

**For immediate release**



波司登國際控股有限公司

## **Bosideng International Holdings Limited**

**Bosideng Announces Results for the Year Ended March 31, 2011  
Profit Attributable to Equity Holders  
Increased 18.3% to RMB1.28 billion**

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**The Board recommended payment of a final dividend of RMB6.8 cents and a special dividend of RMB6.0 cents per ordinary share**

### ***Financial Highlights***

<i>RMB '000</i>	For the year ended		Change
	2011	2010	
Revenue	<b>7,037,805</b>	5,738,121	+22.7%
Gross profit	<b>3,299,369</b>	2,886,637	+14.3%
Gross profit margin (%)	<b>46.9</b>	50.3	-3.4pts
Profit attributable to equity holders	<b>1,276,446</b>	1,078,550	+18.3%
Basic and diluted EPS (RMB cents)	<b>16.42</b>	13.88	+18.3%
Dividend per share (RMB cents)			
- Interim	<b>6.5</b>	3.8	+71.1%
- Final	<b>6.8</b>	8.8	-22.7%
- Special	<b>6.0</b>	-	-
- Full year	<b>19.3</b>	12.6	+53.2%

**(June 28, 2011 – Hong Kong) – Bosideng International Holdings Limited** ("Bosideng", or the "Company", stock code: 3998, or together with its subsidiaries collectively referred to as the "Group"), the largest down apparel company in the PRC, announces its final results for the year ended March 31, 2011.

For the year ended March 31, 2011, the Group recorded revenue of approximately RMB7,037.8 million (2010: approximately RMB5,738.1 million), representing an increase of 22.7% as compared with the corresponding period last year. The increase was mainly driven by the flexible pricing strategy of down apparel business to suit market needs and the continued expansion of non-down apparel business. Gross profit increased by 14.3% to RMB3,299.4 million (2010: RMB2,886.6 million). Profit attributable to equity holders of the Company increased by 18.3% to RMB1,276.4 million. The Board has recommended the payment of a final dividend of RMB6.8 cents and a special dividend of RMB6.0 cents (totalling RMB12.8 cents) per ordinary share for the year ended March 31, 2011.

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Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "During this financial year, the apparel industry was under the pressure of raw material and labor costs while sales and margins also declined. In response to the challenging market conditions, we changed our marketing strategy to promote our strong brand name and to introduce innovative products. We adopted a dynamic approach in the management of our supply chain to meet the changing market demands. In particular, the Group was able to meet the increased demand when winter weather came in October 2010. We promptly replenished the stock of popular items during the extended peak season from December 2010 onwards. As a result, the Group has achieved satisfactory results."

The Group continues to enhance the diversity of its apparel products and proactively implemented a strategy to develop non-seasonal apparel products to expand its brand and product portfolio. Apart from the rapidly growing 'Bosideng MAN', we launched the luxurious business menswear brand 'VETALLO' and acquired the casual wear brand 'Mogao' and the kids wear brands during the reporting period, to fuel the growth of our non-down apparel business," Mr. Gao continued.

During the year under review, branded down apparel business remained the largest revenue contributor, accounting for 80.7% of the Group's total revenue. "Bosideng" branded apparel remained the highest contributor and contributed 62.6% or approximately RMB3,554.2 million of the total branded down apparel sales. "Snow Flying" branded apparel contributed 20.2% or approximately RMB1,146.2 million of the total branded down apparel sales. "Kangbo" and "Bengen" (previously known as "Bingjie") recorded revenues of RMB572.5 million and RMB410.9 million, which represented 10.1% and 7.2% of the total branded down apparel sales respectively. In an effort to strengthen differentiation amongst various brands, the Group adjusted its product offerings under its portfolio of brands.

The Group further enhanced the no-return order system for its down apparel business in order to minimise inventory risk and optimize operational efficiency. By the end of the year, approximately 12% of the sales of down apparels were conducted under the order system. The Group believes the introduction and implementation of the order system will effectively boost the sales of down apparels, improve the flexibility of inventory management and enhance the operating efficiency of the Group.

During the year under review, the contribution of non-down apparel business to the Group's revenue increased to 8.4% from 7.0% a year ago. The acquisition of "Bosideng MAN" business was the first step of the Group's transformation to non-seasonal apparel products. The rapid growth in the results of "Bosideng MAN" during the reporting period met the expectation of the management. "Bosideng MAN" was the largest contributor of non-down apparel business and contributed 99.2% of the total. At present, "Bosideng MAN" has already set up 979 retail outlets throughout China. Other brands, namely "ROCAWEAR", "BOSIDENG RICCI", "VETALLO", "Mogao" and the kids wear brands, are still under development stage.

As at March 31, 2011, the Group has a total of 9,435 retail outlets, comprising 7,579 and 1,856 retail outlets operated under the down and non-down apparel businesses respectively. Among the down apparel outlets, 1,113 outlets operated by the Group and 6,466 outlets operated by third party distributors. As for non-down apparel, 106 outlets are operated by the Group, 777 outlets operated according to franchise agreement, and 973 retail outlets operated by third party distributors.

During the year under review, the Group's working capital cycle remained healthy, with average inventory turnover days reduced by 8 days from 110 days in the previous year to 102 days; average trade and bills receivables turnover days was 34, decreased by 6 days as compared to the same period last year. Average trade and bills payables turnover days was 38 days, representing a decrease of 10 days from the previous year.

Going forward, Mr. Gao said: "The Group holds a cautiously positive outlook. The local consumption pattern and spending power will keep improving in the next one or two decades, and the development of apparel industry of the PRC is stepping towards a new era with a new focus on brand development and upgrading after the expansion of market scale. In the next three to five years, the Group will continue to increase the proportion of the non-down apparel business to overall sales and further expand international distribution channels and optimize the international sales network, so as to transform Bosideng into an international well-known integrated apparel brand operator."

He continued: "The sales by new order system of down apparel products is expected to increase from 12% in this year to approximately 25% in 2011/2012, and remove the original product return system within 3 years so as to increase the sales of down apparel products and lower the inventory risks. For non-down apparel products, the Group will focus on market expansion. Among which, the number of retail outlets of 'Bosideng MAN' is expected to grow in a rapid pace and increase to approximately 1,100 in mid 2012, and the proportion of self-operating stores and franchised stores will also increase. For 'ROCAWEAR' brand business, it is planned to open more than 300 'ROCAWEAR' freestanding stores or shop-in-shop in the Greater China Region by 2013 with a target to develop into a fashion leading brand within 3 to 5 years. For 'Mogao' brand and the brand of kids wear under Lanboxing is expected to open 150 to 200 stores every year, and the number of outlets in 2015 is expected to be approximately 1,300 and 2,000 respectively. 'BOSIDENG RICCI' plans to focus on establishing sales networks in Eastern China and expects to set up approximately 100 stores within 3 years."

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## **About Bosideng International Holdings Limited:**

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

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

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

<sup>#</sup> Among the 30 largest down apparel brands

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