



Bosideng International Holdings Limited

2010/11 Annual Results Presentation

BOSIDENG

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Agenda

- **Results highlights**
- **Financial review**
- **Business review**
- **Future plans and strategies**



Results Highlights

2010/11 Annual Results Highlights

The Group's revenue increased significantly by 22.7% to RMB7,037.8 million

Non-down apparel contribution increased to 8.4% of the total revenue

Gross profit improved by 14.3% to RMB3,299.4 million

Net profit attributable to equity holders of the Company increased by 18.3% to RMB1,276.4 million

Net cash position with cash and cash equivalent of RMB4,410.7 million

The board of Directors recommends a final and special dividend of RMB6.8 cents and RMB6.0 cents respectively

Expanded non-down apparel business through the introduction of ladies wear brand "BOSIDENG RICCI", casual wear brand "Mogao", children's wear brand "D.D. Cat" and menswear brand "VETALLO"



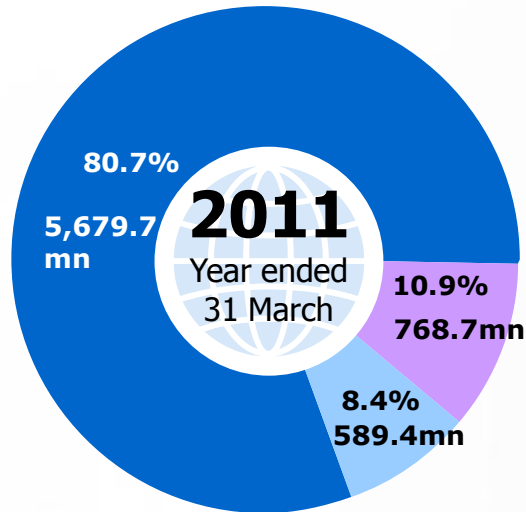
Financial Review

Financial Highlights

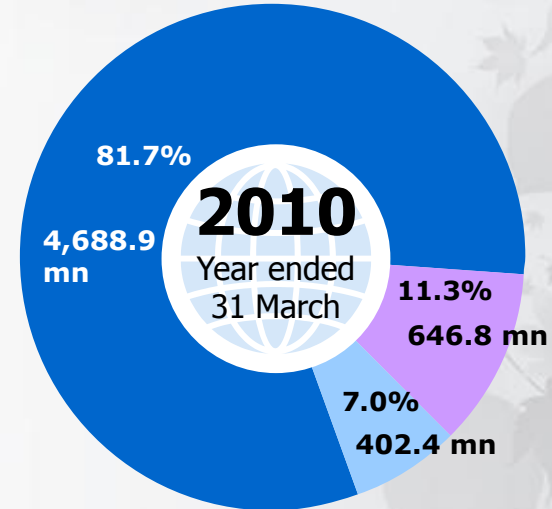
	For the year ended 31 March		Change
(RMB mn)	2011	2010	(%)
Revenue	7,037.8	5,738.1	+22.7
Gross profit	3,299.4	2,886.6	+14.3
Gross profit margin (%)	46.9	50.3	-3.4pts
Profit from operations	1,372.0	1,205.5	+13.8
Operating margin (%)	19.5	21.0	-1.5pts
Profit before tax	1,500.7	1,277.4	+17.5
Profit attributable to equity holders of the Company	1,276.4	1,078.6	+18.3
Net Margin (%)	18.1	18.8	-0.7pts
Earnings per share (RMB cents)			
– Basic and diluted	16.42	13.88	+18.3
Dividend per share			
– Interim (RMB cents)	6.5	3.8	+71.1
– Final (RMB cents)	6.8	8.8	- 22.7
– Special (RMB cents)	6.0	--	--
– Full year (RMB cents)	19.3	12.6	+53.2

Revenue Analysis

**Revenue:
RMB7,037.8 mn**



**Revenue:
RMB5,738.1 mn**



■ Branded down apparel ■ OEM Management ■ Non-down apparel

Down apparel :

- Effective sales plan to raise selling price of down apparel

OEM management :

- Full utilization of the Group's resources during the off-peak season period of down apparel

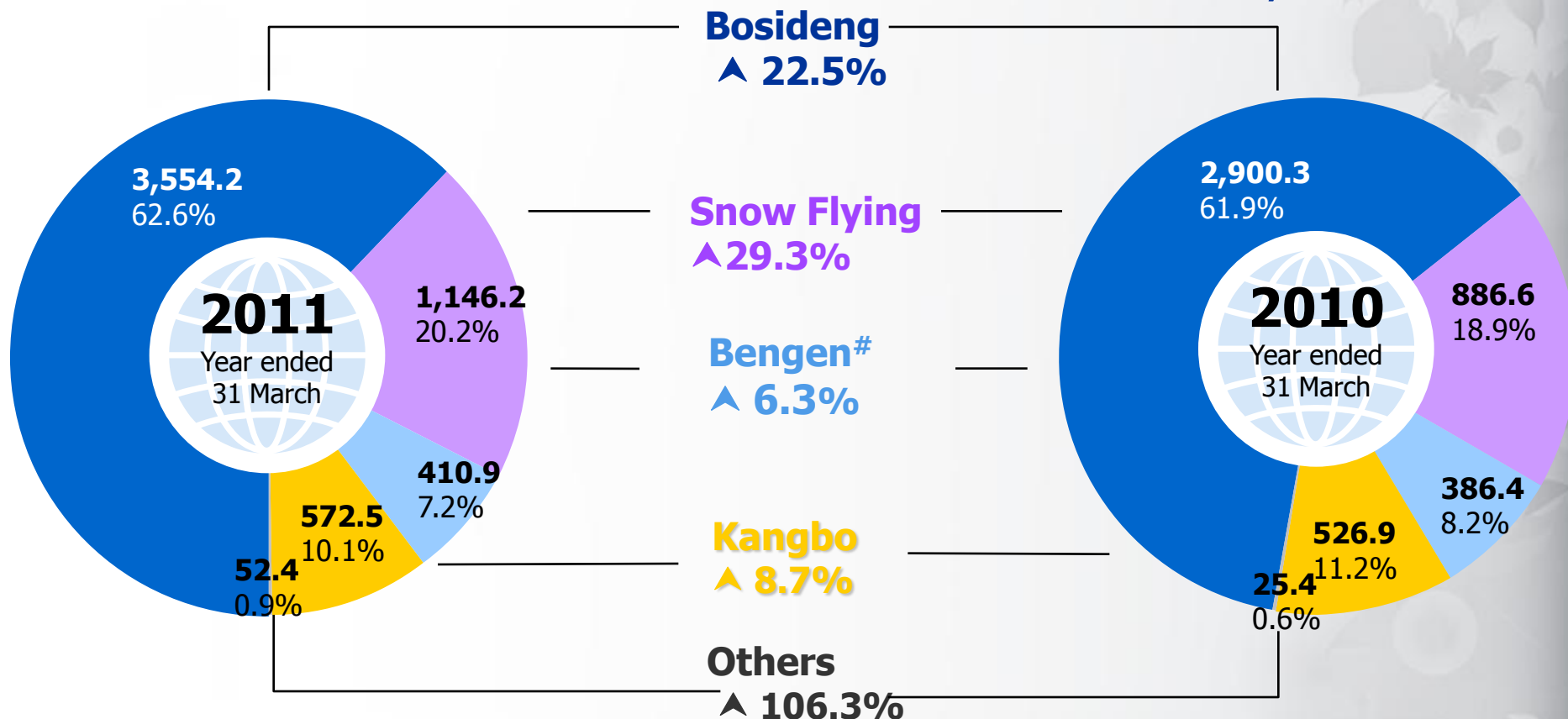
Non-down apparel :

- "Bosideng MAN" was still the highest contributor and contributed 99.2% of the Group's non-down apparel revenue.

Breakdown of Down Apparel Income

Sales*:
RMB5,736.2 mn

Sales*:
RMB4,725.6 mn



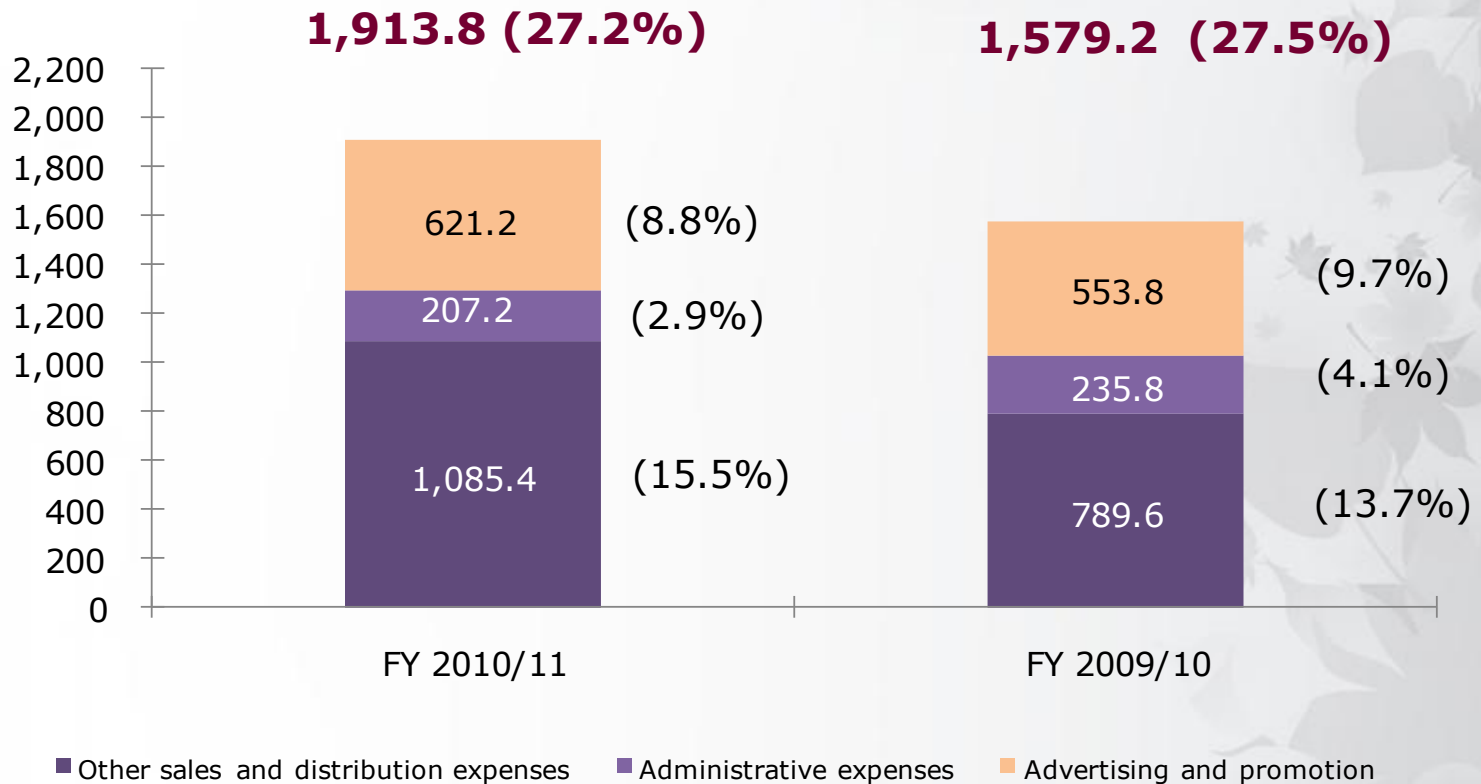
*Sales rebates are not deducted from the total down apparel revenue or from revenues of each brand
Sales rebates for the year ended 31 March 2011 and 2010 were RMB 56.5 mn and RMB 36.7 mn respectively
Bengen (Previously known as Bingjie)

Gross Profit Margin Analysis

Year ended 31 March					
	2011		2010		Change
	Gross profit (RMB mn)	GP margin (%)	Gross profit (RMB mn)	GP margin (%)	(% points)
Branded down apparel	2,860.6	50.4	2,537.5	54.1	-3.7
OEM Management	128.2	16.7	142.2	22.0	-5.3
Non-down apparel	310.6	52.7	206.9	51.4	+1.3
The Group	3,299.4	46.9	2,886.6	50.3	-3.4

Operational Expenditure

RMB million



Inventories

	As at 31 March 2011	As at 31 March 2010
(RMB'000)		
Raw materials	117,214	59,869
Work in progress	22,666	6,243
Finished goods	1,074,903	793,575
	1,214,783	859,687

- The order system of down apparel products launched by the Group to replace the original product return system achieved satisfactory result.
- As at 31 March 2011, approximately 12% of down apparel sales orders were conducted under the order system.
- In terms of volume, inventory of down apparel inventory maintained at the same level as in 2010.

Strong Financial Position

	As at 31 March 2011	As at 31 March 2010
(RMB million)		
Net cash	3,478.5	3,469.5
Bank borrowings	(586.9)	--
Available-for-sale financial assets	1,519.1	1,618.5
Held-to-maturity investments	--	400.0
Current ratio	4.1	5.5
Gearing ratio	8.4%	0
Operating cash inflow	49.5	1,605.2

- Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position:
 - Net cash position of approximately RMB3,478.5 million
 - Bank borrowings amounted to RMB586.9 million
- Net cash, available-for-sale financial assets , held-to-maturity investments and bank borrowing aggregated RMB4,410.7 million, as compared to RMB5,488 million in March 2010
- Decrease in operating cash inflow was due to cash used in prepayment to suppliers for preferential price and stable supply of raw materials

Well Managed Working Capital Cycle

For the year ended

	31 March 2011	31 March 2010	Change
Average Inventory Turnover Days ⁽¹⁾	102	110	-8
Average Trade and Bills Receivables Turnover Days ⁽²⁾	34	40	-6
Average Trade and Bills Payables Turnover Days ⁽³⁾	38	48	-10

(1) Calculated as average inventory divided by cost of sales and multiplied by 365 days

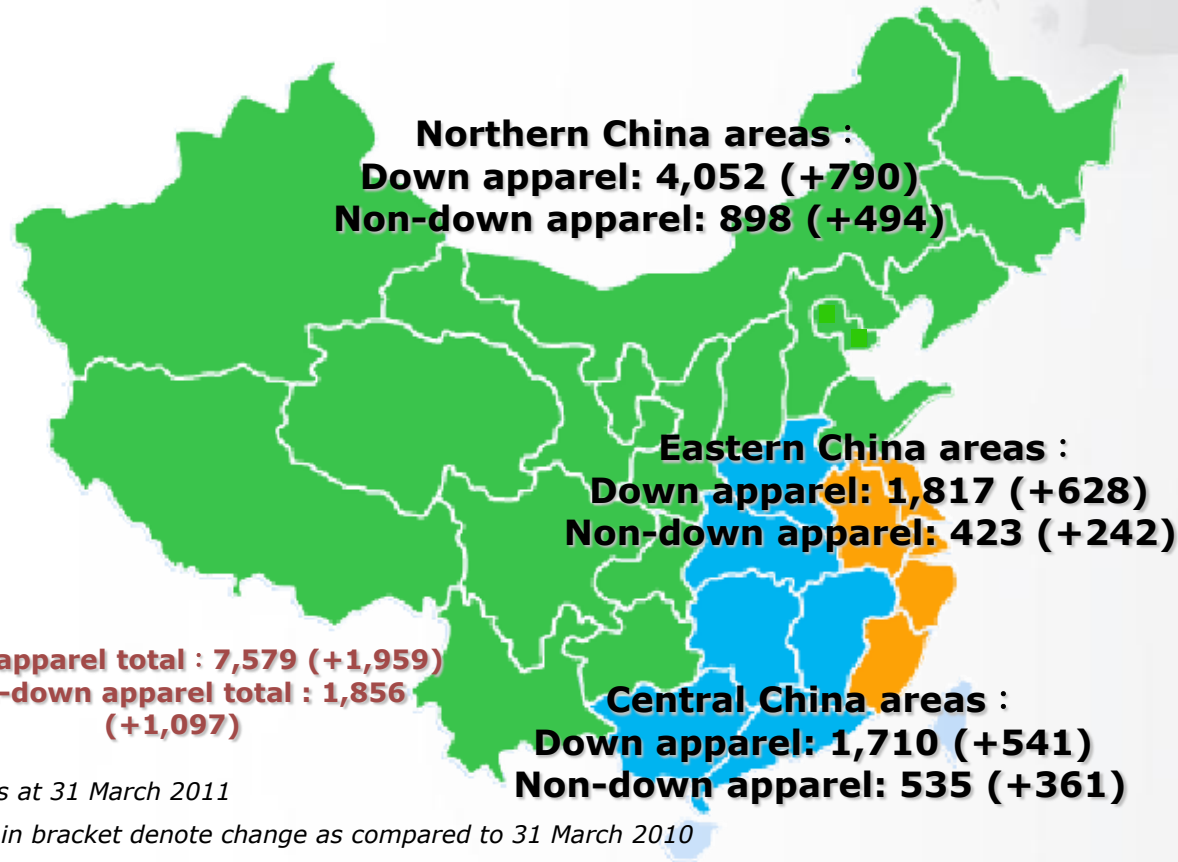
(2) Calculated as average trade and bills receivables divided by revenue and multiplied by 365 days

(3) Calculated as average trade and bills payables divided by cost of sales and multiplied by 365 days



Business Review

Nationwide Retail Network



- The Group restructured the down apparel retail network significantly by eliminating and replacing substandard distributors and retail shops with unsatisfactory performance
- Made adjustments to down apparel stores, increased number of self-operating stores and raised investment in brand building
- “Bosideng MAN” commenced to enter first tier cities, the proportion of self-operating stores and franchised stores increased

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

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

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

Optimized Sales Channel Mix

- Increase self-operated outlets helped improve profit margin

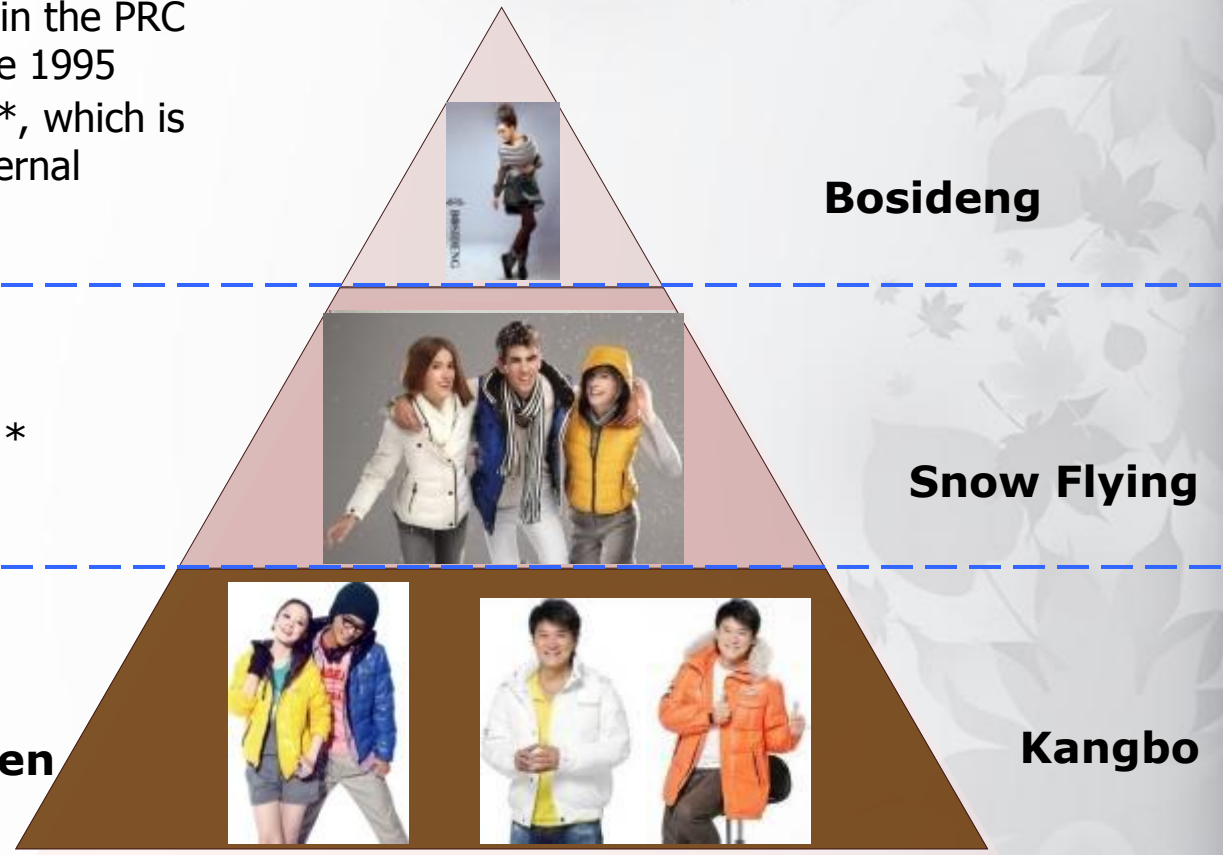
	Down apparel			Non-down Apparel		
	As at 31 March 2011	As at 31 March 2010	Change	As at 31 March 2011	As at 31 March 2010	Change
Store types						
Specialty stores	5,117	3,296	+1,821	1,143	433	+710
- Operated by the Group	51	7	+44	47	34	+13
- Operated according to franchise agreement	--	--	--	477	56	+421
- Operated by third party distributors	5,066	3,289	+1,777	619	343	+276
Retail outlets	2,462	2,324	+138	713	326	+387
- Operated by the Group	1,062	988	+74	59	39	+20
- Operated according to franchise agreement	--	--	--	300	43	+257
-- Operated by third party distributors	1,400	1,336	+64	354	244	+110
Total	7,579	5,620	+1,959	1,856	759	+1,097

Multi-brand Strategy - Down Apparel

- Leading down apparel brand in the PRC for 16 consecutive years since 1995
- Market share reached 22.0%*, which is >2.3 times of the closest external competitor

- Ranked No.2 with a 9.5%* market share

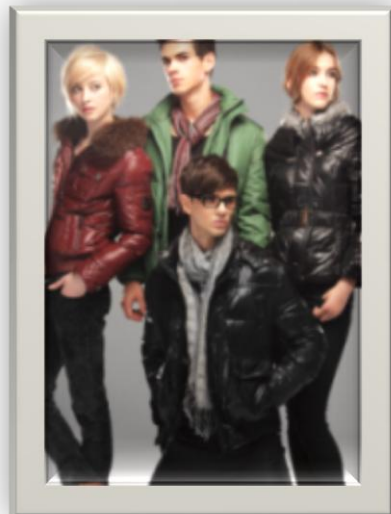
- Ranked No. 7 and No.8 with a market share of 2.9%* and 2.3%* respectively



Four core brands of down apparel products achieved a combined market share of 36.7%*

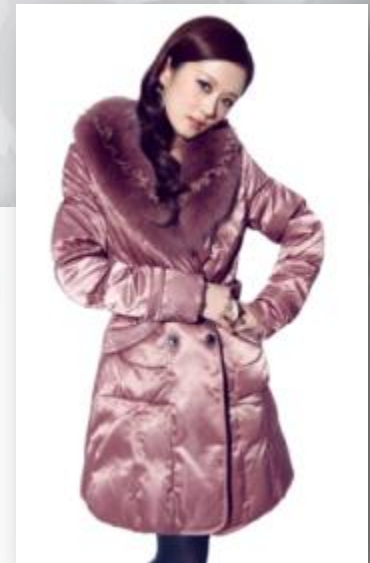
Multi-brand Strategy - Down Apparel

- “Bosideng” continues to be a medium to high end brand and remained the highest contributor with sales of approximately RMB3,554.2 million.
- “Snow Flying” appeals to younger customers with more energetic lifestyles and achieved a sales of approximately RMB1,146.2 million.
- “Kangbo” and “Bengen” offer colourful, youthful down apparel lines for men and ladies in the mass market, and recorded revenues of RMB572.5 million and RMB410.9 million respectively
- Achieved a combined market share of 36.7% in 2010



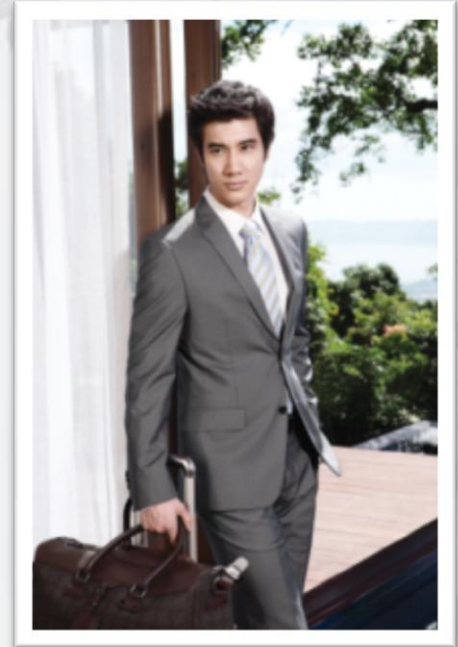
Multi-brand Strategy - Down Apparel

- In the past two years, the Group repositioned “Bengen” brand under separate management and achieve satisfactory performance.
- Capitalized on its trendy design concepts, distinct brand style, precise market positioning and scientific operational management, the sales and market share of “Bengen” brand products increased significantly and were widely recognized by the market.
- The “Bengen” trade fair held in June 2010 was popularly received with number of orders hitting an unprecedented high record and the amount of order was higher than expected.



Multi-brand Strategy - Menswear

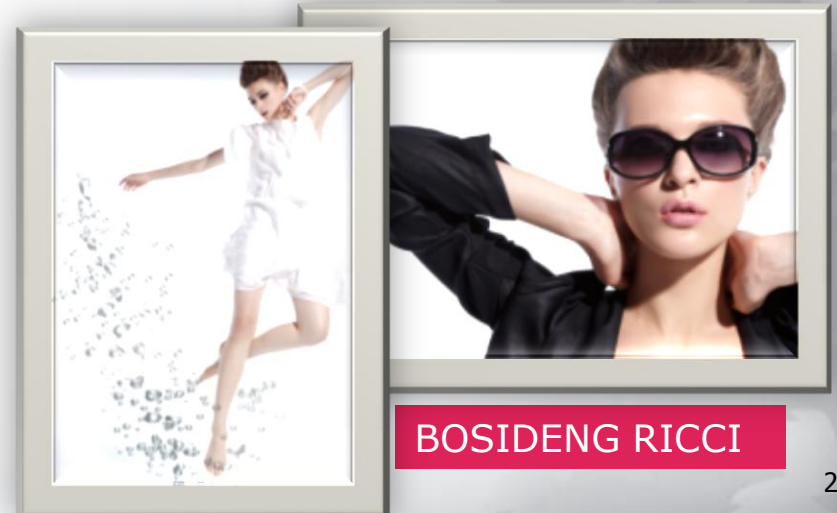
- “Bosideng MAN” has been repositioned as a menswear brand demonstrating “Quality of Life”. Its products are welcomed by consumers at large and achieved outstanding results.
- Order amount of 2010 F/W, 2011 S/S and 2011 F/W trade fairs reached RMB290 million, RMB205 million and RMB390 million, representing a year-on-year increase of 57%, 46.9% and 36% respectively.
- Revenue of menswear apparel takes up 8.3% of total revenue.
- Provides high-quality tailor-made services to customers with own fashion insights, representing an optimal choice for elite men to showcase their prestigious fashion style.



Multi-brand Strategy - Non-down Apparel

- “Rocawear” is a trendy street brand comprising menswear, lady’s wear and accessories.
- During the reporting period, “ROCAWEAR” has established a number of sales outlets in Beijing, Shanghai, Hangzhou, Tianjin and Chongqing
- “BOSIDENG RICCI” is a ladies wear brand created by the Group targeting urban women of age between 25 to 40 with a taste of quality life.
- “BOSIDENG RICCI” has sales outlets in prominent shopping malls and business districts in the Changjiang River Delta.
- It is intended that more than 80 sales outlets will be established in Eastern China by 2011/12 and expand coverage to whole country in three years.

ROCAWEAR



BOSIDENG RICCI

Multi-brand Strategy - Non-down Apparel

- “Mogao” offers affordable trendy casual wear targeting young people aged between 20 to 30.
- The brand will increase 150 to 200 new stores per year to a total number of 1,300 stores by 2015 across the country.

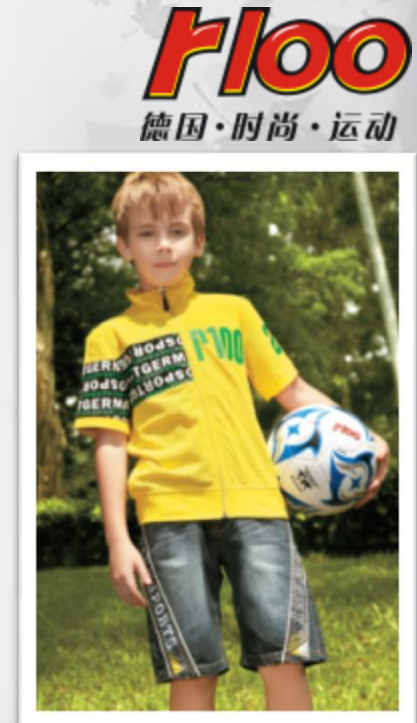
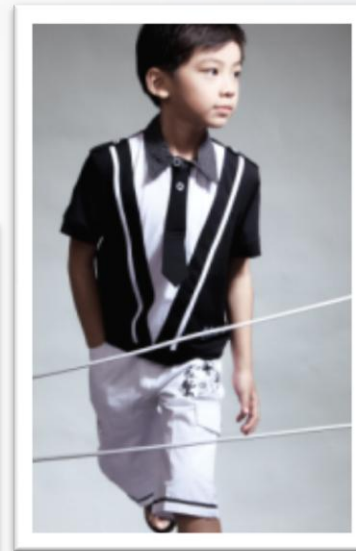
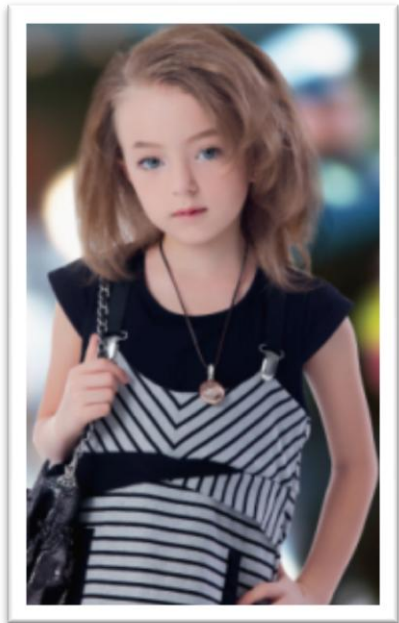
The logo for Mogao, featuring the brand name in a white, lowercase, sans-serif font on a black rectangular background.

- VETALLO is an international luxury business menswear brand registered in Italy which offers formal suits, business casual wear and elegant casual wear using quality fabrics from premier suppliers.
- The quality of its products is comparable to top international brands.
- The marketing team of the brand has established a unique distribution network comprising self-owned outlets and consignment stores.

The VETALLO logo, featuring the brand name in a large, gold, serif font.

Multi-brand Strategy - Non-down Apparel

- Lanboxing is a company mainly engages in the design of children's wear and related products.
- Its brands include "D.D. Cat", "Mikyo", "r100" and "M&Q".
- During the reporting period, 866 sales outlets of the four children's wear brands, most of which are located in cities in East and South China.
- These brands will open 150 to 200 stores per year to have approximately 2,000 stores by 2015.



E-Commerce Development

- The Group established an official flagship store of various brands on mall.taobao.com and cooperated with renowned domestic and overseas e-commerce websites so as to increase market share on the internet.
- A department designated for product differentiation was established and 40 to 50 designs will be launched exclusively on the internet.
- Approximately RMB110 million sales of down apparel contributed by on-line stores, representing a year-on-year growth of 222%.



<http://shop.bosideng.com>



<http://bosidengman.taobao.com>



<http://bosideng.taobao.com>

Effective Marketing Strategies





Future Plans and Strategies

Store Opening Plan – Self Owned Brands

Store opening plan



Expand the number of large flagship stores in major cities in due course.
Continue to integrate and optimize sales channels



Expected to grow on a more rapid pace and increase to approximately 1,100 retail outlets in mid 2012. The proportion of self-operating stores and franchised stores will also increase.



Strive to set up more than 300 "ROCAWEAR" freestanding stores and shop-in-shop in Greater China Region by 2013 with a target to develop "ROCAWEAR" into a fashion leading brand within 3 – 5 years.



Plans to develop sales channels mainly in Eastern China areas and expects to set up approximately 100 stores within 3 years.

Store Opening Plan – Incubator Investment

Store opening plan

The logo for 'mogolo' features the brand name in a white, lowercase, rounded sans-serif font, centered within a solid black rectangular background.

Strive to open 150 to 200 new outlets of “Mogao” brand annually in the next five years. The number of outlets is expected to be approximately 1,300 throughout China in 2015.

The logo for 'VETALLO' consists of the brand name in a bold, uppercase, sans-serif font, colored in a golden-brown hue.

Has moved on with its preparation work including selection of store location and commence its operation in Greater China Region as soon as possible.

The logo for 'D.D.Cat' features a stylized, colorful cartoon cat head on the left, followed by the text 'D.D.Cat' in a playful, rounded font. Above the text is the Chinese text '叮咛猫'.The logo for 'MIKYO' features the brand name in a bold, uppercase, sans-serif font. A red star is positioned to the right of the 'O'. Below the name is the Chinese text '美国·大眼蛙时尚童装'.The logo for 'M&Q' features the brand name in a bold, uppercase, sans-serif font. Below the name is the Korean text '아이들의 의류'.The logo for 'floo' features the brand name in a stylized, lowercase, sans-serif font with a red outline. Below the name is the Chinese text '德国·时尚·运动'.

The number of stores under Lanboxing Company will be increased by 150-200 each year and will reach 2,000 in 2015

Store Opening Plan – London Flagship Store

- The Group acquired a property at 28 South Molton Street near the Oxford Street shopping area in the West End of London at a consideration of £20,050,000 (approximately RMB213 million).
- The Group will invest approximately £5,000,000 to £6,000,000 to reconstruct the property into a landmark building. A down apparel and menswear flagship store will be opened on the ground floor. This is the Group's first flagship store in Europe.
- The 6-storey building is located at the core area of the West End of London, which is the most prosperous commercial district of London and also the largest commercial district in Europe.
- The down apparel and menswear flagship store is expected to open in July 2012.



Speed Up the Development of Non-down Apparel Businesses

- ◆ In the next three to five years, the Group will continue to increase the proportion of the non-down apparel business to overall sales.
- ◆ Focus on the sound development of “Bosideng MAN” in order to archive stable and rapid growing results to become the leading menswear brand in the PRC.
- ◆ Target to develop “ROCAWEAR” into a fashion leading brand within 3 to 5 years.
- ◆ Develop BOSIDENG RICCI as the key project of the Group under the strategy of diversification and new brand development
- ◆ Strive to turn “Mogao” into a leading domestic brand of trendy casual wear.
- ◆ Turn the children’s wear brands under Lanboxing company into leading domestic kids’ wear brand.



Bosideng MAN



ROCAWEAR



BOSIDENG RICCI



Mogao



Lanboxing



VETALLO

To realize the transformation of Bosideng into an international well-known integrated apparel brand operator

Better R&D and Marketing Efforts to Enhance Brand Value

- Integrate the style positioning, design, research and development, as well as channels of its brands in a comprehensive way to ensure the product styles are united by remain their own uniqueness.
- On the basis of strengthening the position of “Bosideng” 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 to drive the respective development of dominant brands such as “Snow Flying”, “Kangbo”, “Bengen”, “ROCAWEAR”, and “BOSIDENG RICCI”.

- Continue to expand and strengthen its research, design and development team.
- Plans to cooperate with local and international renowned research institutions to raise product competitiveness and added-value of the brand.
- Further strengthen the R&D of environmental friendly products with low-carbon.

- Place more emphasis on the interactions with customers. Retail outlets will organize different activities with such as trial experience, exhibitions and offering privileges, as well as providing high added-value services, including VIP membership and tailor-made services, so as to demonstrate the positioning and product images of each brand under the Group in a comprehensive way.

Optimize Inventory Turnover Rate





Thank You!