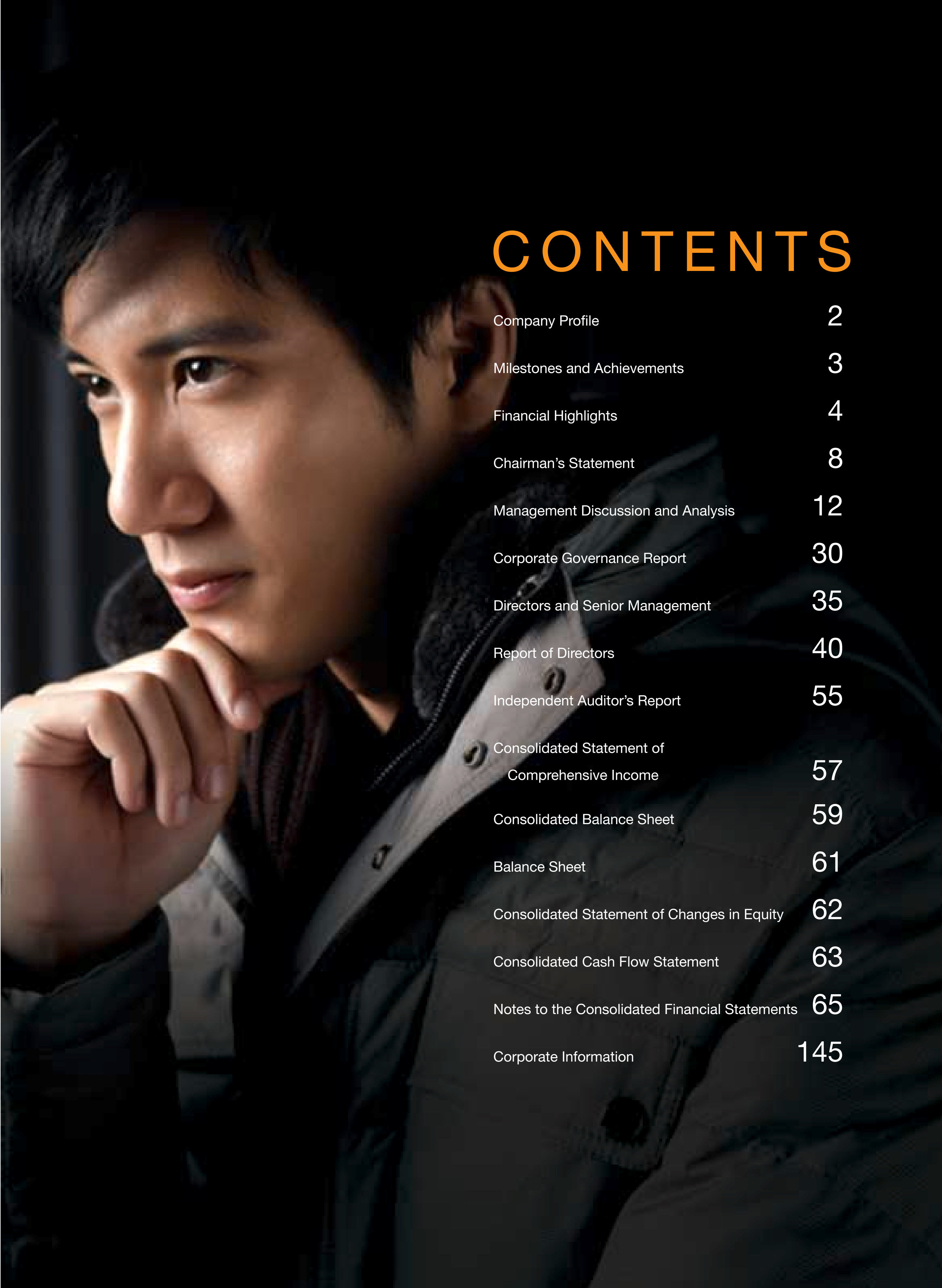
Bosideng International Holdings Limited

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

09-10 Annual Report



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COMPANY PROFILE

Bosideng International Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is the largest down apparel company in the PRC. It has 5,620 retail outlets in 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 Center ("CIIIC"), in terms of sales in 2009, "Bosideng", "Snow Flying", "Kangbo" and "Bingjie" down apparel products achieved a combined market share# of 38.0% in the PRC. "Bosideng" was the leading down apparel brand in the PRC for 15 consecutive years from 1995 to 2009, according to CIIIC and the National Bureau of Statistics of China. As a leader in the PRC down apparel industry, the Group introduced, for the 14th consecutive year, the latest fashionable Fall/Winter apparel trends to the world on behalf of the PRC at the "China International Clothing and Accessories Fair". In 2006, 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 General Administration of Quality Supervision, Inspection and Quarantine of the PRC. In 2008, "Bosideng" was awarded the "Leading Textile Clothing Brand in China" by the China National Textile and Apparel Council. In 2009, the Group was ranked 160th on the list of the "World's Most Reputable Companies" by Reputation Institute. "Bosideng" also ranked 13th in the "2009 Most Valuable Chinese Brand" by R&F Global Information Group with brand value of RMB16.22 billion.

To further optimize its product mix and increase profitability, the Group has gradually begun to implement a "non-season product" development strategy. 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. In March 2010, the Group launched the new metropolitan fashion brand "BOSIDENG VOGUE". Currently, apart from financing the continuous development of the three non-down apparel projects mentioned above, the Group is actively exploring opportunities to acquire non-down apparel brand with high development potential and good reputation in order to further raise the share of non-down apparel business in total sales.

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 period under review, which is a testament to its leading position in the apparel industry.

Major highlights of the year included:

- In January 2010, the Group was awarded "China Brand Image Award on the 60th Anniversary of the PRC"（60年中國品牌形象獎）by the China Brand Development Organizing Committee and Organizing Committee of China Brand Forum（中國品牌論壇組委會）
- In December 2009, "Bosideng" was ranked 13th in the "2009 Most Valuable Chinese Brand" by R&F Global Information Group with brand value of RMB16.22 billion
- In December 2009, Mr. Gao Dekang, the Chairman of the Group, was honoured as one of the "60 Outstanding Brand Builders in Memory of the 60th Anniversary of the PRC"（建國60年60位功勳品牌人物）by the Organizing Committee of Chinese Person of the Year 2009（2009品牌中國年度人物組委會）
- In December 2009, Mr. Gao Dekang, the Chairman of the Group, was named "Outstanding Administrator of the 30th Anniversary of All-rounded National Quality Control" by the China Association for Quality
- In December 2009, Mr. Gao Dekang, the Chairman of the Group, was named "Meritorious Entrepreneur of China Feather and Down Industry" by the China Feather and Down Industrial Association
- In November 2009, Mr. Gao Dekang, the Chairman of the Group, was named "2009 China CEO" in the 2009 China CEO Summit Forum
- In November 2009, Mr. Gao Dekang, the Chairman of the Group, was named "Excellent Contributor of Chinese Socialism" by the United Front Work Department of CPC Central Committee, Ministry of Industry and Information Technology of the PRC, Ministry of Human Resources and Social Security of the PRC, State Administration for Industry and Commerce of the PRC and All-China Federation of Industry and Commerce
- In August 2009, "Bosideng" was honoured as one of the "60 Outstanding Brands on the 60th Anniversary of the PRC" by CCTV.com
- In August 2009, the Group was awarded "Hua Pu China Brand Award 2009, Nationwide Honour List" granted by the Organizing Committee of the Third China Brands Festival
- In August 2009, Mr. Gao Dekang, the Chairman of the Group, was named "National Economic Figure on the 60th Anniversary of the PRC"（新中國成立60周年全國經濟新聞人物）by the Association of China Economic Press
- In July 2009, "Bosideng", "Snow Flying", "Kangbo" and "Bingjie" were awarded "2008-2009 The Most Popular Brand" by the Down Apparel and Related Products Committee of China National Garment Association and the Information Department of China General Chamber of Commerce. In the same month, "Bosideng", "Snow Flying", "Kangbo" and "Bingjie" were also awarded "Best-selling Brands"（暢銷品牌獎）of 2008-2009 China National Garment Association Down Apparel Fair（2008-2009年度中國服裝協會羽絨服裝博覽會）by the Down Apparel and Related Products Committee of China National Garment Association（中國服裝協會羽絨服及製品專業委員會）
- In June 2009, "Bosideng" was listed in the "National Business Card" of the China Brand Research Institute
- In June 2009, "Bosideng" was ranked 47th in "The 6th China's 500 Most Valuable Brands" of World Brand Lab
- In May 2009, the Group was ranked 160th in the "World's Most Reputable Companies" of Reputation Institute, an international consultancy

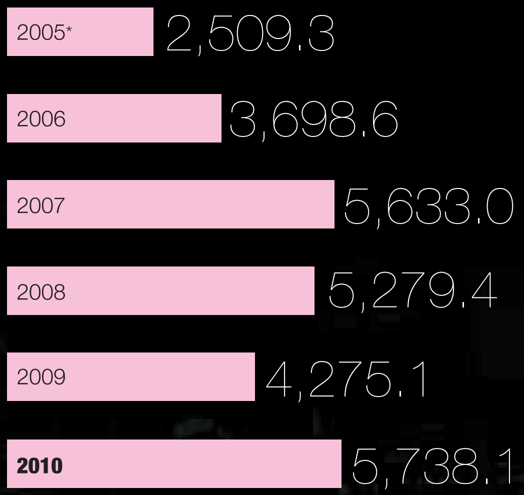
FINANCIAL HIGHLIGHTS

(All amounts in RMB thousands unless otherwise stated)

	For the year ended March 31,					For the 10 months ended March 31,
	2010	2009	2008	2007	2006	2005
Revenue	5,738,121	4,275,144	5,279,416	5,632,967	3,698,641	2,509,297
Gross Profit	2,886,637	1,944,971	2,408,802	1,987,458	1,417,041	806,250
Profit from operations	1,205,521	679,765	1,163,748	854,920	764,129	433,038
Profit attributable to equity holders of the Company	1,078,550	748,120	1,116,937	617,593	500,786	252,579
Non-current assets	890,217	85,569	50,267	30,825	6,656	660,267
Current assets	7,491,598	7,284,141	7,851,204	3,123,799	1,492,698	1,550,100
Current liabilities	1,362,964	723,916	779,889	2,456,151	1,119,642	1,415,544
Net current assets	6,128,634	6,560,225	7,071,315	667,648	373,056	134,556
Total assets	8,381,815	7,369,710	7,901,471	3,154,624	1,499,354	2,210,367
Total assets less current liabilities	7,018,851	6,645,794	7,121,582	698,473	379,712	794,823
Total equity	6,813,153	6,595,794	7,088,582	571,284	379,712	794,823
Gross profit margin (%)	50.3	45.5	45.6	35.3	38.3	32.1
Operating margin (%)	21.0	15.9	22.0	15.2	20.7	17.3
Net profit margin (%)	18.8	17.5	21.2	11.0	13.5	10.1
Earnings per share						
— basic (RMB cents)	13.9	9.5	17.1	11.7	9.5	4.8
— diluted (RMB cents)	13.9	9.5	16.2	11.1	9.5	4.8

Revenue

RMB (million)

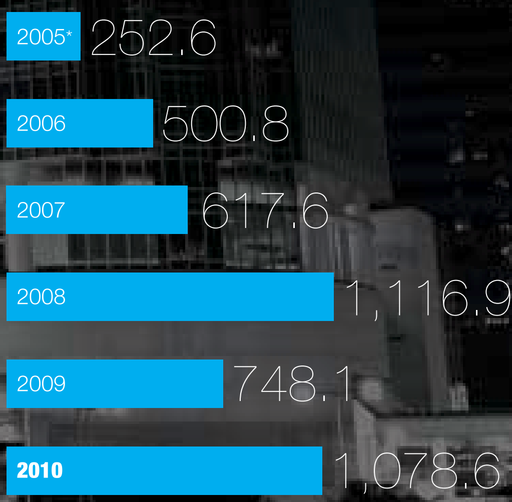


Down Apparel Revenue by Brand#

	2009	2010
BOSIDENG	61.4 %	61.9 %
SNOW FLYING	22.8 %	18.9 %
KANGBO	9.6 %	11.2 %
BINGJIE	5.7 %	8.2 %
OTHER BRANDS	0.6 %	0.4 %
OTHERS	0.3 %	0.2 %

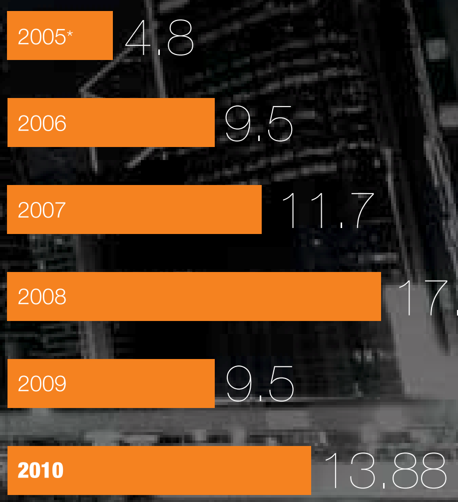
Profit attributable to equity holders

RMB (million)



Basic earnings per share

RMB (Cents)



\# *Sales rebates are not deducted from the total down apparel revenue or from revenue of each brand. Sales rebates accounted for 1.8%, 1.2%, 0.8%, 0.7%, 0.4% and 0.8% of total down apparel revenue for the ten months ended March 31, 2005 and the years ended March 31, 2006, 2007, 2008, 2009 and 2010 respectively.*

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

QUALITY OF LIFE, GREAT MINDS THINK ALIKE

LIFE WITH TASTE IS AN ATTITUDE TO LIFE
IT IS THE PURSUIT AND PASSION TO LIVING
IT IS THE PERSISTENCE TO PERFECT PERFORMANCE
IT IS THE AFFIRMATION OF PURSUING DREAM
IT IS THE RELAXATION OF YOUR OWN LIFE

Gao Dekang
Chairman

"Dear shareholders,

With its persistence and the support of its entire staff, Bosideng weathered the financial crisis and strived for growth even in time of adversity. Indomitable and optimistic about its development, Bosideng recorded satisfactory results in this tough year. The Group is pleased to present this annual report for the year from April 1, 2009 to March 31, 2010.

Looking ahead, the Group will integrate its brand resources to optimize and improve its business structure and to expand into the non-seasonal and fashion apparel business from a global perspective. The Group will also enhance its management level and speed up its innovation so as to open a new chapter in developing into a 'respectful and renowned international apparel brand operator and strive for better performance.'"

MARKET REVIEW

The current global economic adjustment coincided with the adjustment of the economy of China, resulting in the rapid consolidation of the apparel industry. Mired in the prolonged downturn of the international market and the weak performance of the domestic market, a significant number of small and medium garment manufacturers were forced to cease operation. Major players with proprietary technologies, self-owned brand names, independent sales networks, good management and strong marketing capability were able to further secure their market shares and consolidate their competitive edges.

The number of severe cold days in the winter of 2009 was exceptionally high, resulting in the growth of sales in general. The down apparel market was characterized by increase in prices of the down apparel industry, the overall

improvement in product quality and concentration of sales in the peak season. Products of various designs were introduced to meet customers' demand. The market was dominated by big names. In addition to its functional features, the fashionable features of the products were increasingly important and the products were further differentiated.

BUSINESS REVIEW

During the year under review, the Group adjusted its brand strategy, marketing strategy and production plan in response to the market development. Leveraging its strong brand name, extensive retail and distribution networks and innovative designs, the Group captured the market opportunities arising from the cold weather. The Group was able to maintain the quality of its products and to boost its sales by expanding its production to meet sudden increase in market demand.

Number One in sales throughout the country for 15 years in a row

According to CIIIC and the National Bureau of Statistics of China, "Bosideng" has ranked as the top brand in terms of sales for 15 consecutive years since 1995. The total market share of the Group's brand portfolio in 2009, including "Bosideng", "Snow Flying", "Kangbo" and "Bingjie", was 38.0%. These four brands also ranked among top ten in terms of sales. "Bosideng" and "Snow Flying" were ranked first and second with a market share of 24.9% and 7.6%, respectively. "Bingjie" was ranked eleventh last year and bounded to seventh with a market share of 2.9%, while "Kangbo" was ranked eighth with a market share of 2.6%.

High brand value of RMB16.22 billion

In December 2009, the 15th annual R&F Global Ranking was announced in New York, the US. Awarded with "China's World Famous Brand" and "Leading Textile Clothing Brand in China", Bosideng was ranked 13th in "2009 China's Most Valuable Brand" with a brand value of RMB16.22 billion, and ranked top among all apparel brands (by the category of clothing). "Snow Flying", a brand of the Group with a brand value of RMB5.109 billion, was on the list again and was ranked 44th in "2009 China's Most Valuable Brand".

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

The Group organized the "2010/2011 Fall/Winter Cold-resistant Apparel Trends Conference" on March 28, 2010 under the theme of "Boundary" at the "2010 China International Clothing and Accessories Fair". The Bosideng's cold resistant apparels featured by the top models of China were stunning and the show was recognized as an extraordinary, innovative and imaginative apparel show in recent years. The Group has participated the Fair for 14 consecutive years as the only representative of the cold-resistant apparel industry in China to introduce the market trend of China. The Group maintained the leading position of its brand in the cold-resistant apparel industry in China due to its leading market position and design capability.

Development of Bosideng's non-seasonal menswear business

To further optimize the product portfolio and improve profitability, the Group expanded into the non-down apparel business. In May 2009, after the Group expanded into menswear business by acquiring Jiangsu Bosideng Garment Development Co., Ltd. (formerly known as Jiangsu Kangbo Clothing Co., Ltd.) (the "Menswear Company"), the overall development of "Bosideng Menswear" was further promoted by capitalizing the brand recognition of "Bosideng" and with the strong support of the Group. During the period, "Bosideng Menswear" established its brand awareness across the PRC with good reputation. In addition, the Group achieved excellent results through rapid business development by building a national sales network, which represented a major step of the Group's business diversification strategy.

Opening of flagship stores in the CBDs

The Group opened a number of flagship stores in the central business districts of major cities in China and provided our customers with a more comfortable shopping environment, which enhanced the brand image of the Group. The "Bosideng" flagship store at Nanjing Road East in Shanghai, the most famous shopping area in China, is the most prominent one. It is located in the central business district of Shanghai with a total floor area of 7,000 sq.m. (7 levels in total, 3 levels are in operation for the time being). The outlook and internal design of the flagship store represent the style of an international brand and create a brand new environment to enhance the shopping experience of its customers.

FUTURE DEVELOPMENT STRATEGY

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

The Group will carefully develop the non-seasonal apparel brand business by applying the business model of its down apparel business. The Group will further develop the product lines of "Bosideng Menswear" and intend to acquire more non-down apparel brands including lady's wear, casual wear and kids wear brands with high potential and good reputation through acquisition, merger or joint venture. The Group will increase the proportion of sales of non-down apparel products to its total sales so as to provide our quality products to consumers all year round.

The Group will adhere to its pursuit of perfect quality, dedication to the brand and market exploration. In 2010/2011, the Group will conduct an overall review of the positioning of its brands in order to differentiate their styles to cater for the demand of different customers. The Group will strengthen its research and development efforts to introduce more non-seasonal and fashion apparels. The Group will also strengthen its marketing efforts to effectively expand markets

through various sales channels and increase the brand value of the Group. The Group will further invest to establish a unique image of its outlets and increase the number of flagship stores and expand its sales network.

In addition, the Group will change the conventional business model by using information technology and e-commerce business platform so as to adopt a scientific management style and enhance the corporate management level.

APPRECIATION

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

Gao Dekang
Chairman

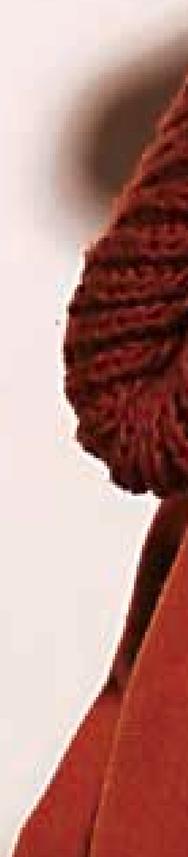
July 7, 2010

Leading advantages in fashion industry

Market Review

After the economic woes resulted from the global economic crisis and cyclical downturn of the domestic economy, the general economic condition of the PRC has been recovering recently and various economic indicators have bottomed out with steady growth. The apparel industry of the PRC saw a steady and healthy development and major players in the industry further consolidated resources and slightly increased production. The overall efficiency of the industry has shown signs of improvement.

The winter of 2009/2010 set in earlier than usual and many areas of China were hit by snow and cold weather since the beginning of November in 2009 till March 2010. The cold weather boosted the overall sales performance of the down apparel industry. In addition, unit prices and quality of products keeps improving and the product designs are more fashionable and diversified. Emerging and old brands of the down apparel coexist in the market with more detailed segmentation. However, famous brands remain the leaders in industrial development, which fully reflect consumers' trust and recognition to brand value.



UNIQUE ELEGANT

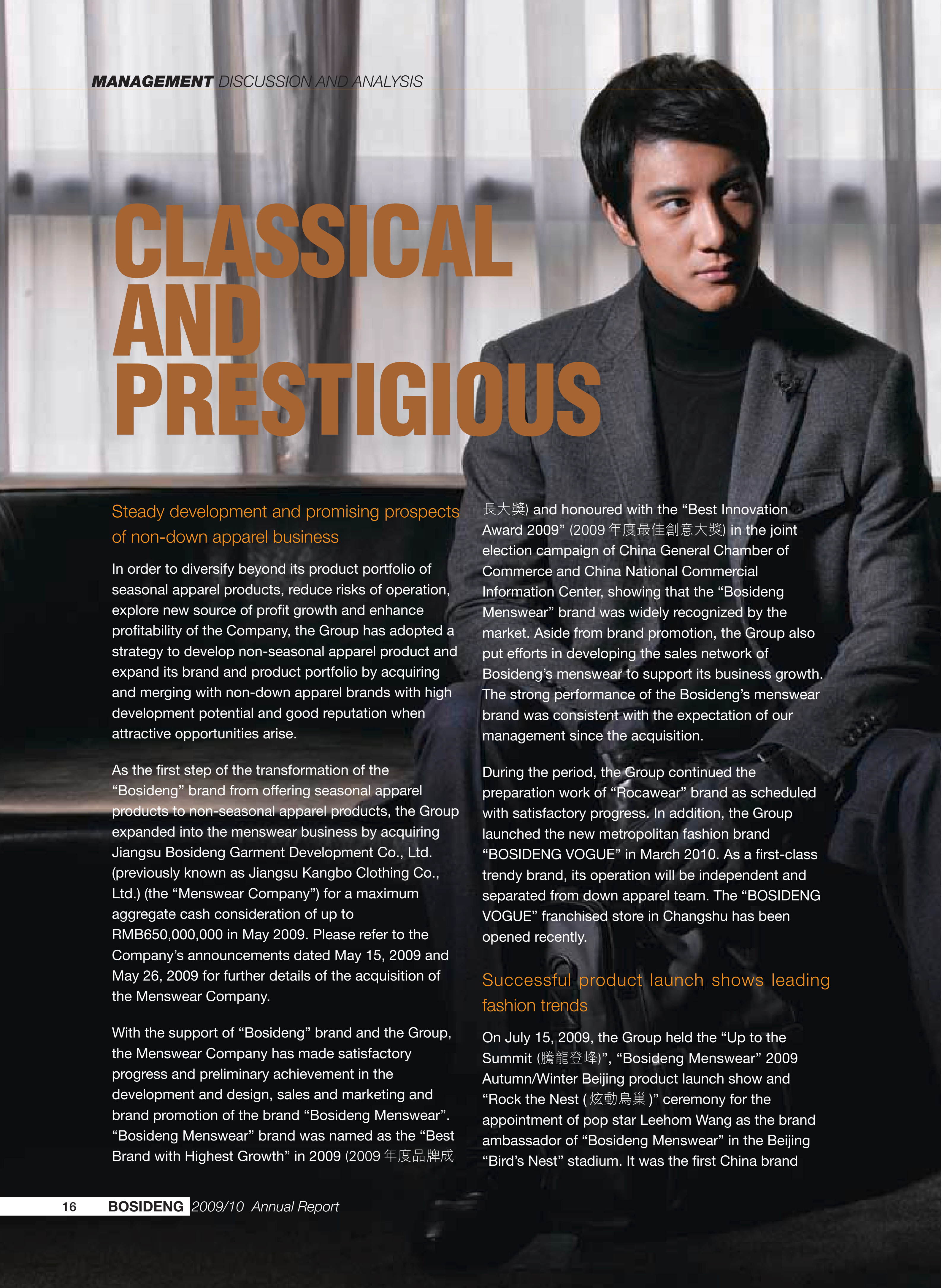
Business Review

Market leadership and satisfactory performance in the down apparel business

During the reporting period, the operation and development of enterprises were under challenges and difficulties in the face of the prolonged international market downturn despite the bottom-out of the domestic market. The Group was well-prepared to cope with different market changes by adjusting its branding and marketing strategies as well as the production plans. During off-peak seasons, the Group implemented the "off-season strategic sales plan" by providing discounts and promotions to sell stock of the previous fiscal year. In peak seasons, the Group adopted effective order management and production plans and achieved satisfactory results. By leveraging on its brand advantages, retail and distribution networks and leading design capabilities, the Group grasped the opportunities brought by the early coming winter and longer sales season of down apparel for the year 2009/2010 and offered products with high quality and quantity in time to satisfy the rapid increasing market demand. As a result, the Group recorded satisfactory sales results.

According to statistics released by CIIIC and National Bureau of Statistics of China, "Bosideng" has ranked as the top brand in the local down apparel industry in terms of sales for 15 consecutive years since 1995. Based on the report issued by CIIIC, the total market share of the Group's brands, including "Bosideng", "Snow Flying", "Kangbo" and "Bingjie", in 2009 was 38.0%. All of the above brands ranked among top ten in terms of sales. Among them, "Bosideng" and "Snow Flying" remained the largest and the second largest brands, which respectively accounted for 24.9% and 7.6% of market shares, while "Bingjie" and "Kangbo" were ranked seventh and eighth with market shares of 2.9% and 2.6% respectively.

During the period, the development of "Bingjie" has outstanding results with significant growth in sales and market share and gained widespread market recognition. The encouraging performance of "Bingjie" reflected the success of the repositioning and independent management of "Bingjie" in the past two years, which was also in line with the expectation of the Group.



CLASSICAL AND PRESTIGIOUS

Steady development and promising prospects of non-down apparel business

In order to diversify beyond its product portfolio of seasonal apparel products, reduce risks of operation, explore new source of profit growth and enhance profitability of the Company, the Group has adopted a strategy to develop non-seasonal apparel product and expand its brand and product portfolio by acquiring and merging with non-down apparel brands with high development potential and good reputation when attractive opportunities arise.

As the first step of the transformation of the "Bosideng" brand from offering seasonal apparel products to non-seasonal apparel products, the Group expanded into the menswear business by acquiring Jiangsu Bosideng Garment Development Co., Ltd. (previously known as Jiangsu Kangbo Clothing Co., Ltd.) (the "Menswear Company") for a maximum aggregate cash consideration of up to RMB650,000,000 in May 2009. Please refer to the Company's announcements dated May 15, 2009 and May 26, 2009 for further details of the acquisition of the Menswear Company.

With the support of "Bosideng" brand and the Group, the Menswear Company has made satisfactory progress and preliminary achievement in the development and design, sales and marketing and brand promotion of the brand "Bosideng Menswear". "Bosideng Menswear" brand was named as the "Best Brand with Highest Growth" in 2009 (2009年度品牌成長大獎) and honoured with the "Best Innovation Award 2009" (2009年度最佳創意大獎) in the joint election campaign of China General Chamber of Commerce and China National Commercial Information Center, showing that the "Bosideng Menswear" brand was widely recognized by the market. Aside from brand promotion, the Group also put efforts in developing the sales network of Bosideng's menswear to support its business growth. The strong performance of the Bosideng's menswear brand was consistent with the expectation of our management since the acquisition.

During the period, the Group continued the preparation work of "Rocawear" brand as scheduled with satisfactory progress. In addition, the Group launched the new metropolitan fashion brand "BOSIDENG VOGUE" in March 2010. As a first-class trendy brand, its operation will be independent and separated from down apparel team. The "BOSIDENG VOGUE" franchised store in Changshu has been opened recently.

Successful product launch shows leading fashion trends

On July 15, 2009, the Group held the "Up to the Summit (騰龍登峰)", "Bosideng Menswear" 2009 Autumn/Winter Beijing product launch show and "Rock the Nest (炫動鳥巢)" ceremony for the appointment of pop star Leehom Wang as the brand ambassador of "Bosideng Menswear" in the Beijing "Bird's Nest" stadium. It was the first China brand

apparel show held at the stadium. Leehom Wang, together with international top models, presented three major collections launched in autumn and winter in 2009, including "Smart Business Wear (精緻商務)", "Easy Office Wear (簡約辦公)" and "Cool Causal (Cool 休閒)". These collections accentuate the characteristics of modern men, such as intellect, knowledgeability, stylishness and stamina, from different perspectives and represent the slogan for "Bosideng Menswear": "Quality of Life, Great minds think alike (品位生活，英雄所見)".

On September 12, 2009, a product launch show for 2009/2010 entitled "Lijiang, the Dream-like and Stylish Paradise (夢縈淨土 • 時尚麗江)" was held by the Group at the foot of Jade Dragon Snow Mountain, which is 5,596 meters above sea level and is situated at Lijiang, Yunan Province, a landmark of world heritage. The theme of this product launch show was "Change" which aimed at changing consumer's concept of wearing down apparel. Four new series, namely classic, vogue, stylish and casual down apparel, presented consumers with a brand new and trendy way of dressing to experience the fashionable fascination of down apparel in 2009. The design concept of 2009 was as a result of the financial crisis which advocates a simple and sober lifestyle. On this basis, three main themes, namely "Travel in the Sky (天際之旅), The Silent Station (靜驛站台) and Happiness in the Wonderland (情歡樂園)", were introduced in the product launch show to display a simple, casual and natural style of dressing. The themes are embodied in natural colouring, sophisticated artistry, comfortable mix and match and the design of individuality. To further accentuate the themes, mysterious purple silver, violet red and liquorices yellow are used with dimensional and neutral cutting. All of the above elements are blended in interplay of cosmopolitan, natural, simple and cyber designs. Thousands of celebrities, media and distributors all over the country participated in this ceremony which was the first apparel launch show held on a plateau.

On September 16, 2009, the grand opening of a product launch show for "Bosideng Menswear" 2010 Spring/Summer was held in International Expo Center in Changshu, and gathered more than 1,000 elites of "Bosideng Menswear" across the country. The opening represented the prelude to the new season of menswear with the theme "Quality (品位)". Bosideng's menswear 2010 Spring/Summer product series featuring trendiness, quality, comfort and causality are fully refined and enhanced with trendy design, fit cutting, high-quality fashion fabric, harmonious and colourful mix and match, advanced technology and excellent and reliable quality. In the product launch show, elite models displayed different series of "Bosideng Menswear", conveying the concept of "Quality of Life (品位生活)" which advocates a dressing culture of different styles at different occasions.

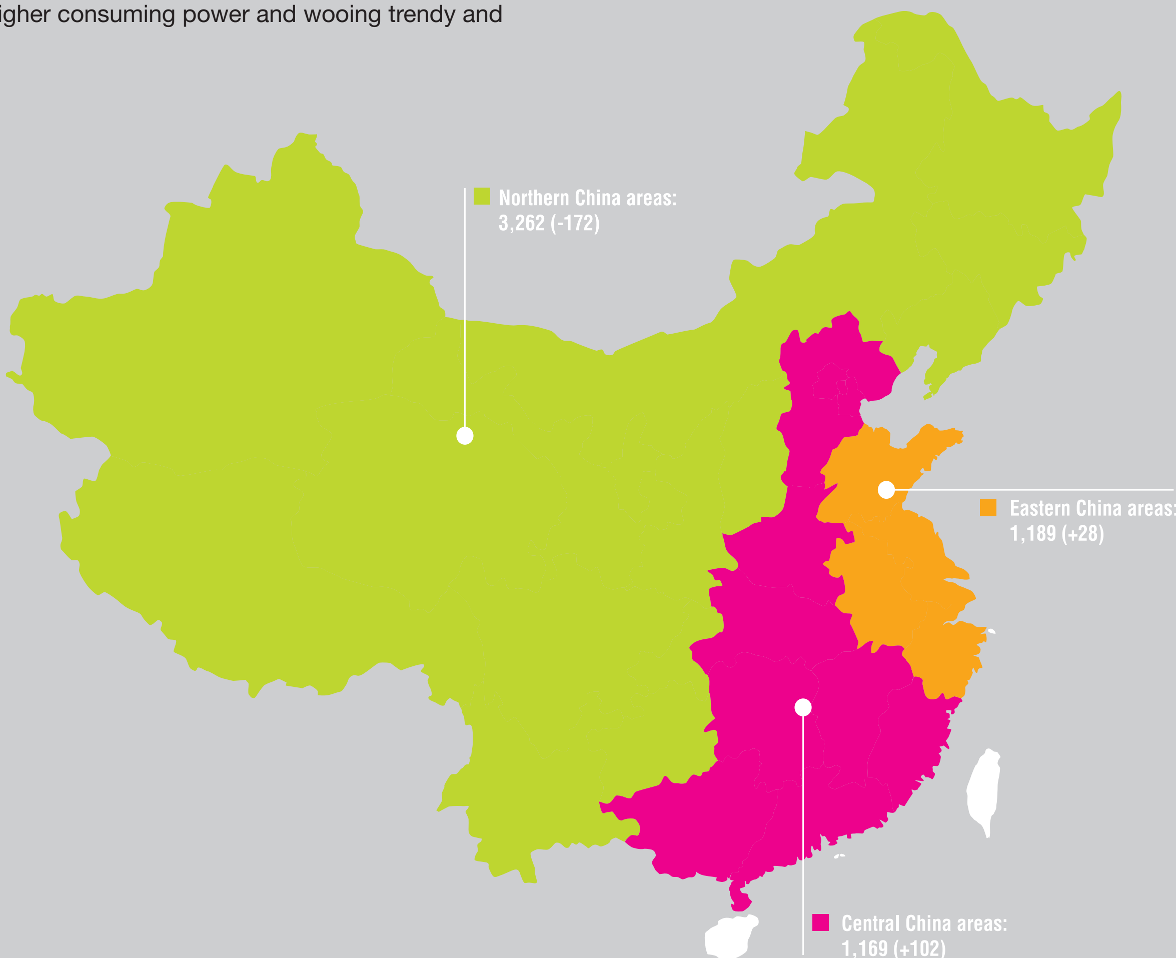
CHARM CANNOT BE REPLICATED

On March 28, 2010, the Group held the 2010/2011 Fall/Winter Cold-resistant Apparel Trends Conference with the theme of "Boundary (界緣)" in 2010 China International Clothing & Accessories Fair, an annual event for major manufacturers in the industry to present the latest clothing trends and design concepts. The theme of the fashion trend this year was inspired by the Yardang Landform in Xinjiang, a masterpiece of the Wind God. The indigo sky, gray-green sand land and miraculous soil mountains carved by wind for aeon alike trees, bamboos, quiet streets, imposing castles and majestic fleets filling with the colours of gray gold, yellowish brown, light brown and pale pink unveil the mysterious appearances of this natural masterpiece and inspire the imaginations of earthling. The conference was hosted by Jessey Meng, an all-round talented female star. The launch of more than a hundred series of Bosideng cold-resistant clothing presented by local top models rocked the world and it was praised as one of the most marvelous fashion shows in recent years, being the vanguard of trend and imagination. The Group, on behalf of China's cold-resistant apparel industry, was the only one to unveil to the world the latest fashion trend for 14 consecutive years, thereby further consolidating its leading position in China's cold-resistant apparel industry with its advantageous position in the market and strong design expertise.

Accurate specialized market positioning and effective multi-brand strategy

In the face of increasing emphasis on fashionable design and more specialized product categorization in the apparel industry, the Group has been insisting to the implementation and reinforcement of its multi-brand strategy for all these years. During the reporting period, the Group has cooperated with external professional consultancy and further defined the different styles and market positioning of various brands under the Group by conducting market research, assessments and analysis, ensuring the coordination and effective development of all brands.

Down apparel: The Group's core brand, "Bosideng", is positioned as a leading high end brand in the PRC down apparel market, with product types and styles emphasizing stylish, quality, casual and classical characteristics. Target customers are consumers with higher consuming power and wooing trendy and vogue design. 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 and passion. The Group's "Kangbo" and "Bingjie" brands target the general low and medium end public. "Bingjie" is positioned as a trendy brand with characteristics of young, vogue, energetic and nice. Its target customers are youngsters who born in 1980s and 1990s and it comprises principally lady's wear. "Kangbo" mainly provides basic styles and comprises principally menswear.



Notes: Retail outlet as at March 31, 2010
Figures in bracket denote changes as compared to March 31, 2009

Northern China areas: the three north-eastern provinces, Shanxi, Shaanxi, Xinjiang, Sichuan, Chongqing, Inner Mongolia, Gansu, Ningxia, Tibet, Yunnan, Guizhou, Shandong, Beijing, Tianjin, Hebei, Qinghai
Eastern China areas: Jiangsu, Zhejiang, Shanghai, Anhui, Fujian
Central China areas: Henan, Hunan, Hubei, Jiangxi, Guangdong, Guangxi

Non-down apparel: Positioned as a brand showing "Quality of life", target customers of "Bosideng Menswear" are men in the age of 28 to 45. A large proportion of the product types covering casual wear and business casual wear, and a small proportion are formal suits, offering various choices of wearing for men in different occasions. "Rocawear" is a trendy street brand came from the United States, targeting young fans of hip-hop fashion in the age of 18 to 28. Product types comprise menswear, lady's wear and accessories with trendy, cool, cheerful, relax and natural styles. "BOSIDENG VOGUE" is designed as metropolitan vogue style and targets white collars and certain middle class aged 20 to 40. The basic characteristics of this brand are stylish and casual, illustrating the attitudes of city people who love life, work hard and have strong personality.

Dedicating in innovative research and development to meet market demands

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

As an enterprise unveiling to the world the trends in winter cold-resistant clothing on behalf of China for 14 consecutive years, the Group's product designs have provided an absolute trend direction for winter cold-resistant clothing in the PRC every year. The introduction of design concepts incorporating stylish, casual and sports elements in the down apparel industry to deliver a new concept of "light, thin, elegant" for down apparel, the launch of environmentally friendly and ecological anti-bacterial down apparel integrating environmental protection and trendiness, and the launch of anti-bacterial down apparel with water-proof, oil-proof, stain-proof, antibacterial, 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.

For non-down apparel business, "Bosideng Menswear" has cooperated with the European design team and launched various product lines such as casual wear, business casual wear and formal suits to provide different clothing solutions for target customers. "BOSIDENG VOGUE" has invited famous fashion consultancy in France to carry out a restructuring of its product mix. It has abandoned the traditional product mix which based mainly on design and accompanied by suggestions from merchandisers.

Effectively implementing marketing strategies with various promotion methods

Targeting different styles and market positioning of all brands, the Group has adopted various flexible methods in promoting the brands. Various remarkable slogans in commercials and propaganda including "A beautiful world because of you (世界因你而美麗)", "I can fly high (我要飛得更高)", "warm and breathable, thin and cool (暖的透氣薄的有型)", "Good quality worth (品質好才是真實惠)" and "Quality of Life, Great minds think alike (品位生活，英雄所見)" obviously reflect the characteristics of "Bosideng", "Snow Flying", "Bingjie", "Kangbo" and "Bosideng Menswear" respectively.

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

At the 18th China International Clothing and Accessories Fair held in March 2010, the Group tendered an exhibition area of over 1,600 square meters in three main exhibition zones namely menswear, casual wear and down. The Group brought its "Bosideng Menswear", "BOSIDENG VOGUE", "Snow Flying" and "Bingjie" to the stage and its exhibition area was the biggest among all participating brands, which attracted various professionals, purchasers and franchisee to visit and arrange further discussion.

Actively enhancing management system to optimize operation efficiency

During the period under review, the Group continued its expansion based on its business scale. It also optimized its management system and improved its planning in respect of products design, pricing, promotion and sale. Cost effectiveness was improved by bulk purchase, shortened product production cycle and batch production. In addition, the establishment of the regional logistic centers of the Group speeded up its decision-making of sales strategies, enhanced operation efficiency and catered for the changes of the market effectively to achieve better economy of scale. The enhancement of the management system will enable the Group to efficiently respond to changes of demand and cost in the market and adjust its pricing accordingly for optimizing its business performance.

Comprehensively optimizing information system and establishing e-commerce platform

The Group proactively improved its traditional business by leveraging on network information technology and e-commerce platform. ERP information engineering was introduced in the procedures such as order management, material examination, production and manufacturing, outsourcing and processing, storage and logistics and marketing services, forming a responsive and effective integrated supply chain, as well as reducing inventory and increasing logistic turnover rate. During the reporting period, the Group further optimized and adjusted basic hardware and system platform of its information system and improved data security. The software system was also optimized by establishing two versions of ERP system, which are applicable to its two major segments, namely the down apparel products and non-down apparel products. By applying ERP system to mobile phones, ERP data can be sent through text messages by mobile phone. As a result, extraordinary condition of the system can be supervised and notified by text message through mobile phone, allowing relevant personnel obtain important operating information timely and make prompt response to market changes.

During the reporting period, the Group was equipped with the electronic ordering system, which managed electronic ordering, delivery, capital, inventory enquires and analysis of sales statistics. The Group successfully established an e-commerce platform by opening an official flagship store in mall.taobao.com and initiating the operation and management of online sales. The establishment of e-commerce platform echoed the current online shopping trend, providing consumers with a more convenient way of shopping and contributed satisfactory online sales results to the Group.

Enhancing brand recognition of the Group by opening large flagship stores

The Group has continued to optimize the retail network of down apparel business by reorganizing its sales regions. While eliminating and replacing substandard distributors and retail shops with unsatisfactory performance, the Group was committed to formulating a reasonable overall planning and optimizing each retail shops. By uniformizing retail channels located in various places with different decoration styles, shop decoration and product display can be standardized. Moreover, the products, retail space, lighting effects, service and ambience are in tune with fashionable trends.The business of Bosideng's menswear focuses on market expansion and commenced to enter first tier cities as a new breakthrough by leveraging on the experience of its development in second and third tier cities.

The Group has gradually established large flagship stores in flourishing business districts of major cities in China which provide consumers with a more spacious and comfortable shopping environment, and effectively improved the brand recognition of the Group. "Bosideng Menswear" flagship stores were opened in Qianmen Street in Beijing, Zhongshan Road in Wuhan and Songhong Road in Shanghai, while a numerous of large flagship stores of "Bosideng" down apparel were opened in Wanbao Road in Changsha and Zhongshan East Road in Ningbo. In particular, the grand opening of "Bosideng" flagship store in Nanjing East Road in Shanghai, which is the most flourishing street in China, was held in January 2010. As the representative situated in the prime commercial region in Shanghai among all flagship stores, it has a stunning scale with a total area of 7,000 square metres (7 levels in total, 3 levels are in operation for the time being). The external image and the internal display of the flagship store show an international brand and a new attitude and environment, allowing customers to enjoy a wonderful shopping experience.

Retail outlets of down business

Retail network composition by outlet type

Store types	As at March 31, 2010	2009	Changes
Specialty store			
– operated by the Group	**7**	31	-24
– operated/supervised by third party distributors	**3,289**	3,829	-540
	3,296	3,860	-564
Concessionary retail outlets			
– operated by the Group	**988**	694	+294
– operated/supervised by third party distributors	**1,336**	1,108	+228
	2,324	1,802	+522
Total	**5,620**	5,662	-42

Retail network composition by geographic location

Sales Regions*	As at March 31, 2010	2009	Changes
Northern China areas (formerly known as North Western China)	**3,262**	3,434	-172
Eastern China areas	**1,189**	1,161	+28
Central China areas	**1,169**	1,067	+102
Total	**5,620**	5,662	-42

* *Northern China areas:* *the three north-eastern provinces, Shanxi, Shaanxi, Xinjiang, Sichuan, Chongqing, Inner Mongolia, Gansu, Ningxia, Tibet, Yunnan, Guizhou, Shandong, Beijing, Tianjin, Hebei, Qinghai*

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

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

Retail outlets of Bosideng Menswear business

Retail network composition by outlet type

Store types	As at March 31, 2010	2009*	Changes
Specialty store			
– operated by the Group	**34**	2	+32
– operated according to franchise agreement	**56**	25	+31
– operated by third party distributors	**343**	342	+1
	433	369	+64
Retail outlets			
– operated by the Group	**39**	10	+29
– operated according to franchise agreement	**43**	23	+20
– operated by third party distributors	**244**	258	-14
	326	291	+35
Total	**759**	660	+99

* *Prior to May 2009, as Bosideng's menswear business was not included in the Group, such information is for reference only.*

Financial Review

Revenue

Branded down apparel business remained the largest contributor which accounted for 81.7% of the Group's revenue, with the remaining 11.3% and 7.0% coming from the OEM management business and menswear apparel business, in comparison with 87.7%, 12.3% and nil respectively in the previous year.

The Group's revenue for the year ended March 31, 2010 increased by 34.2% year-on-year to approximately RMB5,738.1 million. This was mainly due to the strong demand of down apparel in long winter and the Group's strategy of products differentiation. Sales of the Group's branded down apparel increased by 25.1% year-on-year to approximately RMB4,688.9 million, while revenue from OEM management operations also increased by 22.6% to approximately RMB646.8 million due to the consumer sentiment revived after the global financial crisis. Since May 2009, menswear apparel business contributed approximately RMB402.4 million for of the Group's revenue.

Sales analysis by products

	Year ended March 31,				
	2010		2009		
		% of		% of	Changes
	(RMB million)	**total revenue**	(RMB million)	total revenue	(in %)
Branded down apparel					
• Outright sales	**3,222.5**	**56.2%**	2,525.2	59.1%	+27.6
• Consignment sales	**1,459.3**	**25.4%**	1,209.9	28.3%	+20.6
• Others*	**7.1**	**0.1%**	12.5	0.3%	-43.2
Total down apparel revenue	**4,688.9**	**81.7%**	3,747.6	87.7%	+25.1
OEM management	**646.8**	**11.3%**	527.5	12.3%	+22.6
Menswear apparel	**402.4**	**7.0%**	—	N/A	N/A
Total revenue	**5,738.1**	**100.0%**	4,275.1	100.0%	+34.2

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

A majority of the Group's products were sold through outright sales, which accounted for 68.7% of the Group's branded down apparel revenue, compared to 67.4% in the previous year.

Revenue analysis of down apparel sales by brand

	Year ended March 31,				
	2010		2009		
Brands	(RMB million)	% of branded down apparel sales	(RMB million)	% of branded down apparel sales	Changes (in %)
Bosideng	**2,900.3**	**61.9%**	2,300.1	61.4%	+26.1
Snow Flying	**886.6**	**18.9%**	854.8	22.8%	+3.7
Bingjie	**386.4**	**8.2%**	213.3	5.7%	+81.2
Kangbo	**526.9**	**11.2%**	359.1	9.6%	+46.7
Other brands	**18.3**	**0.4%**	20.8	0.6%	-12.0
Others	**7.1**	**0.2%**	12.5	0.3%	-43.2
Sub-total	**4,725.6**	**100.8%**	3,760.6	100.4%	+25.7
Sales rebates	**(36.7)**	**(0.8%)**	(13.0)	(0.4%)	+182.3
Total down apparel revenue	**4,688.9**	**100.0%**	3,747.6	100.0%	+25.1

In an effort to strengthen differentiation amongst various brands, the Group adjusted its product offerings under its portfolio of brands. While the Group's core brand, "Bosideng" brand, continues to be marketed as a medium to high end brand, targeting customers with greater consumption power and who seek trendy and fashionable designs, "Snow Flying" brand appeals to younger customers with more energetic lifestyles. "Kangbo" and "Bingjie" branded apparel offer colourful, youthful down apparel lines for mainly men and ladies respectively, and is targeted at the mass market. As a result of such brand positioning strategy, "Bosideng" branded apparel remained the highest contributor and contributed 61.9% or approximately RMB2,900.3 million of the total branded down apparel sales. "Snow Flying" branded apparel contributed 18.9% or approximately RMB886.6 million of the total branded down apparel sales. "Bingjie" and "Kangbo" recorded revenues of approximately RMB386.4 million and RMB526.9 million, which represented 8.2% and 11.2% of the total branded down apparel sales respectively.

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 RMB2,851.5 million, or 49.7% of the Group's revenue, as compared to approximately RMB2,330.2 million or 54.5% 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.

The sales margin of branded down apparel, OEM management and menswear business for the period under review was 54.1%, 22.0% and 51.4% respectively, compared to last year for branded down apparel and OEM management was 49.3% and 18.3% respectively.

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 exercise price of this call option as at the acquisition date of May 26, 2009 constitutes an one-off impairment loss of approximately RMB25.8 million for the financial year ended March 31, 2010. 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 RMB1,343.4 million, representing an increase of 30.5%, compared with approximately RMB1,029.8 million in the previous year. The increase of actual spending was mainly due to the increase in number of store and headcount for the development of non-down apparels business and the expansion of the specialty stores operated by the Group. In terms of percentage to revenue, distribution expenses constituted 23.4% of total revenue, signifying a slight drop of 0.7 percentage points compared with 24.1% in the same period last year.

Administration expenses

The administrative expenses of the Group, which mainly comprising bad and doubtful debts provision, salary and welfare, travel and office expenses, amounted to approximately RMB235.8 million, a decrease of 17.8%, compared with approximately RMB287.0 million in the previous year. The decrease mainly resulted from the reduction of bad and doubtful debts' impairment. During the year under review, administration expenses accounted for 4.1% of the Group's revenue, representing a decrease of 2.6 percentage point as compared with 6.7% in the same period last year.

Operating profit

During the year under review, the Group's operating profit increased by 77.3% to approximately RMB1,205.5 million. Operating profit margin was 21.0%, an increase of 5.1 percentage points as compared to that of the previous year.

Finance income

The Group's finance income for the year under review decreased to approximately RMB75.4 million from approximately RMB105.6 million in the previous year. The decrease was due to the drop in interest rate.

Finance expenses and taxation

The Group's finance expenses for the year under review decreased by 62.7% to approximately RMB3.5 million due to the full repayment of loans and bank borrowings during the year.

For the year ended March 31, 2010, income tax expenses increased sharply from approximately RMB27.8 million to approximately RMB198.9 million. The Group's four principal operating subsidiaries in the PRC, being foreign investment enterprises, commenced their entitlement of a tax-free period for two years from January 1, 2007, followed by a further 3-year tax exemption of 50% of the applicable tax rate. Therefore, the tax-free period ended on December 31, 2008 and a substantial portion of the Group's profit was taxable using the applicable tax rate with 50% deduction since January 1, 2009.

Final dividends

The Board has recommended the payment of a final dividend of RMB8.8 cents per ordinary share for the year ended March 31, 2010. The proposed dividend payments are subject to approval by the shareholders of the Company at the annual general meeting to be held on or around August 26, 2010 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 7, 2010. Upon shareholders' approval, the proposed final dividends will be paid on or around August 30, 2010 to shareholders whose names appear on the register of members of the Company on August 26, 2010.

Liquidity and financial resources

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

For the year ended March 31, 2010, the Group's net cash generated from operating activities amounted to approximately RMB1,605.2 million, compared to approximately RMB1,424.4 million as at March 31, 2009. Cash and cash equivalents as at March 31, 2010 was in the amount of approximately RMB3,127.6 million, compared to approximately RMB3,812.9 million as at March 31, 2009. The decrease in cash and cash equivalents was due to the cash used in the acquisition of the Bosideng's menswear business and the payment of final dividend for the financial year ended March 31, 2009 and interim dividend for the six months ended September 30, 2009.

In order to maximise returns on the Group's available cash reserves, the Group had held-to-maturity investments and available-for-sales financial assets, which comprised principal guaranteed short-term investments with banks in the PRC. Held-to-maturity investments have determinable interest rates ranging from 4.0% to 4.1% per annum and have maturity periods ranging from 6 to 12 months. Available-for-sale financial assets have expected but not guaranteed returns ranging from 4.0% to 4.5% per annum.

As at March 31, 2010, the Group had no outstanding loans and bank borrowings. The gearing ratio (total debt/total equity) of the Group was zero.

Contingent liabilities

As at March 31, 2010, the Group had no material contingent liabilities or capital commitments.

Operating lease commitment

As at March 31,2010, the Group had a non-cancellable operating lease commitments which amounting to approximately RMB290.4 million (March 31, 2009: approximately RMB27.0 million).

Pledge of assets

As at March 31, 2010, bank deposits amounting to approximately RMB2.2 million had been pledged to secure the Group's banking facilities in relation to bills payable (March 31, 2009: approximately RMB32,000).

Financial management and treasury policy

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

Foreign currency exposure

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

As at March 31, 2010, the Directors considered the Group's foreign exchange risk to be insignificant. During the year under review, the Group did not use any financial instruments for hedging purposes.

Human Resources

As at March 31, 2010, the Group had 1,926 full-time employees, of which 122 were under non-seasonal apparel business (March 31, 2009: 1,740 full-time employees, all of which were under down apparel business). Staff costs for the year ended March 31, 2010 (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB298.6 million (2009: approximately RMB203.6 million). This increase was mainly due to the increase of headcount to support the development of non-down apparel business such as Bosideng's menswear as well as expansion of the specialty stores operated by the Group. The Group's salary and bonus policy is primarily based on duties, performance and length of service of each individual employee with reference to the prevailing market conditions.

To 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 ("Share Scheme") as well as a share option scheme ("Share Option Scheme").

As at March 31, 2010, no share option was granted by the Group under the Share Option Scheme.

Business Outlook

Going forward, the Group holds a caustiously positive outlook. Year 2010/2011 will be a crucial year for the PRC apparel industry. It will be the first year to implement "Adjustment and Revitalisation Plan of Textile Industry《紡織工業調整和振興規劃》" and the first year after the formulation of Strategy For Strengthening the Nation by PRC Textile Apparel in 2020 (2020 中國紡織服裝強國策略). In addition, it will be the new decade of development of the PRC apparel industry, which will keep on its future development from a brand new perspective. The Group will also leverage on the competitive edges of "Bosideng" brand to integrate the style positioning, design, research and development as well as sales channels of its brands comprehensively with a global perspective to ensure the product styles are united but remain their own uniqueness and to satisfy different demands from consumers. In the next three to five years, the Group will complete its transformation from product-oriented operation to brand-oriented operation. It will also continue to increase the proportion of the non-down apparel business in overall sales and transform "Bosideng" into an international well-known integrated apparel brand operator.

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

Actively promoting the development of non-down apparel business

Based on the successful consolidating and maintaining its market shares in the down apparel industry and its satisfactory results, the Group will continue to fully implement and facilitate the strategy of developing non-seasonal products and increase the proportion of the non-down apparel business in overall sales.

In the coming years, in addition to developing non-down apparel business such as Bosideng's menswear, the Group will also enhance its brand and product mix by actively identifying non-down apparel brands with growth potential and good reputation for acquisitions, mergers or cooperation. It will not only expedite the development of non-down apparel business and offer high quality products to different consumer groups all-year-round, but also realize the transformation of "Bosideng" into an international well-known integrated apparel brand operator.

Comprehensively integrating style positioning of all brands

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

The Group will adjust the development strategy of its brand portfolio 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" brand to other non-down apparel area 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 by ways of mergers and acquisitions, distributorships, joint ventures and sharing of retail channels).

Consolidating its leadership in market trend by enhancing design and research and development capabilities

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

Raising brand value by strengthening marketing efforts

The Group will further increase its marketing efforts and strengthen marketing sales strategy in order to effectively expand the market, raise brand value and maximize profitability of the Group's business. Depending on the different styles and market positioning of various brand products, the Group will selectively adopt various flexible strategies to promote the brands and demonstrate the positioning and product images of each brand under the Group in a comprehensive way.

For down apparel business, apart from the original promotion methods such as media commercials and product launch shows, the Group will place more emphasis on the interactions with consumers. All retail outlets will organize different activities such as trial experience, exhibitions and offering privileges, which allow the consumers to change fashionably with Bosideng. On the other hand, "Bosideng Menswear" has carried out brand promotions in high end media platforms such as CCTV and continued the cooperation with well-known singer Leehom Wang who helps to demonstrate the stylish menswear of Bosideng.

Enhancing image as well as optimizing and expanding retail network

The Group will increase efforts in building its image by engaging famous store designers to design a more stylish image and expand the number of large flagship stores in major cities in due course. The flagship store can provide a larger and more comfortable shopping environment for the consumers. The Group will open "gallery-styled" large brand flagship stores to display the full range of products under the Bosideng brands, and utilise its new image visual system for retail outlets to provide a complete shopping experience to consumers.

The Group will continue to integrate and optimize sales channels of the down apparel products. For non-down apparel products, the Group will focus on market expansion. Among which, the number of retail stores of "Bosideng Menswear" is expected to reach approximately 1,100 in 2011; "Rocawear" brand business is planned to open more than 300 "Rocawear" freestanding stores and shop-in-shop concepts in the Greater China Region by 2013; and "BOSIDENG VOGUE" will formulate plan to increase retail stores based on its specific business development progress and market demands.

Continuous efforts to develop a comprehensive information system for e-commerce

In view of the modern online shopping trend, the Group will further optimize the e-commerce platform and expand its e-commerce from down apparel to non-down apparel products in order to provide a more convenient way of shopping for consumers. The Group will also further strengthen and improve the construction of a corporate information system, which will extend the user coverage and strengthen the management of the information system. Accurate collection of information, real time data transmission, quantified performance assessment as well as optimized corporate management procedures will be materialized. It has also helped to enhance the corporate management level which based on scientific management instead of experience.

The Code on Corporate Governance Practices

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

The Group has complied with the applicable code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended March 31, 2010 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, 2010, the Board convened a total of 6 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, 2010 are as follows:

	No. of meetings attended/held		
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Executive Directors			
Gao Dekang *(Chairman)*	6/6	N/A	1/1
Mei Dong	4/6	N/A	N/A
Gao Miaoqin	6/6	N/A	N/A
Kong Shengyuan	6/6	N/A	N/A
Huang Qiaolian	5/6	N/A	N/A
Wang Yunlei	6/6	N/A	N/A
Non-Executive Director			
Shen Jingwu	6/6	N/A	1/1
Independent Non-Executive Directors			
Dong Binggen	3/6	2/2	—
Jiang Hengjie	5/6	2/2	1/1
Wang Yao	6/6	N/A	1/1
Ngai Wai Fung	6/6	2/2	N/A

The number of independent non-executive Directors has met the requirements under the Listing Rules and Mr. Ngai Wai Fung has appropriate accounting professional qualifications. The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive 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, 2010, the Company had complied with the Code except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

Mr. Gao Dekang is the Chairman 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 had complied with the required standard set out in the Model Code throughout the year ended March 31, 2010 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, 2010 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. As at the date of this report, the Remuneration Committee was consisted of five members, comprising one executive Director, one non-executive Director and three independent non-executive Directors (namely Mr. Gao Dekang (Chairman), Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao).

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

Nomination Committee

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

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

Appointments, Re-election and Removal of Directors

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

Internal Control

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

Management Function

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

Directors' and Auditor's Responsibility for the Financial Statements

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

In preparing the financial statements for the year ended March 31, 2010, 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 55 and page 56 of this report.

Auditors' Remuneration

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

	RMB' million
Internal audit consultation	0.6
Review of interim results	1.6
Audit of final report	4.0
	6.2

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 into 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.

Executive Directors

Mr. Gao Dekang, aged 58, is the Chairman and CEO of the Group. He is the representative of the 10th and the 11th National Congress and the National Model Worker (全國勞動模範). He is the founder of the Group and is responsible for the strategic development and overall management of the Group. He has over 30 years' experience in the apparel industry. He has also assumed leadership in various associations, such as being a member of Executive Committee of China Federation of Industry and Commerce since 2007, the Vice President of China National Light Industry Council since 2006, the President of Textile & Garment Chamber of Commerce, All-China Federation of Industry & Commerce since 2010, the Vice President of China National Garment Association since 2004, and the First Deputy Director of the Down Apparel and Related Products Committee of China National Garment Association since 2006. During the reporting period, he has been awarded numerous prizes and honors. In November 2009, he was elected as "Excellent Contributor of Chinese Socialism (優秀中國特色社會主義事業建設者)" jointly by the United Front Work Department of CPC Central Committee, Ministry of Industry and Information Technology of the PRC, Ministry of Human Resources and Social Security of the PRC, State Administration for Industry and Commerce of the PRC and All-China Federation of Industry and Commerce. In December 2009, he was elected as one of the "Outstanding Administrator of the 30th Anniversary of All-rounded National Quality Control" by China Association for Quality. In August 2009, he was elected as "National Economic Figure on the 60th Anniversary of the PRC" (新中國成立60周年全國經濟新聞人物) by the Association of China Economic Press. In November 2009, he was elected as "2009 China CEO" (2009中國CEO年度人物) by the 2009 China CEO Summit Forum (中國CEO高峰論壇). In December 2009, he was elected as "Meritorious Entrepreneur of China Feather and Down Industry" (中國羽絨行業功勳企業家) by China Feather and Down Industrial Association. In December 2009, he was elected as one of the "60 Outstanding Brand Builders in Memory of the 60th Anniversary of the PRC" (建國60年60位功勳品牌人物) by Organizing Committee of Chinese Person of the Year 2009 (2009品牌中國年度人物組委會). He is a senior economist and a senior engineer. He received an EMBA degree (majoring in Business Administration) from Phoenix International University in 2002. Mr. Gao is the husband of Ms. Mei Dong (a Controlling Shareholder and Director), father of Mr. Gao Xiaodong (a Controlling Shareholder) and cousin of Ms. Gao Miaoqin (a Director).

Ms. Mei Dong, aged 42, is a Director and Executive Vice President of the Company and was appointed as an executive Director in July 2006. Ms. Mei is responsible for the operational management of the Group. She has over 10 years' experience in the down apparel industry. Ms. Mei obtained various awards and honours such as the recognition of "Successful Female Entrepreneur" (巾幗建功) in China and the National Model Worker (全國勞動模範). Ms. Mei joined Bosideng Corporation, a company controlled by Mr. Gao Dekang, in June 1994. Since then, Ms. Mei has remained with Bosideng Corporation and, pursuant to the reorganization 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 47, is a Director and Vice President of the Company and was appointed as an executive Director in July 2006. Dr. Kong is responsible for the supervision and planning of the investment and finance of the Group. Dr. Kong joined Bosideng Corporation in March 2004. Since then, Dr. Kong has remained with Bosideng Corporation and, pursuant to the reorganization 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 59, is a Director and Vice President of the Company and was appointed as an executive Director in July 2006. Ms. Gao is responsible for the legal and public relations matters of the Group. She has over 15 years' experience in the down apparel industry. Ms. Gao joined Bosideng Corporation in June 1994. Since then, Ms. Gao has remained with Bosideng Corporation and, pursuant to the reorganization of businesses comprising the Group prior to its listing, has remained with the Group. She graduated from Suzhou College of Education in China in 1985 and received a certificate of advanced English education for middle school English teachers. She is the cousin of Mr. Gao Dekang (a Controlling Shareholder and Director).

Ms. Huang Qiaolian, aged 45, is a Director and Vice President of the Company and the General Manager of Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. (a subsidiary of the Company) and was appointed as an executive Director in June 2007. Ms. Huang is responsible for designing the Group's branded down apparel products. She has over 20 years' experience in the fashion industry. She serves various positions in different associations and organizations, such as the Council Member and the special researcher in fashion trend in China of the Fashion Art Committee of China Fashion Association (中國服裝設計師協會時裝藝術委員會) and the researcher for the fashion trend of China Fashion and Colour Association (中國流行色協會). Ms. Huang joined Bosideng Corporation in March 1997 and, pursuant to the reorganization of businesses comprising the Group prior to its listing, has remained with the Group. She has been awarded numerous prizes in fashion design.

Ms. Wang Yunlei, aged 30, a Director of the Company and CEO's Assistant and was appointed as an executive Director in September 2006. Since then, she has remained with the Group. Ms. Wang assists Mr. Gao Dekang in the overall management of the Group. She joined Shanghai Bingjie Fashion Co., Ltd., a member of the Group, in May 2005. She received a college certificate in Accounting from Shanghai Donghua University in 2001, a Bachelor of Arts degree in Business Administration from Upper Iowa University in the United States in 2004 and a Master's Degree in Business Administration from the New York Institute of Technology in 2004.

Non-Executive Director

Mr. Shen Jingwu, aged 41, 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. Prior to joining HPEA, he was a Vice-President at Vertex China Investment, specialising in private equity investments in the Greater China region. Previously, he was the head of the Technology Investment Department of Shanghai Industrial Holdings Limited ("Shanghai Industrial"), focusing on venture capital investments in the Greater China region. Prior to Shanghai Industrial, Mr. Shen was a consultant at Bain & Company, advising mainly Fortune 500 companies on formulating and executing their China strategy. He received an MBA degree from Stanford University with a specialization in strategy and venture capital 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 Responsible Officer of HPEA with the SFC in Hong Kong.

Independent Non-executive Directors

Mr. Dong Binggen, aged 61, a senior engineer, was appointed as an independent non-executive Director of the Company in September 2007. He graduated from Eastern China Textile Institute (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 the Chairman and President. He had been the Chariman of the Shenzhen Textile Industry Assoication and President of the Shenzhen Textile Engineering Assoication. He is also concurrently the China Textile Industry Enterprise Management Association and the Vice Chairman of the China Textile Enterpreneur's Association, the Managing Director of the China National Textile and Apparel Council and the Vice Chairman of the Shenzhen Entrepreneur Association. He is currently the Chairman of the Board of Directors of Union Holdings, a PRC company listed on the Shenzhen Stock Exchange (000036).

Mr. Jiang Hengjie, aged 59, professor of engineering, was appointed as an independent non-executive Director of the Company in September 2007. He is the First Vice President and Legal Representative of the China National Garment Association, the Chairman of the National Garment Standardization Technology Committee, the Managing Director of the China Textile Engineering Society as well as a visiting professor at the Art College of Tsinghua University, Suzhou University, Jiangxi Institute of Clothing Technology and Beijing Institute of Clothing Technology. He received a B.A. degree in sericulture from Suzhou Silk Engineering Institute in 1975. Currently, he is an independent director of both Ningbo Shanshan Co., Ltd. (600884) and Younger Group Co., Ltd. (600177). He was also an independent director of SGSB Group Co., Ltd. (600843) from June 2006 to June 2009. All these companies are listed on the Shanghai Stock Exchange.

Mr. Wang Yao, aged 51, was appointed as an independent non-executive Director of the Company in September 2007. He now serves as the Vice President of the China General Chamber of Commerce and 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 an independent director of Golden Eagle Retail Group Ltd. (03308), a company listed on the Stock Exchange.

Mr. Ngai Wai Fung, aged 48, 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 18 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major listed companies. He is currently an independent non-executive director of Franshion Properties (China) Limited (0817), China Railway Construction Corporation Limited (01186), BaWang International (Group) Holding Limited (01338), Powerlong Real Estate Holdings Limited (01238) and Sany Heavy Equipment International Holdings Company Limited (00631) (since November 2009). He was also an independent non-executive director of China Life Insurance Company Limited (02628) from December 2006 to May 2009. All these companies are listed on the Stock Exchange.

Senior Management

Mr. Huang Gui, aged 35, is a Vice President of the Company and is responsible for the strategic planning and administrative management of the Group, and has over 10 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 reorganization 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 37, is a Vice President of the Company and the General Manager of Jiangsu Bosideng Marketing Co., Ltd. (a subsidiary 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 reorganization 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 36, is an Assistant to the CEO and is also responsible for the management of the Strategic Investment Department, Securities Department and International Project 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 Ministry of Personnel of the People's Republic of China. Prior to joining the Group, he was a senior manager of the Finance Department of GC Investment Consulting (Shanghai) Co., Ltd. (漢宇投資諮詢（上海）有限公司), manager of the representative office of Polaris Securities Co., Ltd., and manager's assistant of the investment banking headquarters of Hua An Securities Co., Ltd.

Ms. Guo Yanlin, aged 33, is an Assistant to the CEO and is also responsible for the management of the Office of the Board of Directors. 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. Ms. Guo 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. Bai Qi, aged 34, is an Assistant to the CEO and a general manager of the Project Management Department of the Company and is responsible for the merger and acquisition, and licensing management of domestic brands. Mr. Bai joined Bosideng Corporation in March 2002. Since then, Mr. Bai has remained with Bosideng Corporation and joined the Group in April 2010. Mr. Bai graduated from University of Science and Technology of China and is a senior economist.

Mr. Zhu Haiming, aged 40, 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 42, is the Audit Director of the Company and works for the Audit Department and the Legal Department of the Group. Mr. Liu joined Bosideng Corporation in 2004. Since then, Mr. Liu has remained with Bosideng Corporation and, pursuant to the reorganization of businesses comprising the Group prior to its listing, has remained with the Group. He obtained a Master's Degree in Business Administration (MBA) from the Central South University and a Master's Degree in Public Administration (MPA) from Peking University. Mr. Liu is qualified as an internationally certified internal auditor, China Certified Public Accountant, senior auditor and corporate legal advisor.

Mr. Song Jiajun, aged 37, is the Brand Director of the Company and the General Manager of the marketing department of Jiangsu Bosideng Marketing Co., Ltd. (a subsidiary of the Company) and is responsible for brand planning of the Group. Mr. Song joined Bosideng Corporation in September 2005. Since then, Mr. Song has remained with Bosideng Corporation and, pursuant to the reorganization 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. He has over 15 years' experience in the fashion industry.

Ms. Pan Jianping, aged 55, is the Product Director of the Company and is responsible for the quality management and production and delivery management of the Group. She has over 20 years' experience in the down and non-down apparel industries. Ms. Pan joined Bosideng Corporation in 1988. Since then, Ms. Pan has remained with Bosideng Corporation and, pursuant to the reorganization 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 41, 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 reorganization 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 34, 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 (03308), a company listed on the Stock Exchange.

The Board presents this annual report, together with the audited financial statements of the Group for the year ended March 31, 2010 set out in the Auditor's Report contained in this annual report (the "**Financial Statements**").

Principal Activities

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

The Group's revenue and net profits attributable to the shareholders during the year are set out in the consolidated statement of comprehensive income on page 57 and Note 7 to the Financial Statements.

Results and Distribution

The results of the Group for the year ended March 31, 2010 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 RMB8.8 cents in respect of the year ended March 31, 2010, totalling approximately RMB683,967,000.

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, 2010.

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 four financial years ended March 31, 2009, as extracted from the audited financial statements of the Group disclosed in the Prospectus and the Company's 2007/2008 and 2008/2009 annual reports, and for the financial year ended March 31, 2010, 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	**Year ended March 31, 2010 RMB'000**
Results						
Profit attributable to:						
— Equity holders of the Company	252,579	500,786	617,593	1,116,937	748,120	**1,078,550**
— Minority interest	4,252	6,112	(3,475)	—	153	**(5)**
Assets, liabilities and equity						
Total assets	2,210,367	1,499,354	3,154,624	7,901,471	7,369,710	**8,381,815**
Total liabilities	1,415,544	1,119,642	2,583,340	812,889	773,916	**1,568,662**
Total equity	794,823	379,712	571,284	7,088,582	6,595,794	**6,813,153**

Fixed Assets

Details of the fixed assets of the Group are set out in Note 20 to the Financial Statements.

Share Capital

Details of the movement in the Group's share capital during the year ended March 31, 2010 are set out in Note 34 to the Financial Statements.

Reserves

Details of movements in the reserves of the Group during the year ended March 31, 2010 are set out in Note 35 of the Financial Statements.

Bank Borrowings

The Group had no bank borrowings as at March 31, 2010.

Directors and Directors' Service Contracts

The Directors of the Company during the year ended March 31, 2010 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, Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Dong Binggen and Mr. Jiang Hengjie 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, 2010, 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)*	28,986,595	0.37%
	Deemed interest *(Note 3) (Note 4)*	2,763,697	0.036%
Ms. Mei Dong	Other *(Note 1)*	5,207,291,201	67.00%
	Deemed interest *(Note 2) (Note 5)*	28,986,595	0.37%
	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 March 31, 2010, the Share Scheme comprised 28,986,595 Shares 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 second anniversary of October 11, 2007 (the "Listing Date"). Mr. Gao Dekang is deemed to be interested in the 28,986,595 Shares 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, and Ms. Wang Yunlei was granted 1,878,242 Shares, under the Share Scheme over a vesting period.*

(4) *Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares under the SFO.*

(5) *Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 28,986,595 Shares under the SFO.*

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

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

Notes:

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

Save as disclosed above, as at March 31, 2010, 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, 2010 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, 2010, conducted a review of the compliance with the Non-competition Deed and is of the view that: (i) Mr. Gao Dekang and his associates (other than members of the Group) have complied with the non-competition undertakings pursuant to the Non-competition Deed; and (ii) there have been no decisions taken in relation to whether to exercise the option pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Group by Mr. Gao Dekang or his associates (other than members of the Group) pursuant to the Non-competition Deed.

Directors' Interests in Contracts

Mr. Gao Dekang and his associates (as defined in the Listing Rules) have entered into certain connected transactions as further described below under the heading "Connected Transactions", "Continuing Connected Transactions", and Note 38 to the Financial Statements under the section "Related Party Transactions". Ms. Mei Dong is the spouse of Mr. Gao Dekang. Ms. Gao Miaoqin is the cousin of Mr. Gao Dekang. Save as disclosed, no Director had a material interest in any contract of significance to the Group's business for the year ended March 31, 2010 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 15 and 16 to the Financial Statements.

Provident and Retirement Fund Schemes

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

The Group's contributions to the retirement benefit schemes charged to the consolidated statement of comprehensive income for the year ended March 31, 2010 were RMB41,934,000.

Details of the Group's contributions to the retirement benefit schemes are shown in note 11 to the Financial Statements.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at March 31, 2010, 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)*	401,151,953 28,986,595	5.16% 0.37%
The HSBC Private Equity Fund 3 Limited ***("HSBC Private Equity")***	Interest of controlled corporation *(Note 3)*	430,138,548	5.53%
Solandra Investments Limited	Interest of controlled corporation *(Note 3)*	430,138,548	5.53%
HSBC Entities	Interest of controlled corporation *(Note 4)*	437,436,548	5.62%

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 March 31, 2010, the Share Scheme comprises 28,986,595 shares 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 second anniversary of the Listing Date. Olympics Investment is deemed to be interested in the 28,986,595 shares held by Gather Wealth Holdings Limited in its capacity as one of the founders of the Share Scheme.*

(3) *Olympics Investment is a 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 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 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. Of these shares in the Company, 7,298,000 shares were collateral pledged to The Hongkong and Shanghai Banking Corporation Limited.*

Save as disclosed above, as at March 31, 2010, the Directors and the chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Management Contracts

Save as disclosed below under the section "Continuing Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended March 31, 2010.

Connected Transaction

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.

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.

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 38 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.

The Group has obtained its shareholders' approval of the renewal of the framework manufacturing outsourcing and agency agreement and the proposed annual caps thereof at the extraordinary general meeting held on April 20, 2010.

Further details of these transactions are set out below, in the chapter headed "Relationship with Controlling Shareholders and Connected Transactions" of the Prospectus and the Company's announcement dated March 11, 2010 and circular dated March 31, 2010.

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 for a term of three years, pursuant to which the Group shall license to the Parent Group all these trademarks in consideration for the payment of the royalties by the Parent Group based on arms-length commercial terms and by reference to the royalties charged by the Group on independent third parties. This agreement will not be renewed upon expiry.

The proposed annual caps, representing the maximum aggregate royalties due from the Parent Group for the three financial years ended March 31, 2010 were RMB4,500,000, RMB5,800,000 and RMB7,000,000, respectively. The Parent Group is not required to pay any royalty to the Group for the year ended March 31, 2010.

Framework Manufacturing Outsourcing and Agency Agreement

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

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

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

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

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

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

The proposed annual caps, representing the maximum aggregate annual amount due from the Group to the Parent Group for the three financial years ended March 31, 2010 were 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, 2010 was RMB286,415,000.

Framework Raw Material Purchase Agreement

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

The term of the framework raw material purchase agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework raw material purchase agreement at any time by giving at least three months' notice. The Board has approved the proposed annual caps of RMB12,000,000, RMB16,000,000 and RMB20,000,000 for the three financial years ending March 31, 2011, 2012 and 2013, respectively on March 11, 2010. The Company has also served a notice of renewal to the Parent Group on May 22, 2010 to renew the agreement for another term of three years from September 15, 2010.

The proposed annual caps, representing the maximum aggregate annual amount due from the Group to the Parent Group for the three financial years ended March 31, 2010 were RMB3,000,000, RMB5,000,000 and RMB8,000,000, respectively. The actual amount payable by the Group to the Parent Group for the year ended March 31, 2010 was RMB7,864,000.

Framework Distribution and Sale Agreement

The Company entered into a framework distribution and sale agreement dated September 15, 2007 with Mr. Gao Dekang for a term of three years, 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. This agreement will not be renewed upon expiry.

The proposed annual caps, representing the maximum aggregate commission fees due from the Group to the Parent Group for the three financial years ended March 31, 2010 were RMB5,500,000, RMB8,300,000 and RMB13,000,000, respectively. The actual amount of commission fees payable by the Group to the Parent Group for the year ended March 31, 2010 was RMB500,000.

Property Lease Agreement and Supplemental Property Lease Agreement

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

The term of each lease granted under the property lease agreement is no more than 20 years. Under the property lease agreement, the Group may terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent. In April 2009, the Company terminated the leases of 3 premises and on March 11, 2010, the Company and Mr. Gao Dekang entered into the Supplemental Property Lease Agreement pursuant to which the Parent Group agreed to lease 5 additional premises to the Company for a term not exceeding 20 years from the date of the Supplemental Property Lease Agreement. The rental payable under the property lease agreement and the Supplemental Property Lease Agreement are to be reviewed annually taking into account market conditions, and should not be higher than the rent applicable to a third party tenant at the relevant time. The Board approved the proposed annual caps of RMB11,500,000, RMB11,800,000 and RMB12,000,000 for the three financial years ending March 31, 2011, 2012 and 2013, respectively on March 11, 2010.

The proposed annual caps, representing the maximum aggregate rental payable to the Parent Group for the three financial years ended March 31, 2010 were 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, 2010 was RMB8,293,000.

Framework Integrated Service Agreement

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

The term of the framework integrated service agreement is three years, renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Either party may terminate the framework integrated service agreement at any time by giving at least three months' notice. The Board approved the proposed annual caps of RMB8,000,000, RMB8,800,000 and RMB9,700,000 for the three financial years ending March 31, 2011, 2012 and 2013, respectively on March 11, 2010. The Company also served a notice of renewal to the Parent Group on May 22, 2010 to renew the agreement for another term of three years from September 15, 2010.

The proposed annual caps, representing the maximum aggregate service fees due from the Group to the Parent Group for the three financial years ended March 31, 2010 were RMB3,400,000, RMB3,400,000 and RMB3,400,000, respectively. The actual amount of service fees payable by the Group to the Parent Group for the year ended March 31, 2010 was RMB1,856,000.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions set out above and in Note 38 to the Financial Statements and have confirmed that these continuing connected transactions were entered into:

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

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

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

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

Share Option Scheme

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

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

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

The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme shall not exceed 10% of the Company's issued share capital on the Listing Date (such 10% representing 787,000,000 shares) without prior approval from the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued share capital from time to time (such 30% representing 2,331,705,000 shares as at the date of this annual report). No Option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

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

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

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

Share Scheme

On June 14, 2007, the Group adopted the Share Scheme (which is not subject to the provisions of Chapter 17 of the Listing Rules and which further details have been disclosed in the Prospectus) in order to attract and retain skilled and experienced personnel and motivate them to strive for the future development and expansion of the Group's business. The Share Scheme initially comprised an aggregate of 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme), which had been contributed and transferred to the trustee by two of the Company's shareholders (namely Kong Bo Investment Limited and Olympics Investment). Subsequent to the vesting of part of the shares comprising the Share Scheme on the second anniversary of the Listing Date, the Share Scheme comprises 28,986,595 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 Olympics Investment has a right to appoint a member). This Award Committee will determine the number of these shares to be awarded to each selected employee, consultant, management member and Director. The Share Scheme had a life of three years.

Apart from the foregoing, at no time during the year ended March 31, 2010 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

The Company had not purchased, sold or redeemed any of its own listed shares during the year ended March 31, 2010.

Pre-Emptive Right

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

Sufficiency of Public Float

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

Major Suppliers and Customers

For the year ended March 31, 2010, the Group's five largest suppliers (comprising suppliers of down, fabric and ancillary materials) together accounted for less than 20.0% 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, 2010, purchases made by the Group from this supplier amounted to RMB5,293,000. 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, 2010, the Group's five largest customers accounted for less than 10.0% of the Group's revenue. None of the Directors, their associates or any shareholder (who or which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the Group's large customers.

Commitments and Contingent Liabilities

Details of the commitments and contingent liabilities of the Group are set out in Note 37 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 39 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 7, 2010

FINANCIAL
STATEMENTS

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 57 to 144, which comprise the consolidated and company balance sheets as at March 31, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and 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 ("IASB") 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 judgment, 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, 2010 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 7, 2010

For the year ended March 31, 2010
(Expressed in Renminbi)

	Note	For the year ended March 31, 2010 RMB'000	2009 RMB'000
Revenue	7	**5,738,121**	4,275,144
Cost of sales		**(2,851,484)**	(2,330,173)
Gross profit		**2,886,637**	1,944,971
Other income	9	**36,279**	17,352
Fair value changes on derivative financial instruments	26	**(25,811)**	34,217
Distribution expenses	10	**(1,343,387)**	(1,029,801)
Administrative expenses		**(235,803)**	(286,974)
Other expenses	9	**(112,394)**	—
Profit from operations		**1,205,521**	679,765
Finance income		**75,395**	105,615
Finance expenses		**(3,476)**	(9,310)
Net finance income	13	**71,919**	96,305
Profit before income tax		**1,277,440**	776,070
Income tax expense	14	**(198,895)**	(27,797)
Profit for the year		**1,078,545**	748,273
Other comprehensive income for the year:			
Exchange differences on translation of financial statements of foreign operations	13	**(2,140)**	(64,450)
Net change in fair value of available-for-sale financial assets	13	**48,509**	—
Income tax on other comprehensive income	14	**(5,727)**	—
Other comprehensive income for the year, net of tax		**40,642**	(64,450)
Total comprehensive income for the year		**1,119,187**	683,823

The notes on pages 65 to 144 form part of these financial statements. Details of dividends payable to equity holders of the Company are set out in note 18.

For the year ended March 31, 2010
(Expressed in Renminbi)

	Note	For the year ended March 31, 2010 RMB'000	2009 RMB'000
Profit attributable to:			
Equity holders of the Company		**1,078,550**	748,120
Non-controlling interests		**(5)**	153
Profit for the year		**1,078,545**	748,273
Total comprehensive income attributable to:			
Equity holders of the Company		**1,119,192**	683,670
Non-controlling interests		**(5)**	153
Total comprehensive income for the year		**1,119,187**	683,823
Earnings per share	19		
– basic (RMB cents)		**13.88**	9.51
– diluted (RMB cents)		**13.88**	9.51

The notes on pages 65 to 144 form part of these financial statements.

At March 31, 2010
(Expressed in Renminbi)

	Note	At March 31, 2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment	20	**214,482**	42,481
Land use rights	21	**32,389**	—
Intangible assets	22	**525,912**	—
Long-term deposits	8	**65,000**	—
Deferred tax assets	23	**52,434**	43,088
		890,217	85,569
Current assets			
Inventories	24	**859,687**	856,787
Trade, bills and other receivables	25	**867,510**	721,622
Receivables due from related parties	38(b)	**48,334**	22,992
Prepayments for materials and service suppliers		**228,063**	179,658
Derivative financial instruments	26	**—**	34,217
Held-to-maturity investments	27	**400,000**	570,000
Available-for-sale financial assets	28	**1,618,509**	—
Pledged bank deposits	29	**2,232**	32
Time deposits with maturity over 3 months	30	**339,676**	1,085,914
Cash and cash equivalents	31	**3,127,587**	3,812,919
		7,491,598	7,284,141
Current liabilities			
Current income tax payables	14(d)	**147,667**	91,570
Trade and other payables	32	**1,204,898**	624,442
Payables due to related parties	38(b)	**10,399**	7,904
		1,362,964	723,916
Net current assets		**6,128,634**	6,560,225
Total assets less current liabilities		**7,018,851**	6,645,794

The notes on pages 65 to 144 form part of these financial statements.

At March 31, 2010
(Expressed in Renminbi)

	Note	At March 31, 2010 RMB'000	2009 RMB'000
Non-current liabilities			
Long-term payables	8	**65,000**	—
Deferred tax liabilities	23	**140,698**	50,000
		205,698	50,000
Net assets		**6,813,153**	6,595,794
EQUITY			
Share capital	34	**607**	607
Reserves		**6,812,551**	6,595,187
Equity attributable to equity holders of the Company		**6,813,158**	6,595,794
Non-controlling interests		**(5)**	—
Total equity		**6,813,153**	6,595,794

Approved and authorized for issue by the board of directors on July 7, 2010.

Gao Dekang
Chairman of the Board of Directors

Kong Shengyuan
Director

The notes on pages 65 to 144 form part of these financial statements.

At March 31, 2010
(Expressed in Renminbi)

	Note	At March 31, 2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment	20	**1,007**	218
Investment in subsidiaries	33	**3,627,539**	3,741,515
		3,628,546	3,741,733
Current assets			
Trade and other receivables	25	**461**	300
Time deposits with maturity over 3 months	30	**3,897**	—
Cash and cash equivalents	31	**165,739**	980,945
		170,097	981,245
Current liabilities			
Trade and other payables	32	**1,188**	1,408
		1,188	1,408
Net current assets		**168,909**	979,837
Total assets less current liabilities		**3,797,455**	4,721,570
Net assets		**3,797,455**	4,721,570
EQUITY			
Share capital	34	**607**	607
Reserves	35	**3,796,848**	4,720,963
Total equity		**3,797,455**	4,721,570

Approved and authorized for issue by the board of directors on July 7, 2010.

Gao Dekang
Chairman of Board of Directors

Kong Shengyuan
Director

The notes on pages 65 to 144 form part of these financial statements.

For the year ended March 31, 2010
(Expressed in Renminbi)

	Attributable to the equity holders of the Company									
	Share capital RMB'000 (note 34)	Share premium RMB'000 (note 35a)	Capital reserves RMB'000 (note 35b)	Statutory reserves RMB'000 (note 35c)	Foreign currency translation reserves RMB'000 (note 35d)	Fair value reserves RMB'000 (note 35e)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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
Total comprehensive income for the year:										
Profit for the year	—	—	—	—	—	—	748,120	748,120	153	748,273
Exchange differences on translation of foreign operations	—	—	—	—	(64,450)	—	—	(64,450)	—	(64,450)
Transactions with owners, recorded directly in equity:										
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(1,392)	(1,392)
Appropriation to reserves	—	—	—	122,399	—	—	(122,399)	—	—	—
Equity-settled share-based payment transactions (note 36)	—	—	28,263	—	—	—	—	28,263	—	28,263
Repurchase of ordinary shares (note 34 (b))	(15)	(210,372)	—	—	—	—	—	(210,387)	—	(210,387)
Dividends (note 18)	—	(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
Balance at March 31, 2009	607	4,949,507	55,813	390,721	(334,082)	—	1,533,228	6,595,794	—	6,595,794
Total comprehensive income for the year:										
Profit for the year	—	—	—	—	—	—	1,078,550	1,078,550	(5)	1,078,545
Exchange differences on translation of foreign operations	—	—	—	—	(2,140)	—	—	(2,140)	—	(2,140)
Net change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	—	42,782	—	42,782	—	42,782
Transactions with owners, recorded directly in equity:										
Appropriation to reserves	—	—	—	94,379	—	—	(94,379)	—	—	—
Equity-settled share-based payment transactions (note 36)	—	—	15,309	—	—	—	—	15,309	—	15,309
Dividends (note 18)	—	(917,137)	—	—	—	—	—	(917,137)	—	(917,137)
Balance at March 31, 2010	607	4,032,370	71,122	485,100	(336,222)	42,782	2,517,399	6,813,158	(5)	6,813,153

The notes on pages 65 to 144 form part of these financial statements.

For the year ended March 31, 2010
(Expressed in Renminbi)

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Operating activities		
Profit for the year	**1,078,545**	748,273
Adjustments for:		
Income tax expense	**198,895**	27,797
Depreciation	**24,435**	21,421
Amortization	**19,643**	—
Impairment losses	**100,000**	—
Change in fair value of derivative financial instruments	**25,811**	(34,217)
Net interest income	**(75,395)**	(101,299)
Share-based payment transactions	**15,309**	28,263
Operating profit before changes in working capital	**1,387,243**	690,238
Decrease in inventories	**23,818**	128,634
(Increase)/decrease in trade, bills and other receivables and prepayments	**(95,245)**	627,372
(Increase)/decrease in receivables due from related parties	**(25,342)**	13,373
Increase in trade and other payables	**465,697**	6,755
Increase/(decrease) in payables due to related parties	**2,495**	(14,298)
Cash generated from operations	**1,758,666**	1,452,074
Interest paid	**—**	(4,316)
Income tax paid	**(153,467)**	(23,387)
Net cash generated from operating activities	**1,605,199**	1,424,371
Investing activities		
Acquisition of subsidiaries, net of cash acquired (note 8)	**(612,477)**	—
Acquisition of property, plant and equipment	**(178,768)**	(36,268)
Interest received	**75,395**	105,615
Proceeds from disposal of property, plant and equipment	**558**	3,705
Acquisition of held-to-maturity investments	**(400,000)**	(2,271,241)
Proceeds from held-to-maturity investments	**570,000**	2,313,241
Acquisition of available-for-sale financial assets	**(1,570,000)**	—
(Increase)/decrease in pledged bank deposits	**(2,200)**	2,546
Decrease/(increase) in time deposits with maturity over 3 months	**746,238**	(1,085,914)
Acquisition of non-controlling interests	**—**	(1,392)
Net cash used in investing activities	**(1,371,254)**	(969,708)

The notes on pages 65 to 144 form part of these financial statements.

For the year ended March 31, 2010
(Expressed in Renminbi)

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Financing activities		
Repayment of interest-bearing borrowings	**—**	(60,000)
Repurchase of ordinary shares	**—**	(210,387)
Dividends paid	**(917,137)**	(993,095)
Net cash used in financing activities	**(917,137)**	(1,263,482)
Net decrease in cash and cash equivalents	**(683,192)**	(808,819)
Cash and cash equivalents at the beginning of the year	**3,812,919**	4,686,188
Effect of foreign currency exchange rate changes	**(2,140)**	(64,450)
Cash and cash equivalents at the end of the year	**3,127,587**	3,812,919

The notes on pages 65 to 144 form part of these financial statements.

1 REPORTING ENTITY

Bosideng International Holdings Limited (the "Company") was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the research, design and development, raw materials procurement, outsourced manufacturing, marketing and distribution of branded down apparel products, original equipment manufacturing ("OEM") products and branded menswear apparel products in the People's Republic of China (the "PRC").

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

2 BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of significant accounting policies adopted by the Group is set out in note 3.

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

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following material items:

- derivative financial instruments are measured at fair value;
- available-for-sale financial assets are measured at fair value .

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

2 BASIS OF PREPARATION (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

2 BASIS OF PREPARATION (continued)

(e) Changes in accounting policies as a result of new IFRSs

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

- IFRS 8, *Operating segments*
- IAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to IFRS 7, *Financial instruments: Disclosure-improving disclosures about financial instruments*
- Improvements to IFRSs (2008)
- Revised IAS 23, *Borrowing costs*
- Amendments to IFRS 2, *Share-based payment: vesting conditions and cancellations*
- Amendments to IAS 27, *Consolidated and separate financial statements-cost of an investment in a subsidiary, jointly controlled entity or associate*

The "Improvements to IFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments. The amendments had no material impact on the Group's financial statements.

The amendments to IAS 23 and IFRS 2 had no material impact on the Group's financial statements as the amendments are consistent with policies already adopted by the Group.

The amendments to IAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognized as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from April 1, 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognized in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognizing dividend income in profit or loss, the Company would recognize an impairment loss. In accordance with the transitional provisions in the amendments, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

2 BASIS OF PREPARATION (continued)

(e) Changes in accounting policies as a result of new IFRSs (continued)

The impact of the remainder of these developments on these financial statements is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management (see note 7).

- As a result of the adoption of IAS 1 (revised 2007), the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since these changes only impact presentation aspects, there is no impact on earnings per share.

- As a result of the adoption of the amendments to IFRS 7, these financial statements include expanded disclosures in note 5(e) about fair value measurements across a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in amendments to IFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iii) Transactions with non-controlling interests

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iii) Transactions with non-controlling interests (continued)

Where losses applicable to the non-controlling interests exceed the non-controlling equity holders' interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling equity holders, are charged against the Group's interest except to the extent that the non-controlling equity holder 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 non-controlling equity holders' 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 reporting 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

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

Foreign currency differences are recognized in other comprehensive income. Such differences have been recognized in the foreign currency translation reserve (translation reserve, or "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 as part of profit or loss on disposal.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) Foreign operations (continued)

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

(c) Financial instruments

(i) Non-derivative financial assets

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

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

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

The Group's non-derivative financial assets comprise held-to-maturity investments, available-for-sale financial assets, loans and receivables, pledged bank deposits, time deposits, and cash and cash equivalents.

Held-to-maturity investments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)) and foreign currency differences on available-for-sale equity instruments (see note 3(b)(i)), are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans and receivables

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

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

Cash and cash equivalents

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

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) Non-derivative financial liabilities

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

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

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

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

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

(iii) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) 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) Construction in progress

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

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 3(h)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and any capitalized borrowing costs (see note 3(m)(iii)). Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item 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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. 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, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the assets. The estimated useful lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(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. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Goodwill is measured at cost less any accumulated impairment losses (see note 3(h)). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Land use rights

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

(iii) Customer relationships

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

(iv) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

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

(h) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss 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 a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment (continued)

(i) Financial assets (including receivables) (continued)

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

Impairment losses on available-for-sale financial assets are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

(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 and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. 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 that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the 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.

(i) Dividends

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

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity in the PRC pays fixed contributions into the relevant social security offices 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 in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee benefits (continued)

(ii) Termination benefits

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

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

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

(k) Provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions and contingent liabilities (continued)

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

(l) Revenue

(i) Sales of goods

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

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

(ii) Rendering of services

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

(iii) Government grants

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Revenue (continued)

(iv) Royalty income

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

(v) Interest income

Interest income is recognized as it accrues using the effective interest method.

(m) Expenses

(i) Operating lease payments

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

(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 profit or loss 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Expenses (continued)

(iii) Borrowing costs (continued)

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

(n) Income tax

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

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purpose. Deferred tax is not recognized for 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 it is probable that they 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 legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each 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 out of the PRC are recognized at the same time as the liability to pay the related dividends is recognized.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Earnings per share

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

(p) Related parties

A party is 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.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see note 7).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Up to the date of issue of these financial statements, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the year ended March 31, 2010, and which have not been adopted in these financial statements.

	Effective for accounting period beginning on or after (unless specified)
Revised IFRS 1, *First-time adoption of International Financial Reporting Standards*	July 1, 2009 or January 1, 2010, or July 1, 2010
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
IFRIC 17, *Distribution of non-cash assets to owners*	July 1, 2009
Improvements to IFRSs 2009	July 1, 2009 or July 1, 2010
Amendments to IFRS 2, *Share-based payment-Group cash-settled share-based payment transactions*	February 1, 2010
Amendment to IAS 32, *Financial instruments: Presentation-classification of liabilities of rights issues*	February 1, 2010
IFRIC 19, *Extinguishing financial liabilities with equity instruments*	July 1, 2010
Revised IAS 24, *Related party disclosures*	January 1, 2011
IFRS 9, *Financial instruments*	January 1, 2013

The directors have confirmed that the above amendment, new standards and interpretations do not have a significant impact on these financial statements for the year ended March 31, 2010. These amendments, new standards and interpretations may result in changes in the future as to how the results of operations and financial positions of the Group and the Company are prepared and presented.

4 DETERMINATION OF FAIR VALUES

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

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

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

(b) Available-for-sale financial assets

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

(c) 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.

(d) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, machinery, equipment, motor vehicles and others is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

4 DETERMINATION OF FAIR VALUES (continued)

(e) Land use rights

The fair value of land use rights recognized as a result of a business combination is based on market values. The market value of land use rights is the estimated amount for which they could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(f) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method with a discount rate of 22.5%, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

5 FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- fair value
- business risk

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

5 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk

(i) Trade and other receivables

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

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

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

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

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

(ii) Deposits with banks

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

(iii) Held-to-maturity investments and available-for-sale financial assets

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

5 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

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

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

	2010			2009		
	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						
Trade and other payables	**1,204,898**	**(1,204,898)**	**(1,204,898)**	624,442	(624,442)	(624,442)
Payables due to related parties	**10,399**	**(10,399)**	**(10,399)**	7,904	(7,904)	(7,904)
	1,215,297	**(1,215,297)**	**(1,215,297)**	632,346	(632,346)	(632,346)
The Company						
Trade and other payables	**1,188**	**(1,188)**	**(1,188)**	1,408	(1,408)	(1,408)

5 FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

(i) Interest rate profile

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

	2010		2009	
	Effective Interest rate	**RMB'000**	Effective Interest rate	RMB'000
The Group				
Held-to-maturity investments	**4.08%**	**400,000**	5.24%	570,000
Pledged bank deposits	**0.72%**	**2,232**	0.72%	32
Time deposits with maturity over 3 months	**1.96%**	**339,676**	2.27%	1,085,914
Cash and cash equivalents	**1.22%**	**3,127,587**	2.06%	3,812,919
		3,869,495		5,468,865
The Company				
Cash and cash equivalents	**0.32%**	**165,739**	2.47%	980,945
Time deposits with maturity over 3 months	**0.15%**	**3,897**	—	—
		169,636		980,945

(ii) Sensitivity analysis

At March 31, 2010, 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 RMB33,858,000 (2009: RMB52,615,000). Other components of equity would not be affected by the changes in interest rates.

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

5 FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk

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 foreign currency risk

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

The Group

	At March 31,			
	2010		2009	
	USD'000	**HKD'000**	USD'000	HKD'000
Bank deposits	**11,962**	**58,983**	21,632	28,062

The Company

	At March 31,	
	2010	2009
	HKD'000	HKD'000
Bank deposits	**21,955**	25,923

5 FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk (continued)

(ii) Sensitivity analysis

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

	2010		2009	
	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%**	**4,538**	10%	2,475
United States dollars	**10%**	**7,145**	10%	14,794

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

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

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

5 FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value

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

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

At March 31, 2010, the financial instruments of the Group carried at fair value were available-for-sale financial assets of RMB1,618,509,000 (see note 28). These instruments fall into Level 2 of the fair value hierarchy as described above.

At March 31, 2009, the only financial instrument of the Group carried at fair value was a derivative financial asset of RMB34,217,000 (see note 26). This instrument falls into Level 2 of the fair value hierarchy as described above.

All the other financial assets and liabilities are carried at amounts not materially different from their fair values as at March 31, 2010 and 2009.

(f) Business risk

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

6 ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Net realizable value of inventories

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

(b) Impairment for bad and doubtful debts

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

(c) Income tax

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

(d) 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.

6 ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(e) Depreciation and Amortization

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

(f) Impairment for non-current assets

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

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

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

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

In connection with acquisition of subsidiaries, the assets acquired and liabilities assumed are adjusted to their estimated fair values on date of acquisition. The determination of fair values of the assets acquired and liabilities assumed involves management's judgment and assumptions. Any change in such judgment and assumptions would affect the fair value of assets acquired and liabilities assumed and would change the amount of depreciation or amortization expenses recognized relating to those identifiable property, plant and equipment and intangible assets.

7 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (products and services). On first-time adoption of IFRS 8, Operating Segments, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments:

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

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

7 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

Segment results

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

	For the year ended March 31, 2009			
	Down apparels RMB'000	OEM management RMB'000	Menswear apparels RMB'000	Group RMB'000
Revenue to external customers	3,747,613	527,531	—	4,275,144
Inter-segment revenue	—	—	—	—
Reportable segment revenues	3,747,613	527,531	—	4,275,144
Reportable segment profit from operations	607,244	60,436	—	667,680
Depreciation	21,371	50	—	21,421

7 REVENUE AND SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

Assets and liabilities

	At March 31, 2010			
	Down apparels RMB'000	**OEM management RMB'000**	**Menswear apparels RMB'000**	**Group RMB'000**
Reportable segment assets	6,927,235	223,947	1,077,754	8,228,936
Additions to non-current segment assets during the year	111,292	247	828,399	939,938
Reportable segment liabilities	(972,666)	(44,460)	(351,596)	(1,368,722)

	At March 31, 2009			
	Down apparels RMB'000	**OEM management RMB'000**	**Menswear apparels RMB'000**	**Group RMB'000**
Reportable segment assets	6,168,664	94,844	—	6,263,508
Additions to non-current segment assets during the year	36,268	—	—	36,268
Reportable segment liabilities	(626,721)	—	—	(626,721)

7 REVENUE AND SEGMENT REPORTING (continued)

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

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Revenue		
Reportable segment revenues	**5,745,308**	4,275,144
Elimination of inter-segment revenue	**(7,187)**	—
Consolidated revenue	**5,738,121**	4,275,144

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Profit before income tax		
Reportable segment profit derived from the Group's external customers	**1,384,779**	667,680
Amortization expenses	**(19,643)**	—
Impairment losses of customer relationships	**(100,000)**	—
Government grants	**27,305**	9,088
Unallocated (expenses)/income	**(86,920)**	2,997
Finance income	**75,395**	105,615
Finance expenses	**(3,476)**	(9,310)
Consolidated profit before income tax	**1,277,440**	776,070

7 REVENUE AND SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit before income tax, assets and liabilities (continued)

	At March 31,	
	2010	2009
	RMB'000	RMB'000
Assets		
Reportable segment assets	**8,228,936**	6,263,508
Elimination of inter-segment receivables	**(102,405)**	—
	8,126,531	6,263,508
Deferred tax assets	**52,434**	43,088
Unallocated head office and corporate assets	**202,850**	1,063,114
Consolidated total assets	**8,381,815**	7,369,710
Liabilities		
Reportable segment liabilities	**(1,368,722)**	(626,721)
Elimination of inter-segment payables	**102,405**	—
	(1,266,317)	(626,721)
Current tax liabilities	**(147,667)**	(91,570)
Deferred tax liabilities	**(140,698)**	(50,000)
Unallocated head office and corporate liabilities	**(13,980)**	(5,625)
Consolidated total liabilities	**(1,568,662)**	(773,916)

8 ACQUISITION OF SUBSIDIARIES

On August 29, 2008, Bosideng International Fashion Limited ("BIF"), a subsidiary of the Group, entered into a conditional call option agreement (the "Call Option 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").

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

YFL, based on a licensing agreement with the Group, engages in sourcing and distribution of Bosideng branded non-down menswear apparels in the PRC through its indirectly wholly owned operating subsidiary, Jiangsu Bosideng Garment Development Co., Ltd. (previously known as Jiangsu Kangbo Clothing Co., Ltd. and hereinafter referred to as "Jiangsu Kangbo"), incorporated in the PRC. In the period from the Acquisition Date to March 31, 2010, YFL and its subsidiaries incurred a consolidated profit of RMB107,000, which is included in the Group's consolidated results for the year ended March 31, 2010. If the acquisition had occurred on April 1, 2009, management estimates that the Group's consolidated revenue would have been RMB5,749,234,000 and consolidated profit for the year would have been RMB1,074,787,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the Acquisition Date would have been the same if the acquisition had occurred on April 1, 2009.

The total consideration payable by the Group comprises a minimum consideration of RMB520 million payable on the Acquisition Date, and two instalments of contingent consideration. The first instalment of RMB65 million, subject to adjustments to be calculated based on the 2010 growth rate of Jiangsu Kangbo, as defined in the SPA, is payable within 15 business days after the receipt of the audited financial statements of YFL for the year ended March 31, 2010. The second instalment of RMB65 million, subject to adjustments to be calculated based on the 2011 growth rate of Jiangsu Kangbo, as defined in the SPA, is payable within 15 business days after the receipt of the audited financial statements of YFL for the year ended March 31, 2011. The maximum amount payable for both instalments of RMB130 million was paid by the Group into an escrow deposit account. Consequently, the first and second instalments are included in short-term deposits/payables (notes 25 and 32) and long-term deposits/payables respectively on the Group's consolidated balance sheet as of March 31, 2010. On the Acquisition Date and as at March 31, 2010, the Group considered it probable that the maximum amount of the contingent consideration will be paid to the vendor.

8 ACQUISITION OF SUBSIDIARIES (continued)

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

	Pre-acquisition carrying amounts and fair value recognized on acquisition
Property, plant and equipment (note 20)	18,226
Land use rights (note 21)	32,434
Customer relationships (note 22)	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 (note 23)	(86,294)
Net identified assets and liabilities	365,665
Goodwill on acquisition of 100% interest of YFL (note 22)	292,741
Total consideration	658,406
Representing:	
Cash paid	520,000
Contingent consideration payables	130,000
Fair value of call option on the Acquisition Date (note 26)	8,406
	658,406

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

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

9 OTHER INCOME /(EXPENSES)

		For the year ended March 31,	
		2010	2009
	Note	**RMB'000**	RMB'000
Royalty income	(i)	**8,974**	8,264
Government grants	(ii)	**27,305**	9,088
Other income		**36,279**	17,352
Donations		**(12,394)**	—
Impairment losses of customer relationships	(iii)	**(100,000)**	—
Other expenses		**(112,394)**	—

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

(ii) The Group received unconditional discretionary grants amounting to RMB27,305,000 for the year ended March 31, 2010 (2009: RMB9,088,000) from various local PRC government authorities in recognition of the Group's contribution to the development of the local economies.

(iii) The impairment losses arose in relation to the customer relationships acquired on May 26, 2009 (note 8). Actual cash inflows for the period from May 26, 2009 to March 31, 2010 from the distributors concerned and, consequently, the Group's updated forecast of future cash inflows from these distributors are significantly below the levels originally forecast by the Group at the Acquisition Date. Subsequent to the Acquisition Date, in addition to continuing to transact with Jiangsu Kangbo's existing distributors, the Group has focused on developing new sales channels and trading with new, larger distributors in order to increase the total revenue from the non-down branded menswear apparels business.

10 DISTRIBUTION EXPENSES

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Advertising	**241,177**	230,659
Promotion	**312,643**	252,811
Concessionaire fees	**299,759**	245,728
Salary and welfare	**225,511**	137,684
Sales commission	**46,939**	—
Sales tax and surcharges	**14,241**	8,702
Entertainment and traveling	**69,739**	66,424
Rental	**48,528**	22,518
Amortization of intangible asset – customer relationships	**19,598**	—
Others	**65,252**	65,275
Total	**1,343,387**	1,029,801

11 PERSONNEL EXPENSES

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Salaries, wages and other benefits	**241,351**	144,300
Contributions to defined contribution plans	**41,934**	31,080
Share-based payment expenses (note 36)	**15,309**	28,263
	298,594	203,643

Contributions made by the Group to pension funds are dealt with in profit or loss when incurred. The Group contributes to pension funds based on certain percentages of the average salary level according to the pension fund requirements of the various provinces in the PRC in which its operations are located. The Group remits all pension fund contributions to the respective social security offices, which are responsible for the payment and liabilities relating to the pension funds. The Group has no obligation for the payment of retirement and other post-retirement benefits of employees other than the contributions described above.

12 EXPENSES BY NATURE

The following expenses are included in cost of sales, distribution expenses and administrative expenses:

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Cost of inventories recognized as expenses included in cost of sales	**2,864,967**	2,321,117
(Reversal)/write down of inventories to net realizable value	**(13,483)**	9,056
Depreciation	**24,435**	21,421
Amortization	**19,643**	—
Operating lease charges	**65,840**	28,797
Impairment losses for bad and doubtful debts	**47,900**	125,026
Auditors' remuneration	**7,100**	6,500

13 NET FINANCE INCOME

	For the year ended March 31, 2010 RMB'000	2009 RMB'000
Recognized in profit or loss:		
Interest income on held-to-maturity investments	**32,758**	41,269
Interest income on bank deposits	**42,637**	64,346
Finance income	**75,395**	105,615
Interest on interest-bearing borrowings	**—**	(4,316)
Bank charges	**(2,371)**	(3,494)
Net foreign exchange loss	**(1,105)**	(1,500)
Finance expenses	**(3,476)**	(9,310)
Net finance income recognized in profit or loss	**71,919**	96,305
Recognized in other comprehensive income:		
Exchange differences on translation of financial statements of foreign operations	**(2,140)**	(64,450)
Net change in fair value of available-for-sale financial assets	**48,509**	—
Income tax on finance income recognized in other comprehensive income	**(5,727)**	—
Net finance income recognized in other comprehensive income, net of tax	**40,642**	(64,450)

No interest was capitalized during the years.

14 INCOME TAX EXPENSE

(a) Income tax in profit or loss represents:

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Current tax expenses		
Provision for PRC income tax	**209,564**	34,957
Deferred tax benefit		
Origination of temporary differences (note 23)	**(10,669)**	(7,160)
	198,895	27,797

(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 incorporated in Russia, as it does not have assessable profits subject to any Russian income tax during the year.

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

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

On 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 income tax rules and regulations of the PRC applicable to foreign investment enterprises (the "FEIT Law") was abolished. The New Tax Law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises in the PRC.

Pursuant to the transitional arrangement under the New Tax Law, those subsidiaries of the Group that are foreign investment enterprises will continue to enjoy 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 are subject to the unified tax rate of 25%.

The applicable income tax rate of other domestic companies established in the PRC is 25%.

14 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31, 2010 RMB'000	For the year ended March 31, 2009 RMB'000
Profit before income tax	**1,277,440**	776,070
Income tax at the applicable PRC income tax rate of 25%	**319,360**	194,018
Tax losses not recognized as deferred tax assets	**17,457**	27,215
Non-deductible expenses	**20,192**	23,387
Effect of tax concessions of PRC operations	**(186,668)**	(230,936)
Tax effect on undistributed profits of PRC subsidiaries	**30,000**	17,000
Others	**(1,446)**	(2,887)
Income tax expense	**198,895**	27,797

(c) Income tax recognized in other comprehensive income

	For the year ended March 31,					
	2010			2009		
	Before tax amount RMB'000	**Tax expense RMB'000**	**Net of tax amount RMB'000**	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Exchange differences on translation of financial statements of foreign operations	**(2,140)**	**—**	**(2,140)**	(64,450)	—	(64,450)
Net change in fair value of available-for-sale financial assets	**48,509**	**(5,727)**	**42,782**	—	—	—
Other comprehensive income	**46,369**	**(5,727)**	**40,642**	(64,450)	—	(64,450)

14 INCOME TAX EXPENSE (continued)

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

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Balance at beginning of the year	**91,570**	80,000
Provision for current income tax for the year	**209,564**	34,957
Payments during the year	**(153,467)**	(23,387)
Income tax payable at the end of the year	**147,667**	91,570

15 DIRECTORS' REMUNERATION

Details of the directors' remuneration are as follows:

For the year ended March 31, 2010

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

15 DIRECTORS' REMUNERATION (continued)

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 director						
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

During the years ended March 31, 2010 and 2009, 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 16 below as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year ended March 31, 2010, Mr. Shen Jingwu, a non-executive director, waived director's fee of approximately RMB420,000 (2009: RMB420,000).

16 FIVE HIGHEST PAID INDIVIDUALS

Of the 5 individuals with the highest emoluments during the year ended March 31, 2010, 5 (2009: 5) are directors whose emoluments are disclosed in note 15.

17 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended March 31, 2010 includes a loss of RMB16,387,000 (2009: a profit of RMB630,000) which has been dealt with in the financial statements of the Company.

18 DIVIDENDS

(i) Dividends payable to equity holders of the Company attributable to the year.

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Interim dividend declared and paid of RMB3.8 cents per ordinary share (2009: special dividend of RMB3.8 cents per ordinary share)	**295,349**	294,674
Final dividend proposed after balance sheet date of RMB8.8 cents per ordinary share (2009: RMB8 cents per ordinary share)	**683,967**	621,788
	979,316	916,462

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

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

	For the year ended March 31,	
	2010	2009
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB8 cents per share (2009: final dividend of RMB6 cents and special dividend of RMB2.8 cents per share)	**621,788**	698,421

19 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended March 31, 2010 was based on the profit attributable to equity holders of the Company for the year of RMB1,078,550,000 (2009: RMB748,120,000) and the weighted average number of shares in issue during the year ended March 31, 2010 of 7,772,350,000 (2009: 7,867,383,000).

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,	
	2010	2009
	RMB'000	RMB'000
EARNINGS		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	**1,078,550**	748,120

	For the year ended March 31,	
NUMBER OF SHARES (THOUSAND)	**2010**	2009
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,772,350**	7,867,383
Basic and diluted earnings per share (RMB cents)	**13.88**	9.51

20 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Machinery RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost					
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
Acquisitions through a business combination (note 8)	2,177	559	962	14,528	18,226
Additions	97,015	2,919	43,227	35,607	178,768
Transfer	43,783	937	—	(44,720)	—
Disposals	—	(209)	(3,928)	—	(4,137)
Balance at March 31, 2010	142,975	9,032	115,705	10,743	278,455
Depreciation					
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)
Depreciation charged for the year	(3,511)	(1,105)	(19,819)	—	(24,435)
Disposals	—	54	3,525	—	3,579
Balance at March 31, 2010	(3,511)	(4,244)	(56,218)	—	(63,973)
Carrying amount					
March 31, 2010	139,464	4,788	59,487	10,743	214,482
March 31, 2009	—	1,633	35,520	5,328	42,481

All buildings are located in the PRC.

20 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Motor vehicles and others RMB'000
Cost	
Balance at March 31, 2008	384
Additions	10
Disposals	(39)
Balance at March 31, 2009	355
Additions	1,229
Balance at March 31, 2010	1,584
Depreciation	
Balance at March 31, 2008	(5)
Depreciation change for the year	(136)
Disposals	4
Balance at March 31, 2009	(137)
Depreciation charge for the year	(440)
Balance at March 31, 2010	(577)
Carrying amount	
March 31, 2010	1,007
March 31, 2009	218

21 LAND USE RIGHTS

Balance at April 1, 2009	—
Acquisitions through a business combination (note 8)	32,434
Amortization charge for the year	(45)
Balance at March 31, 2010	32,389

22 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
Cost:			
Balance at April 1, 2009	—	—	—
Acquisitions through a business combination (note 8)	292,741	352,769	645,510
Balance at March 31, 2010	292,741	352,769	645,510
Amortization and impairment losses:			
Balance at April 1, 2009	—	—	—
Amortization charge for the year	—	(19,598)	(19,598)
Impairment losses (note 9)	—	(100,000)	(100,000)
Balance at March 31, 2010	—	(119,598)	(119,598)
Net book value:			
Balance at March 31, 2010	292,741	233,171	525,912
Balance at March 31, 2009	—	—	—

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

23 DEFERRED TAX ASSETS AND LIABILITIES

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

	For the year ended March 31, **2010** RMB'000	2009 RMB'000
At the beginning of the year	**(6,912)**	(14,072)
Acquisition through a business combination (note 8)	**(86,294)**	—
Recognized in profit or loss (note 14)	**10,669**	7,160
Recognized in other comprehensive income (note 14)	**(5,727)**	—
At the end of the year	**(88,264)**	(6,912)
Representing:		
Net deferred tax assets	**52,434**	43,088
Net deferred tax liabilities	**(140,698)**	(50,000)
	(88,264)	(6,912)

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	Write down of inventory RMB'000	Provision for impairment loss for bad and doubtful debts RMB'000	Customer relationships RMB'000	Others RMB'000	Undistributed retained earnings of PRC subsidiaries RMB'000	Total RMB'000
At March 31, 2008	18,928	—	—	—	(33,000)	(14,072)
Credited/(charged) to profit or loss	2,033	15,493	—	6,634	(17,000)	7,160
At March 31, 2009	20,961	15,493	—	6,634	(50,000)	(6,912)
Acquisition through a business combination (note 8)	—	—	(81,532)	(4,762)	—	(86,294)
Credited/(charged) to profit or loss	(827)	4,391	31,323	5,782	(30,000)	10,669
Charged to other comprehensive income	—	—	—	(5,727)	—	(5,727)
At March 31, 2010	20,134	19,884	(50,209)	1,927	(80,000)	(88,264)

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.

23 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:

	At March 31,	
	2010	2009
	RMB'000	RMB'000
Accumulated tax losses of subsidiaries	**145,554**	179,630
Retained earnings from PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future	**(1,395,075)**	(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, 2010, as management consider that it is not probable that the entities concerned will generate sufficient future taxable profits against which the unused tax losses can be utilized. Under the PRC tax regulations, tax losses can be carried forward for five years after the year of loss.

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

24 INVENTORIES

	At March 31,	
	2010	2009
	RMB'000	RMB'000
Raw materials	**59,869**	29,980
Work in progress	**6,243**	3,980
Finished goods	**793,575**	822,827
	859,687	856,787

At March 31, 2010, inventories carried at net realizable value amounted to approximately RMB359,212,000 (2009: RMB509,180,000).

25 TRADE, BILLS AND OTHER RECEIVABLES

	The Group		The Company	
	At March 31,		At March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**609,015**	508,367	**—**	—
Bills receivables	**51,656**	64,479	**—**	—
	660,671	572,846	**—**	—
Third party other receivables:				
• VAT recoverable	**55,562**	119,639	**—**	—
• Deposits	**63,272**	7,722	**10**	5
• Advances to employees	**5,708**	10,061	**—**	—
• Deposit within an escrow account (note 8)	**65,000**	—	**—**	—
• Others	**17,297**	11,354	**451**	295
	867,510	721,622	**461**	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 from the date of billing to its customers. The Group's exposure to credit and currency risk related to trade, bills and other receivables are disclosed in note 5.

At March 31, 2010, trade and bills receivables of approximately RMB32,910,000 (2009: RMB100,435,000) 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		The Company	
	At March 31,		At March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within credit terms	**627,761**	472,411	**—**	—
1 to 3 months past due	**32,685**	58,789	**—**	—
Over 3 months but less than 6 months past due	**225**	12,192	**—**	—
Over 6 months but less than 12 months past due	**—**	26,538	**—**	—
Over 1 year	**—**	2,916	**—**	—
	660,671	572,846	**—**	—

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

	The Group For the year ended March 31,		**The Company For the year ended March 31,**	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
At the beginning of the year	**181,565**	56,539	**—**	—
Add: provision for impairment of receivables	**47,900**	125,026	**—**	—
write off	**(38,900)**	—	**—**	—
At the end of the year	**190,565**	181,565	**—**	—

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

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

26 DERIVATIVE FINANCIAL INSTRUMENTS

On August 29, 2008, BIF entered into a conditional Call Option Agreement with GHL, for purchasing GHL's 100% interest in YFL, which was exercised on May 15, 2009.

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

	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
Changes in fair value	(25,811)
Exercised on the Acquisition Date (note 8)	(8,406)
At March 31, 2010	—

27 HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are principal guaranteed short-term investments with banks in the PRC. These investments have determinable interest rates ranging from 4.0% to 4.1% per annum and have maturity periods ranging from 6 to 12 months.

28 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are principal guaranteed short-term investments with banks in the PRC. These investments have expected but not guaranteed returns ranging from 4.0% to 4.5% per annum.

29 PLEDGED BANK DEPOSITS

Bank deposits of RMB2,232,000 as at March 31, 2010 (March 31, 2009: RMB32,000) were pledged to banks as security for certain of the Group's banking facilities in relation to bills payable.

30 TIME DEPOSITS WITH MATURITY OVER 3 MONTHS

The Group's time deposits of RMB339,676,000 (March 31, 2009: RMB1,085,914,000) and the Company's deposits of RMB3,897,000 (March 31, 2009: Nil) as at March 31, 2010 were deposited in banks for a period of over three months.

31 CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	At March 31,		**At March 31,**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at banks and on hand	**3,469,495**	4,898,865	**169,636**	980,945
Less: pledged bank deposits	**(2,232)**	(32)	**—**	—
time deposits with maturity over 3 months	**(339,676)**	(1,085,914)	**(3,897)**	—
Cash and cash equivalents	**3,127,587**	3,812,919	**165,739**	980,945

Cash at bank and cash on hand are denominated in:

	The Group		**The Company**	
	At March 31,		**At March 31,**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
- RMB	**3,187,229**	3,722,337	**—**	—
- US$	**230,864**	1,151,666	**150,335**	958,081
- HK$	**51,363**	24,750	**19,301**	22,864
- EUR	**—**	44	**—**	—
- RUB	**39**	68	**—**	—
	3,469,495	4,898,865	**169,636**	980,945

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.

32 TRADE AND OTHER PAYABLES

	The Group At March 31,		The Company At March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**438,034**	297,524	**—**	—
Other payables and accrued expenses				
• Deposits from customers	**423,938**	171,739	**—**	—
• Accrued rebates and commissions	**99,378**	52,740	**—**	—
• Accrued advertising expenses	**55,929**	28,965	**—**	—
• Accrued payroll and welfare	**73,353**	40,945	**1,188**	1,408
• Contingent consideration payables (note 8)	**65,000**	—	**—**	—
• Dividends payable	**5,000**	—	**—**	—
• Others	**44,266**	32,529	**—**	—
	1,204,898	624,442	**1,188**	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 At March 31,		The Company At March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Due within 1 month or on demand	**183,862**	142,681	**—**	—
Due after 1 month but within 3 months	**254,172**	154,843	**—**	—
	438,034	297,524	**—**	—

33 INVESTMENT IN SUBSIDIARIES

	The Company As at March 31, 2010 RMB'000	2009 RMB'000
Investment, at cost	**—**	—
Advances to subsidiaries	**3,556,417**	3,685,702
Share-based payments (note 36)	**71,122**	55,813
	3,627,539	3,741,515

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

At March 31, 2010, the Company had direct and indirect interests in the following principal subsidiaries:

Name of company	Note	Place and date of incorporation/establishment	Issued and fully paid share capital/registered capital	Attributable equity interest held by the Company Direct	Indirect	Principal activities
1) Enterprise established outside the PRC						
Bosideng International Fashion Ltd. 波司登國際服飾有限公司	(i)	British Virgin Islands ("BVI") July 11, 2006	US$1/ US$50,000	100%	—	Investment holding
Long Pacific (H.K.) Ltd. 長隆（香港）有限公司	(ix)	Hong Kong May 22, 2008	HK$1/ HK$10,000	—	100%	Investment holding
Ying Fai International Investment Limited 盈輝國際投資有限公司	(ii)	BVI June 2, 2008	US$10,000/ US$50,000	—	100%	Investment holding
International Company Bosideng Ltd. 波司登國際有限公司	(v)	Russia June 25, 2008	RUB2,400,000/ RUB2,400,000	—	100%	Sourcing and distribution of non-down apparels
Rocawear (China) Limited 洛卡（中國）有限公司	(ii)	Hong Kong July 2, 2009	US$100/ US$10,000	—	70%	Sourcing and distribution of non-down apparels

33 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
2) Wholly foreign owned enterprises established in the PRC						
Shanghai Bosideng International Fashion Co., Ltd. 上海波司登國際服飾有限公司	(ii)	Shanghai, the PRC June 23, 2005	US$138,000,000/ US$138,000,000	—	100%	Sourcing and distribution of down apparels
Jiangsu Bosideng Garment Development Co., Ltd. 江蘇波司登服裝發展有限公司	(x)	Jiangsu, the PRC October 13, 2006	US$25,000,000/ US$25,000,000	—	100%	Sourcing and distribution of non-down apparels
Rocawear (Shanghai) Fashion Co., Ltd. 洛卡薇爾（上海）服飾有限公司	(vii)	Shanghai, the PRC August 28, 2008	US$2,000,000/ US$10,000,000	—	100%	Sourcing and distribution of non-down apparels
3) Sino-foreign equity joint venture enterprises established in the PRC						
Shanghai Bingjie Fashion Co., Ltd. 上海冰潔服飾有限公司	(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 Kangbo Fashion Ltd. 山東康博服飾有限公司	(iii)	Shandong, the PRC May 17, 2006	US$85,000,000/ US$85,000,000	—	100%	Sourcing and distribution of down apparels
Shanghai Bosideng Casual Wear Ltd. 上海波司登休閑服飾有限公司	(iii)	Shanghai, the PRC June 28, 2006	US$68,000,000/ US$68,000,000	—	100%	Sourcing and distribution of down apparels

33 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						
Changshu Bosideng Advertising Co., Ltd 常熟市波司登廣告有限責任公司	(vi)	the PRC, September 12, 1996	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
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

33 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)						
Wuhan Bosideng Trading Co., Ltd. 武漢波司登貿易有限公司	(iv)	the PRC, November 4, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Kangbo International Trading Co., Ltd. 上海康波國際貿易有限公司	(viii)	the PRC, November 6, 2000	RMB6,000,000/ RMB6,000,000	—	100%	Import and export activities, including distribution of non-down apparels
Chengdu Bosideng Trading Co., Ltd. 成都波司登貿易有限公司	(iv)	the PRC, November 8, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Baotou Bosideng Trading Co., Ltd. 包頭市波司登貿易有限責任公司	(iv)	the PRC, November 21, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xian Bosideng Trading Co., Ltd. 西安波司登貿易有限公司	(iv)	the PRC, December 1, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Hefei Bosideng Trading Co., Ltd. 合肥波司登貿易有限公司	(iv)	the PRC, December 12, 2000	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Fashion Design and Development Centre Co., Ltd. 上海波司登服裝設計開發中心有限公司	(vi)	the PRC, March 23, 2001	RMB2,000,000/ RMB2,000,000	—	100%	Design of apparels
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 常熟市波司登進出口有限公司	(vi)	the PRC, April 11, 2002	RMB5,000,000/ RMB5,000,000	—	100%	Sourcing and distribution of OEM

33 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)						
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
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
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

33 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)						
Ningbo Bosideng Trading Co., Ltd. 寧波波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Dalian Bosideng Trading Co., Ltd. 大連波司登貿易有限公司	(iv)	the PRC, April 30, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Nanjing Bosideng Trading Co., Ltd. 南京波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB550,000/ RMB550,000	—	100%	Distribution of down apparels
Taizhou Bosideng Trading Co., Ltd. 泰州波司登貿易有限公司	(iv)	the PRC, May 8, 2006	RMB1,000,000/ RMB1,000,000	—	100%	Distribution of down apparels
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
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

33 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)						
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
Weihai Bosideng Trading Co., Ltd. 威海波司登貿易有限公司	(v)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Maanshan Bosideng Trading Co., Ltd. 馬鞍山波司登貿易有限公司	(iv)	the PRC, May 9, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
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

33 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)						
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
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
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

33 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)						
Jiaozuo Bosideng Trading Co., Ltd. 焦作波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Jinzhou Bosideng Trading Co., Ltd. 錦州波司登貿易有限公司	(iv)	the PRC, May 18, 2006	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
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

33 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)						
Yichang Bosideng Trading Co., Ltd. 宜昌波司登貿易有限公司	(iv)	the PRC, May 22, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Xuchang Bosideng Trading Co., Ltd. 許昌波司登貿易有限公司	(iv)	the PRC, May 26, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Neijiang Bosideng Trading Co., Ltd. 內江波司登貿易有限公司	(iv)	the PRC, May 27, 2008	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
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
Jiangsu Bosideng Marketing Co., Ltd. 江蘇波司登營銷有限公司	(vi)	the PRC April 13, 2009	RMB100,000,000/ RMB100,000,000	—	100%	Distribution of down apparels

33 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)						
Puyang Bosideng Trading Co., Ltd. 濮陽波司登貿易有限公司	(iv)	the PRC, June 2, 2009	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Zibo Kangbo Trading Co., Ltd. 淄博康博貿易有限公司	(iv)	the PRC, July 1, 2009	RMB500,000/ RMB500,000	—	100%	Distribution of down apparels
Shanghai Bosideng Clothing Trading Co., Ltd. 上海波司登服飾貿易有限公司	(vi)	the PRC, November 17,2009	RMB50,000,000/ RMB50,000,000	—	100%	Distribution of down apparels

Notes:

i) This entity is directly invested by the Company.

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

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

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

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

vi) These entities are 100% invested by Shanghai Bosideng International Fashion Co., Ltd.

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

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

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

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

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

34 SHARE CAPITAL

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

	Authorized		Issued and fully paid	
	Number of ordinary shares (thousand)	Nominal value of ordinary shares US$('000)	Number of ordinary shares (thousand)	Nominal value of ordinary shares US$('000)
At April 1, 2008	20,000,000	200	7,994,322	80
Repurchase of ordinary shares	—	—	(221,972)	(2)
At March 31, 2009	20,000,000	200	7,772,350	78
RMB equivalent ('000)		1,556		607
At April 1, 2009	20,000,000	200	7,772,350	78
At March 31, 2010	20,000,000	200	7,772,350	78
RMB equivalent ('000)		1,556		607

(a) Authorized share capital

The Company was incorporated on July 10, 2006 with an authorized share capital of US$100, divided into 100 shares of par value of US$1.00 each. On September 14, 2007, the authorized share capital was amended by way of special resolution of members to US$200,000 divided into 20,000,000,000 ordinary shares of US$0.00001 each, 2,135 Series A convertible redeemable preference shares ("CRPS") of US$0.0001 each and 5,336 Series B convertible preference shares ("CPS") of US$0.0001 each.

34 SHARE CAPITAL (continued)

(b) Issue of share capital

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

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

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

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

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

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

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

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

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

35 RESERVES

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

	Attributable to the equity holders of the Company					
	Share premium RMB'000 (note 35a)	Capital reserves RMB'000 (note 35b)	Foreign currency translation reserves RMB'000 (note 35d)	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at March 31, 2008	6,152,974	27,550	(378,891)	—	307,596	6,109,229
Total comprehensive income for the year	—	—	—	—	630	630
Equity-settled share-based payment transactions (note 36)	—	28,263	—	—	—	28,263
Repurchase of ordinary shares (note 34(b))	(210,372)	—	—	—	—	(210,372)
Translation reserves	—	—	(213,692)	—	—	(213,692)
Dividends (note 18)	(993,095)	—	—	—	—	(993,095)
Balance at March 31, 2009	4,949,507	55,813	(592,583)	—	308,226	4,720,963
Total comprehensive income for the year	—	—	—	—	(16,387)	(16,387)
Equity-settled share-based payment transactions (note 36)	—	15,309	—	—	—	15,309
Translation reserves	—	—	(5,900)	—	—	(5,900)
Dividends (note 18)	(917,137)	—	—	—	—	(917,137)
Balance at March 31, 2010	4,032,370	71,122	(598,483)	—	291,839	3,796,848

(a) Share premium

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, out of which RMB210,372,000 were deducted from share premium.

(b) Capital reserves

The capital reserves at March 31, 2010 and 2009 represent the value of employee services in respect of shares granted to employees and consultants under the share scheme as set out in note 36.

35 RESERVES (continued)

(c) Statutory reserves

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

(d) Foreign currency translation reserves

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

(e) Fair value reserves

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

(f) Distributable reserves

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

At March 31, 2010, distributable reserves (including share premium and retained earnings) of the Company amounted to RMB3,796,848,000 (2009: RMB4,720,963,000).

35 RESERVES (continued)

(g) 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 equity holders.

When the directors are of the view that repurchases of shares would benefit equity holders 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, 2010 was as follows:

		The Group		**The Company**	
	Note	**2010**	2009	**2010**	2009
		RMB'000	RMB'000	**RMB'000**	RMB'000
Debts:					
– Trade and other payables	32	**1,204,898**	624,442	**1,188**	1,408
– Payables due to related parties	38(b)	**10,399**	7,904	**—**	—
Total debts		**1,215,297**	632,346	**1,188**	1,408
Shareholders' equity		**6,813,158**	6,595,794	**3,797,455**	4,721,570
Debt-to-equity ratio		**17.8%**	9.6%	**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.

36 SHARE-BASED PAYMENTS

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

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

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

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

The following table sets out activities under the Share Scheme during the year ended March 31, 2010.

	For the year ended March 31,			
	2010		2009	
	Number of shares	**Grant date fair value (RMB'000)**	Number of shares	Grant date fair value (RMB'000)
At the beginning of the year	**69,000,846**		69,000,846	
Granted to employees	**—**	**—**	3,322,778	3,423
Forfeited	**—**	**—**	(3,322,778)	
At the end of the year	**69,000,846**		69,000,846	

Total expenses of RMB15,309,000 (2009: RMB28,263,000) were recognized as personnel expenses during the year ended March 31, 2010 (note 11).

As of March 31, 2010, 40,014,251 ordinary shares under the Share Scheme had vested. (March 31, 2009: 16,521,915).

37 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 At March 31,		The Company At March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**73,084**	14,284	**375**	429
After 1 year but within 5 years	**196,549**	12,681	**476**	93
Over 5 years	**20,743**	—	**—**	—
	290,376	26,965	**851**	522

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period between one and six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the year, were RMB299,759,000 for the year ended March 31, 2010 (2009: RMB245,728,000).

(c) Contingent liabilities

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

38 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
Jiangsu Suyong International Trade Co., Ltd. (previously known as "Changshu Bosideng Apparels Co., Ltd.") ("Jiangsu Suyong") 江蘇蘇甬國際貿易有限公司 （前「常熟波司登服飾有限公司」)（「江蘇蘇甬」）	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. ("Jiangsu Kangxin") 江蘇康欣制衣有限公司（「江蘇康欣」）	Effectively controlled by the Gao Family, the controlling equity 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
Jiangsu Bosideng Garment Development Co., Ltd. (previously known as "Jiangsu Kangbo Clothing Co., Ltd.") 江蘇波司登服裝發展有限公司 （前「江蘇康博制衣有限公司」）	Subsidiary of the Group from May 26, 2009
IDG Accel China Investment, Limited ("IDG")	Non-controlling equity holder of a subsidiary of the Group

38 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries

	The Group for the year ended March 31,		The Company for the year ended March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Purchase of raw materials				
Bosideng Corporation	**36**	272	**—**	—
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd.	**5,293**	3,474	**—**	—
Total	**5,329**	3,746	**—**	—
Rental expenses for lease of properties				
Bosideng Corporation	**5,438**	5,368	**—**	—
Shandong Kangbo	**2,135**	2,135	**—**	—
Jiangsu Suyong	**640**	—	**—**	—
Shanghai Bosideng Holdings Group	**80**	642	**—**	—
Total	**8,293**	8,145	**—**	—
Royalty income				
Jiangsu Kangbo Clothing Co., Ltd. (i)	**—**	4,000	**—**	—
Total	**—**	4,000	**—**	—
Processing fee				
Bosideng Corporation	**266,540**	212,178	**—**	—
Jiangsu Kangxin	**9,782**	7,572	**—**	—
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd.	**5,959**	3,900	**—**	—
Jiangsu Suyong	**—**	238	**—**	—
Shandong Kangbo	**3,638**	6,056	**—**	—
Total	**285,919**	229,944	**—**	—

38 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with fellow subsidiaries (continued)

	The Group for the year ended March 31,		The Company for the year ended March 31,	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Concessionaire fees				
Shandong Ru Shang Co., Ltd. (ii)	**—**	903	**—**	—
Total	**—**	903	**—**	—
Integrated service fees				
Bosideng Corporation (iii)	**1,856**	2,287	**—**	—
Total	**1,856**	2,287	**—**	—
Purchase of buildings				
Bosideng Corporation	**47,000**	—	**—**	—
Shanghai Bosideng Holdings Group	**21,000**	—	**—**	—
Total	**68,000**	—	**—**	—
Advance from a non-controlling interest				
IDG	**8,792**	—	**—**	—
Total	**8,792**	—	**—**	—

38 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	The Group At March 31,		The Company At March 31,	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Other receivables due from:				
Bosideng Corporation	**46,788**	22,586	**—**	—
Jiangsu Kangxin	**42**	—	**—**	—
Zhongke Bosideng Nanotech Garment (Suzhou) Co., Ltd.	**1,504**	406	**—**	—
	48,334	22,992	**—**	—
Total receivables due from related parties	**48,334**	22,992	**—**	—
Trade payables due to:				
Jiangsu Suyong	**1,557**	1,145	**—**	—
Shandong Kangbo	**50**	6,562	**—**	—
Jiangsu Kangxin	**—**	197	**—**	—
	1,607	7,904	**—**	—
Other payables due to:				
IDG	**8,792**	—	**—**	—
	8,792	—	**—**	—
Total payables due to related parties	**10,399**	7,904	**—**	—

Key management personnel remuneration is disclosed in note 15.

(i) 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.

(ii) 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.

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

39 POST-BALANCE SHEET EVENTS

Subsequent to March 31, 2010, the Company proposed a final dividend of RMB683,967,000 representing RMB8.8 cents per share to the equity holders of the Company. Further details are disclosed in note 18.

40 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company of the Company as at March 31, 2010 to be KBI, which is incorporated in the British Virgin Islands.

41 COMPARATIVE FIGURES

As a result of application of IAS 1 (revised 2007), Presentation of financial assets, and IFRS 8, Operating segments, certain comparative figures have been adjusted to conform to the current period's presentation and to provide comparative amounts in respect of items disclosed for the time in the year ended March 31, 2010. Further details of these developments are disclosed in note 2(e).

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

Authorised 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

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

Websites

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

Investor Relations Consultant

iPR Ogilvy Ltd.

Registered Office

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

Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Legal Advisors As to Hong Kong Law

DLA Piper Hong Kong

Auditors

KPMG
Certified Public Accountants

Principal Bankers

Agricultural Bank of China Changshu Sub-branch
Bank of Communications Shanghai Branch
Bank of Ningbo Shanghai Branch
Bank of China Limited Changshu Sub-branch

(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