

**For immediate release**



波司登國際控股有限公司

## **Bosideng International Holdings Limited**

**Bosideng Announces FY2012 Annual Results  
Sustainable and Well-balanced Growth  
from Down and Non-down Apparel Businesses**

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**Final Dividend of HKD12.0 cents per Share Proposed**

### ***Financial Highlights***

<i>RMB '000</i>	For the year ended March 31		Change
	<b>2012</b>	2011	
Revenue	<b>8,376,062</b>	7,037,805	+19.0%
Gross profit	<b>4,188,634</b>	3,299,369	+27.0%
Gross profit margin (%)	<b>50.0</b>	46.9	+3.1ppts
Operating profit	<b>1,621,393</b>	1,371,968	+18.2%
Operating profit margin (%)	<b>19.4</b>	19.5	(0.1ppts)
Profit attributable to equity holders	<b>1,436,642</b>	1,276,446	+12.6%
Basic and Diluted EPS (RMB cents)	<b>18.29</b>	16.42	+11.4%
Dividend per share (RMB cents)			
- Interim	<b>3.8</b>	6.5	(41.5%)
- Final	<b>9.8*</b>	6.8	+44.1%
- Special	-	6.0	-
- Full year	<b>13.6</b>	19.3	(29.5%)

*\*Final dividend is HKD12.0 cents per ordinary share, equivalent to approx. RMB9.8 per ordinary share based on the exchange rate of The People's Bank of China on June 21, 2012*

**(June 28, 2012 – Hong Kong) – Bosideng International Holdings Limited** (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 annual results for the year ended March 31, 2012 ("FY2012").

### **Solid growth with strong financial position**

The Group reported satisfactory growth with revenue increasing 19.0% to approximately RMB8,376.1 million in FY2012, up from approximately RMB7,037.8 million for the year ended March 31, 2011. The Group continued its active expansion of the non-down apparel business that drove revenue growth and revenue contribution. The branded down apparel business remained the largest revenue contributor of the Group and accounted for 73.1% of the Group's revenue. The OEM management and non-down apparel businesses accounted for 10.8% and 16.1% respectively, as compared to 10.9% and 8.4%, in the previous year.

During the year, production and operating costs continued to rise, the Group leveraged its strong cash position and made prepayments to secure raw materials and processing costs at favourable levels. This partly offset the cost increases and led to improved gross profit margin by 3.1 percentage points to 50.0%. Profit attributable to equity holders of the Company increased by 12.6% to RMB1,436.6 million.

The Board has recommended the payment of a final dividend of HKD12.0 cents per ordinary share (equivalent to approximately RMB9.8 cents based on the exchange rate of The People's Bank of China on June 21, 2012), together with an interim dividend of RMB3.8 cents per ordinary share, representing a payout ratio of 74.4% of profit attributable to equity holders.

The Group's financial position remained healthy. As at March 31, 2012, the Group was in a net cash position of RMB3,722.6 million, with an operating cash inflow amounting to RMB1,315.8 million compared to 49.5 million last year.

### **Down apparel business achieved steady growth with gross margin improved**

The Group's down apparel business maintained steady growth in FY2012 with annual sales rising 7.7% to approximately 6,119.5 million. *Bosideng* branded apparel remained the largest contributor and contributed 62.9% of the total branded down apparel sales. *Snow Flying*, *Kangbo* and *Bengen* branded apparel contributed 20.0%, 9.5% and 7.7% of the total branded down apparel sales respectively.

The Group locked prices of some materials at favorable levels through making prepayments, together with its strong brand name and highly competitive products, gross profit margin of the branded down business recorded a 4.3 percentage points improvement to 54.7%.

The Group continued to maintain its dominant position in the industry, with an aggregate market share of the *Bosideng*, *Snow Flying*, *Kangbo*, and *Bengen* branded down apparel reaching 34.5%. The *Bosideng* brand was ranked the No. 1 brand for 17 consecutive years in the down apparel market in China. During FY2012, *Bosideng* introduced the "Autumn Down" (秋羽絨) collection and the "Memory Fabric" (紡記憶) collection, gaining great attention with positive feedbacks from the domestic market.

### **Rapid expansion in the non-down apparel business**

During the year, non-down apparel business increased by 128.6% to approximately RMB1,347.2 million, contribution to the Group's revenue jumped to 16.1% from 8.4% last year. *Bosideng MAN* is the largest contributor to non-down business of the Group, which accounted for 51.3% or approximately RMB691.2 million to the total non-down apparel revenue. Revenue of *Mogao* was approximately RMB381.1 million and represented 28.3% of the total non-down apparel revenue.

The Group continued to introduce non-seasonal apparel products under different brands as part of its product diversification strategy. In November 2011, the Group completed the acquisition of *JESSIE*, a famous ladies' fashion brand. The acquisition complemented the ladies' wear lines of the Group and provided an important source of profits for the non-down apparel business.

During the year, revenue contribution of *JESSIE* to the Group was approximately RMB169.7 million, or 12.6% of the total non-down apparel revenue. Its net profit contribution was RMB41.56 million, and the annualized contribution was RMB90.13 million.

### **Strategic management of distribution network**

To ensure healthy sales growth, the Group managed its distribution network strategically. During the year, the Group continued to convert multi-brand stores into mono-brand stores for its down apparel business so as to highlight the uniqueness of each brand for higher brand awareness. *Bosideng MAN* consolidated its sales channel by closing down stores with unsatisfactory performance or unfavorable locations, and opening up new stores in desirable locations.

As at March 31, 2012, the Group had a total of 10,016 retail outlets, increasing from 9,435 a year ago. Among the 8,344 down apparel outlets, 1,161 outlets were operated by the Group and 7,183 outlets operated by third party distributors. Among the 1,672 non-down apparel outlets, 429 outlets were operated by the Group, 180 outlets operated according to franchise agreement, and 1,063 retail outlets operated by third party distributors.

### **Prospects**

Looking ahead, the Group remains cautiously optimistic amid the challenging market. Mr. Gao Dekang, Chairman and CEO of Bosideng, said: "2012 will be an interesting year with China's economic transformation driven by domestic consumption. Room for growth in the apparel market in 2012 is still substantial for strong and well-positioned brands."

Amid increasingly intense market competition, the Group will further step up its marketing efforts and improve its marketing strategies in order to increase its brand value and maximize profitability of the Group's business. Moreover, the Group will continue to enhance its research, design and development capabilities to bring more innovative and stylish products to its consumers.

The Group will further upgrade its retail outlets, conduct renovation for the flagship stores in Shanghai, Beijing and other major cities to create a new stylish visual image of the outlets. The Group is also dedicated in establishing more flagship stores in major cities to provide better shopping environment and all round shopping experience for its consumers.

Mr Gao continued: "While maintaining our market share and satisfactory results in the down apparel industry, we will continue to expand our non-down apparel business to enhance our revenue structure. The Group will acquire more menswear and ladies, wear brands with good potential to cater to consumers looking for high quality products in all seasons, so as to transform Bosideng into an internationally well-known multi-brand apparel operator creating higher value and return for our shareholders."

## **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. Its top four down apparel brands, namely *Bosideng*, *Snow Flying*, *Kangbo* and *Bengen* accounted for 34.5% of the PRC down apparel market<sup>#</sup>. According to China Industrial Information Issuing Center and the National Bureau of Statistics of China, Bosideng has been the leading PRC down apparel brand for 17 consecutive years from 1995 to 2011.

Leveraging on its outstanding brand value and extensive sales network, the Group is actively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation. Currently, key non-down apparel brands of the Group include *Bosideng MAN*, *JESSIE ladies' wear* and *Mogao* casual wear.

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

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