



## Bosideng International Holdings Limited

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

## 2009/10 Interim Results Corporate Presentation



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# Agenda



- **2009/10 Interim Highlights**
- **Financial Review**
- **Business Review**
- **Future Plans and Strategies**
- **Open Forum**



**2009/10 Interim  
Highlights**

# 2009/10 Highlights



**"Bosideng" has been the leading down apparel brand in the PRC for 14 consecutive years from 1995 to 2008\***

**Four core brands achieved a combined market share of 39.5%\***

**Lower dependence on single product by acquiring non-down apparel brands**

**Net profit grew by 19.0% to RMB 60.6 million**

**Revenue increased by 26.2% to RMB1,564.9 million and gross profit margin increased by 3.3 percentage points to 33.5% respectively**

**Aggregate segment results of branded down apparel and OEM management jumped from RMB 26.7 million to RMB 105.7 million**

# Recent Developments



## Strategic launch of non-seasonal apparel products provides promising prospects

### Acquisition of Bosideng Menswear business

- Acquiring Jiangsu Bosideng Garment Development Co., Ltd. (previously known as Jiangsu Kangbo Clothing Co., Ltd.) at a consideration of up to RMB650 million in May 2009
- As the first step of the transformation of the “Bosideng” brand from offering seasonal apparel products to non-seasonal apparel products.
- Appointed pop star Leehom Wang as the brand ambassador of “Bosideng Man” in the Beijing “Bird’s Nest” stadium.



# Recent Developments (cont'd)



## Set up JV company to develop and distribute Rocawear brand apparel in Greater China

- Entered into a joint venture agreement in May 2009 to establish a joint venture company to launch "Rocawear" branded male and female apparel and accessories in the Greater China Region (including China, Hong Kong, Macau Special Administration Region and Taiwan)
- Engage in the production, sale and promotion of "Rocawear" branded men's and women's apparel and accessories with trendy hippie-style in the Greater China Region (the PRC, Hong Kong, Macau and Taiwan)
- Opening approx. over 300 Rocawear free-standing stores and shop-in-shop concepts within the next 3 years
- Actively undergoing pre-operational work and is prepared to launch in 3rd quarter in 2010





# Financial Review

# Results Highlights



	<i>Six months ended 30 September</i>		<b>Change</b>
	<b>2009</b>	2008	<i>(%)</i>
<i>(RMB mn)</i>			
<b>Revenue</b>	<b>1,564.9</b>	1,240.2	<b>+26.2</b>
<b>Gross profit</b>	<b>524.9</b>	374.9	<b>+40.0</b>
<b>Gross profit margin (%)</b>	<b>33.5</b>	30.2	<b>+3.3 ppt</b>
<b>Profit from operations</b>	<b>30.5</b>	18.8	<b>+62.2</b>
<b>Profit before tax</b>	<b>80.3</b>	76.8	<b>+4.6</b>
<b>Profit for the period</b>	<b>60.6</b>	51.1	<b>+18.6</b>
<b>Earnings per share <i>(RMB cents)</i></b> – <b>Basic and diluted</b>	<b>0.78</b>	0.64	<b>+21.9</b>
<b>Dividend per share</b>			
– <b>Interim <i>(RMB cents)</i></b>	<b>3.8</b>	-	-
– <b>Special <i>(RMB cents)</i></b>	<b>-</b>	3.8	-

# Revenue by Business Segments



(RMB mn)	Six months ended 30 September			
	2009	(%)	2008	(%)
<b>Branded down apparel</b>	<b>1,032.3</b>	66.0%	<b>843.6</b>	68.0%
- Outright sales	886.4	56.7%	684.8	55.2%
- Consignment sales	141.4	9.0%	155.2	12.5%
- Others*	4.5	0.3%	3.6	0.3%
<b>OEM management</b>	<b>475.7</b>	30.4%	<b>396.6</b>	32.0%
<b>Menswear apparel</b>	<b>56.9</b>	3.6%	-	-
<b>Total revenue</b>	<b>1,564.9</b>	100%	<b>1,240.2</b>	100%

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

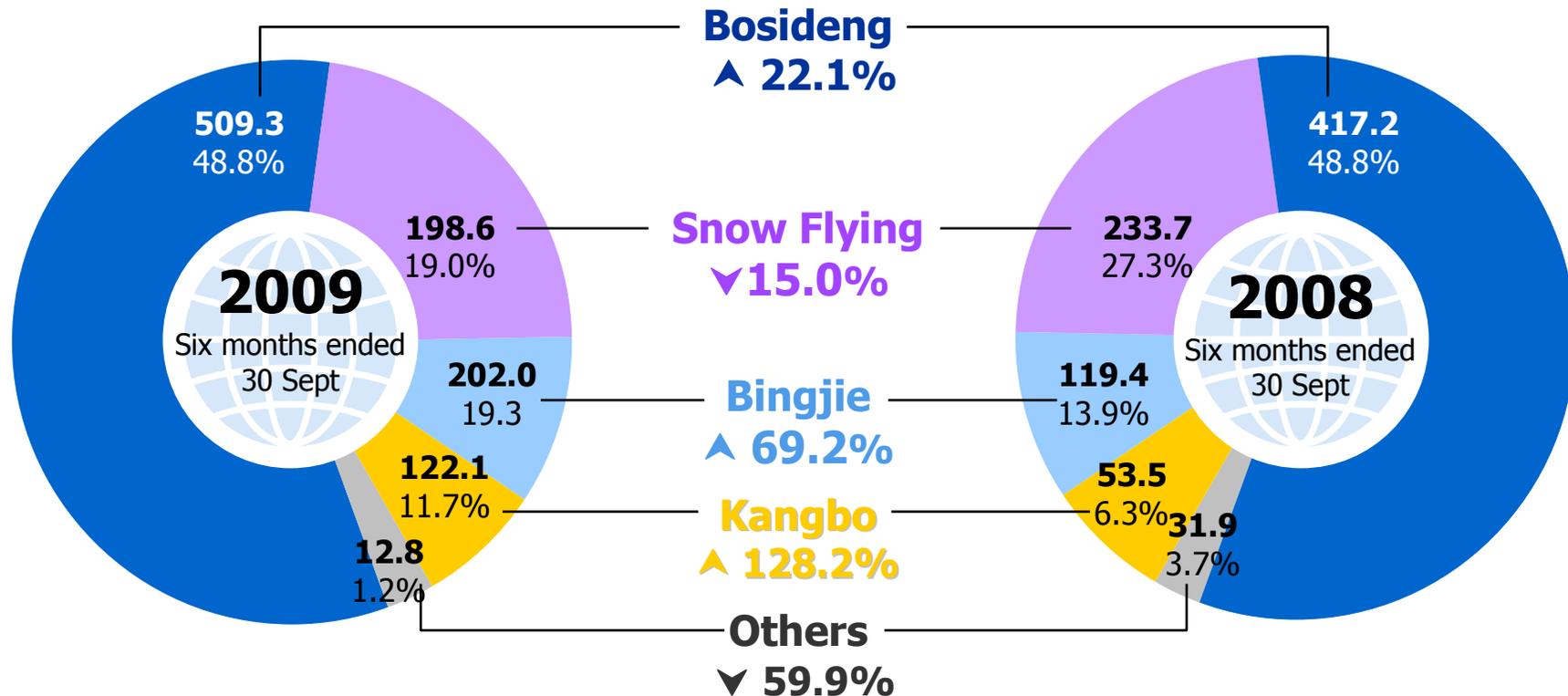
- Menswear apparel recorded a revenue of RMB56.9 million. Its contribution is not significant as peak season of menswear lies between September to April of each year, yet the business was acquired in late May 2009

# Better Sales Mix Brings Higher Margin



**Sales\*:**  
**RMB1,044.8 mn**

**Sales\*:**  
**RMB855.7mn**



\* Sales rebates are not deducted from the total down apparel revenue or from revenues of each brand  
Sales rebates for the six months ended 30 September 2009 and 2008 were RMB 12.5 mn and RMB 12.1 mn respectively

# Segment Results



	Six months ended 30 September					
	2009			2008		
(RMB mn)	Revenue	Gross profit margin(%)	Segment profit/ (loss) before income tax	Revenue	Gross profit margin(%)	Segment profit/ (loss) before income tax
<b>Branded down apparel</b>	<b>1,032.3</b>	<b>39.2</b>	<b>19.3</b>	843.6	34.9	(40.4)
<b>OEM management</b>	<b>475.7</b>	<b>20.8</b>	<b>86.4</b>	396.6	20.3	67.1
<b>Menswear apparel</b>	<b>56.9</b>	<b>37.8</b>	<b>(25.4)</b>	-	-	-
<b>Group</b>	<b>1,564.9</b>	<b>33.5</b>	<b>80.3</b>	1,240.2	30.2	26.7

- Aggregate segment results of Branded down apparel and OEM Management jumped from RMB26.7 million to RMB 105.7 million in the period under review
- Growth in segmental results is attributable to
  - Down apparel:
    - enhancement of sales channels and sales mix of branded down apparel, which increase overall sales and margin
    - effective sales plan to control the selling price of inventories to be sold in the off-peak season
  - OEM management:
    - fully utilization of the Group's resources during the off-peak season

# Operating Expenses



	Six months ended 30 Sept				Change (% points)
	2009		2008		
	(RMB mn)	(% of revenue)	(RMB mn)	(% of revenue)	
<b>Total operating expenses</b>	<b>473.4</b>	<b>30.3%</b>	362.6	29.3%	<b>+1.0</b>
<b>Distribution expenses</b>	<b>324.7</b>	<b>20.8%</b>	257.0	20.8%	-
• <b>Advertising and promotion expenses</b>	<b>150.1</b>	<b>9.6%</b>	120.5	9.7%	<b>-0.1</b>
<b>Administrative expenses</b>	<b>148.7</b>	<b>9.5%</b>	105.6	8.5%	<b>+1.0</b>

- Rise in administrative expenses mainly due to
  - Acquisition of menswear business during the period

# Inventories



	As at 30 Sept 2009	As at 31 Mar 2009	As at 30 Sept 08
<i>(RMB '000)</i>			
<b>Raw materials</b>	<b>141,604</b>	29,980	170,940
<b>Work in progress</b>	<b>238,351</b>	3,980	205,334
<b>Finished goods</b>	<b>767,171</b>	822,827	698,347

- Increased work in progress and finished goods in view of stronger demand for down apparel anticipated in 2009 winter

# Strong Financial Position



	As at 30 Sept 2009	As at 31 Mar 2009	As at 30 Sept 2008
<b>Net cash</b> (RMB mn)	<b>2,058.2</b>	4,898.9	3,493.9
<b>Available-for-sale financial assets</b> (RMB mn)	<b>1,518.0</b>	-	-
<b>Held-to-maturity investments</b> (RMB mn)	<b>570.0</b>	570.0	1,101.2
<b>Current ratio</b>	<b>4.5</b>	10.1	6.0
<b>Gearing ratio</b>	<b>0</b>	0	0
<b>Operating cash inflow/(outflow)</b> (RMB mn)	<b>(50.2)</b>	1,424.4	(889.5)

- Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position
  - A net cash position of approx. RMB2,058.2mn
  - No outstanding loans and bank borrowings
- Net cash, available-for-sales financial assets and held-to-maturity investments aggregate RMB4,146.2 million, as compared to RMB5,468.9 million in March 2009
  - Decrease was due to dividend payment and the acquisition of Menswear business

*Current ratio = Current assets / current liabilities*

*Gearing ratio = Total loans and borrowings / total equity*



# Business Review



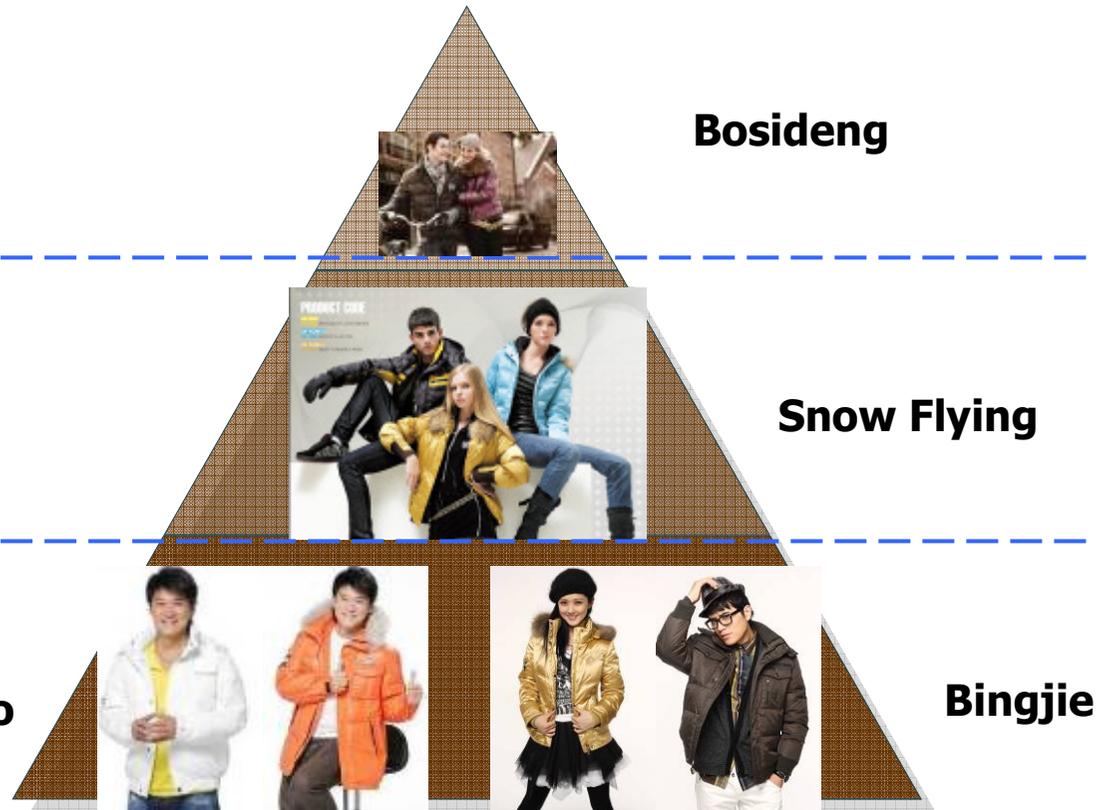
# Dominant Market Leadership



- The leading down apparel brand in the PRC for 14 consecutive years since 1995
- Market share reached 26.3%\*, which is >3 times of the closest external competitor

- Ranked No. 2 with a 10.1%\* market share

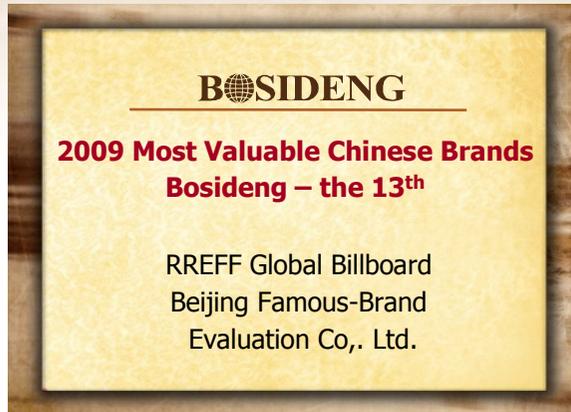
- Ranked No. 7 and No.11 with an aggregate 3.1 %\* **Kangbo** market share



**Four core brands achieved a combined market share of 39.5%\***

\* Source: report issued by China Industrial Information Issuing Center in 2008

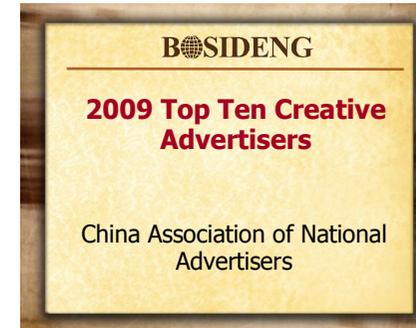
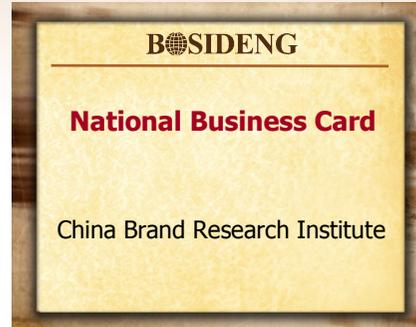
# Strong Brand Equity



- “Bosideng” and “Snow Flying” respectively ranked the 13<sup>th</sup> and 44<sup>th</sup> with brand values of RMB16.220 billion and RMB5.109 billion in “2009 Most Valuable Chinese Brands”, an influential consumer brand assessment in the PRC
- “Bosideng” is ranked highest amongst all local apparel brands, with brand value nearly doubles that of the next highest-ranking apparel brand

	2009		2008	
	Brand Value (RMB bn)	Ranking	Brand Value (RMB bn)	Ranking
<b>Bosideng</b>	16.220	13 <sup>th</sup>	16.060	13 <sup>th</sup>
<b>Snow Flying</b>	5.109	44 <sup>th</sup>	-	-

# Awards and Recognitions



# Nationwide Retail Network



*Note: As at 30 September 2009  
Figures in bracket denote change as  
compared to 31 March 2009*

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

# Optimized Sales Channel Mix

- Increase self-operated stores helped improve profit margin
  - Focus on single-season concessionaire counters in department stores
  - Further utilize the Group's own resources to manage own stores

	Down Apparel			Menswear		
	As at 30 September 2009	As at 31 March 2009	Change	As at 30 September 2009	As at 31 March 2009	Change
<b>Store types</b>						
<b>Specialty stores</b>	<b>3,571</b>	<b>3,860</b>	<b>-289</b>	<b>388</b>	<b>369*</b>	<b>+19</b>
- Operated by the Group	99	31	+68	29	2*	+27
- Operated/Supervised by third party distributors	3,472	3,829	-357	359	367*	-8
<b>Concessionary retail outlets</b>	<b>2,284</b>	<b>1,802</b>	<b>+482</b>	<b>278</b>	<b>291*</b>	<b>-13</b>
- Operated by the Group	1,112	694	+418	32	10*	+22
- Operated/Supervised by third party distributors	1,172	1,108	+64	246	281*	-35
Total	5,855	5,662	+193	666	660	+6

\* Comparative figures as at 31 March 2009 as the Bosideng menswear business was not part of the Group until May 2009

# Effective Marketing Strategies



**TV and magazines**



**High end flagship stores**



**Celebrities as endorsers**



**Advertising in concerts**

# Enhancement of Technological R&D and product design systems



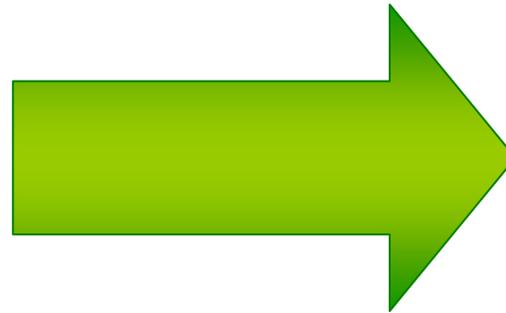
Conduct market surveys

Participate in trade fairs and analyze sales performance

Invites famous designers from France, Korea and Hong Kong to offer on-site guidance

Send outstanding designers to France and Italy for inspection and study

Establish design studios in Shanghai and Guangzhou



Seamlessly combined the classical Chinese ethnic style with international popular trends in the Group's designs



# Future Plans and Strategies



# A Road to Success



## Down Apparel Products

- ◆ Remain as our core business
- ◆ Make full efforts to drive the development of fast-growing brands such as "Snow Flying", "Kangbo" and "Bingjie", maintaining market leading position
- ◆ Further expand into the international market
- ◆ Continue to expand and strengthen its research, design and development team

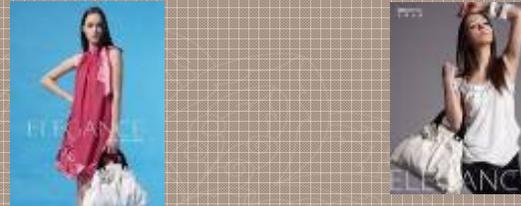


# Expedite Development of Non-seasonal Apparel Products



## Non-down Apparel Products

- ◆ Expedite the development of non-down apparel products through Bosideng Non-seasonal Apparel, Bosideng Menswear and Rocawear
- ◆ Seek for cooperation opportunities with renowned garment companies through mergers and acquisitions, distributorships, joint ventures and collaboration with external retail channels



**Bosideng Non-Seasonal Apparel**



**Bosideng Menswear**



**Rocawear**

# Expanding Retail Sales Network with Mega Flagship Stores



## Down Apparel Products

- Increase the number of “Bosideng” self-operated stores to improve profit margin
- Open “gallery-styled” large brand flagship stores to promote image



## Non-down Apparel Products

### Menswear

- Around 800 retail outlets by the end of March 2010
- Reach 1,200 by 2011

### Rocawear

- Open 300 free-standing stores and shop-in-shop concepts

# Improve R&D Capacity and Strengthen Marketing Strategy



## Bolster R&D and Design Capabilities

- Extend the influence of "Bosideng" to other non-down apparel areas to transform "Bosideng" into international well-known brand
- Strengthen R&D and development team
- Foster closer collaboration with domestic and internationally renowned institutions
- Develop and apply new fabric materials to strengthen product competitiveness and enhance brand value

## Marketing Strategy

- Cooperate with external professional consultancies to further define styles and market positioning
- Holistic marketing strategy
  - Named "Top Ten Creative Advertisers"
  - Promote through various media channels
  - Advertise our brands through CCTV prime time and strategically secure key weather report prime spot for next year's peak season
  - Place advertisements of "Bosideng Man" apparel in the high end media platform of CCTV, airports and expressways, as well as promotional efforts in magazines
- Display and promotion activities focusing on interaction with consumers will be held in outlets





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# Open Forum

