



波司登國際控股有限公司

**Bosideng International
Holdings Limited**

**2009/10 Annual Results
Corporate Presentation**



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Agenda

- **Results highlights**
- **Financial review**
- **Business review**
- **Future plans and strategies**
- **Q&A session**

LIVE WITH HUMOR

「幽默」如果说是幽默的话，那么幽默就是钻石级别的无可比拟的魅力。

「幽默」IF SILVER & GOLDEN THEN HUMOR IS THE BESTSELL CHARM LIKE DIAMOND.

Results Highlights



2009/10 Annual Results Highlights

“Bosideng” was the leading down apparel brand in the PRC for 15 consecutive years from 1995 to 2009*

The four core brands of down apparel products achieved a combined market share of 38.0% in the PRC*

“Bosideng” brand value reached RMB16.22 billion[#]

The Group’s revenue increased significantly by 34.2% to RMB5,738.1 million

Gross profit margin improved by 4.8 percentage points to 50.3%

Net profit attributable to equity holders of the Company jumped by 44.2% to RMB1,078.6 million

The board of Directors is pleased to recommend a final dividend of RMB8.8 cents

* According to China Industrial Information Issuing Center (“CIIIC”) and the National Bureau of Statistics of China

[#] According to RREFF Global Billboard Beijing Famous-Brand Evaluation Co., Ltd.

Financial Review



Financial Highlights

	For the year ended 31 March		Change
<i>(RMB million)</i>	2010	2009	(%)
Revenue	5,738.1	4,275.1	+34.2
Gross profit	2,886.6	1,945.0	+48.4
Gross profit margin (%)	50.3	45.5	+4.8%pts
Profit from operations	1,205.5	679.8	+77.3
Profit before income tax	1,277.4	776.1	+64.6
Net profit attributable to equity holders of the Company	1,078.6	748.3	+44.2
Earnings per share (RMB cents)			
– Basic and diluted	13.88	9.51	+46.0
Dividend per share			
– Final (RMB cents)	8.8	8.0	+10.0
– Full year (RMB cents)	12.6	11.8	+6.8

Revenue Analysis

For the year ended 31 March

<i>(RMB million)</i>	2010		2009		Change
	Revenue	Revenue contribution (%)	Revenue	Revenue contribution (%)	(%)
Branded down apparel	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	5,738.1	100.0	4,275.1	100.0	+34.2

- Aggregate segment results of branded down apparel and OEM management jumped from RMB4,275.1 million to RMB5,335.7 million in the year 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 :

- full utilization of the Group's resources during the off-peak season and improved consumer sentiment after global financial crisis

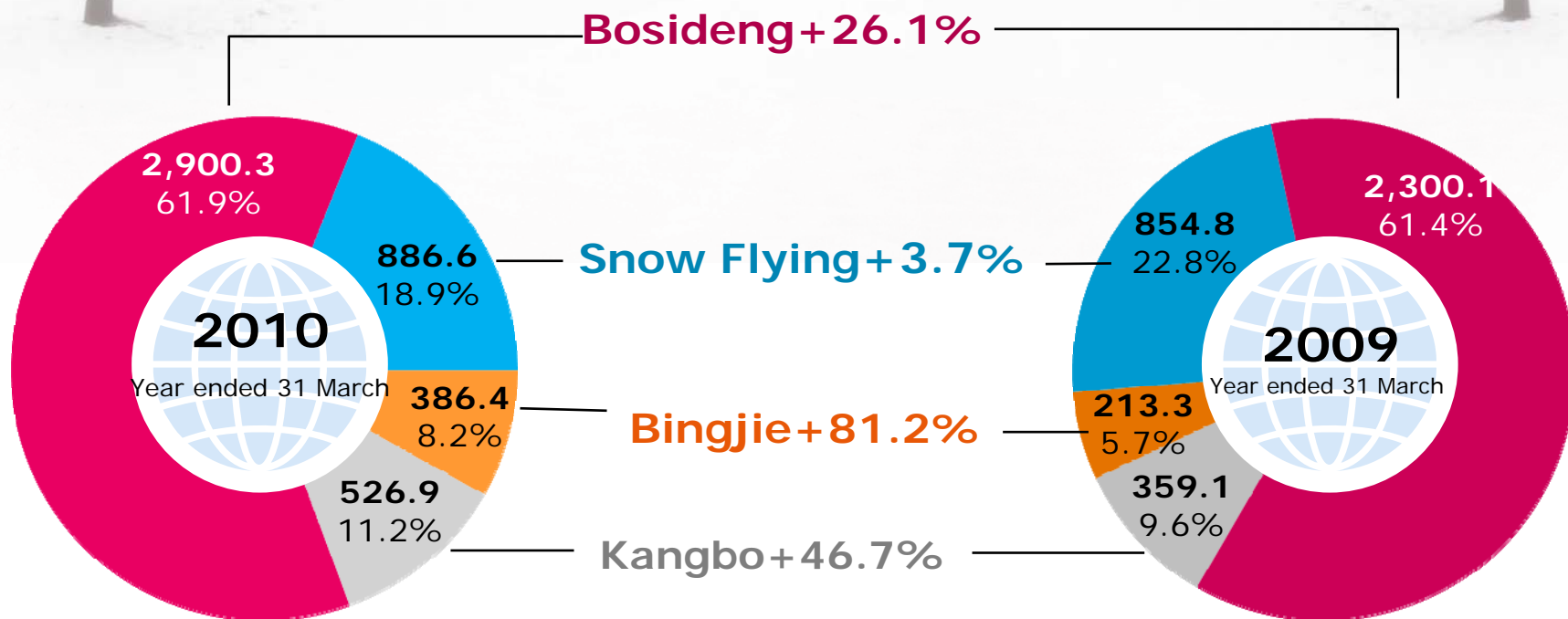
Menswear apparel:

- Contribution from Bosideng Menswear

Breakdown of Down Apparel Income

Sales* :
RMB4,688.9 million

Sales* :
RMB3,747.6 million



• Sales rebates are not deducted from total down apparel revenue or from revenues of each brand sales rebate for the year ended 31 March 2010 and 2009 were RMB36.7 million and RMB13.0 million respectively.

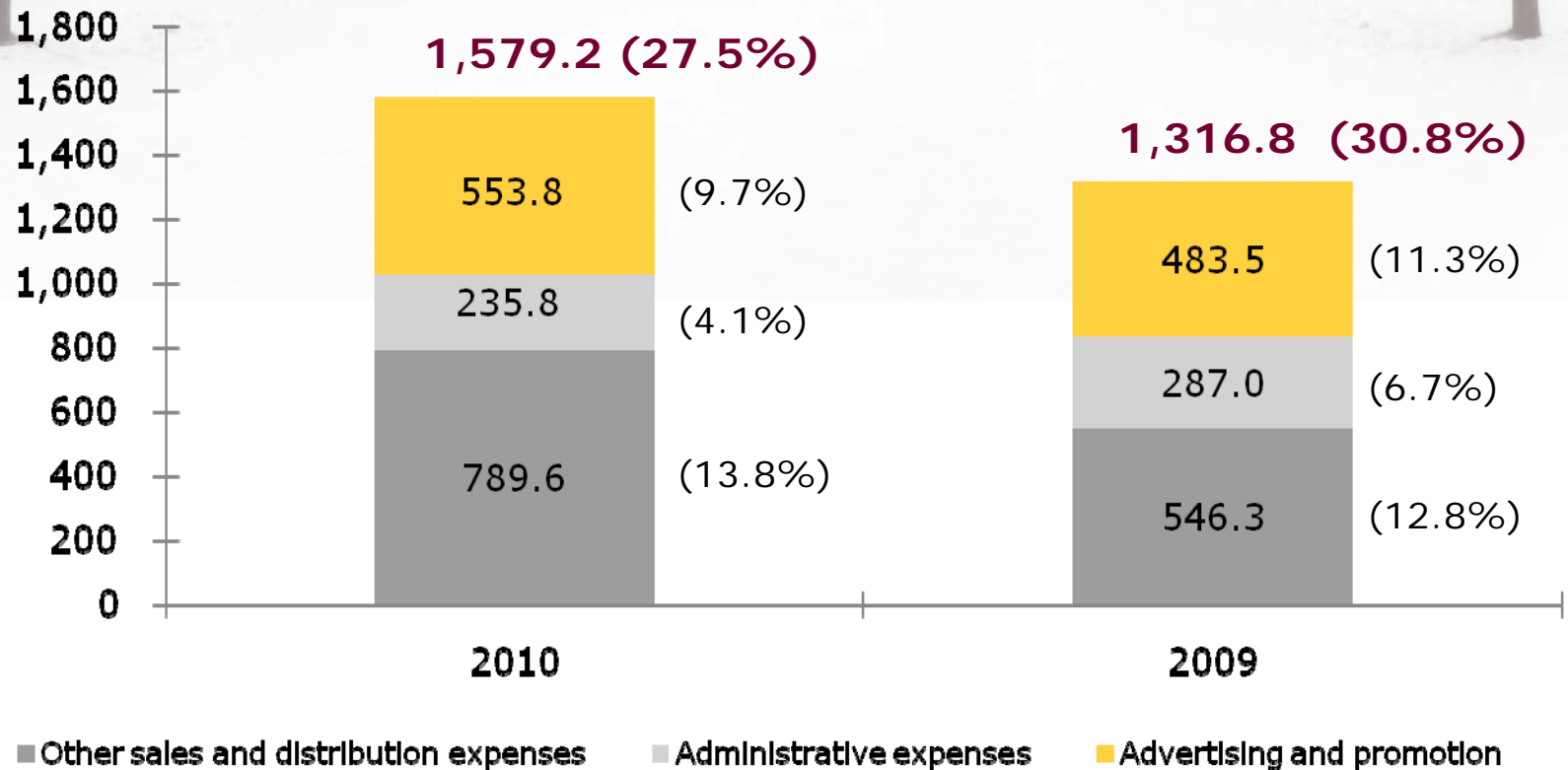
Gross Profit Margin Analysis

For the year ended 31 March

	2010 GP margin (%)	2009 GP margin (%)	Change (% points)
Branded down apparel	54.1	49.3	+4.8
OEM Management	22.0	18.3	+3.7
Menswear	51.4	N/A	N/A
The Group	50.3	45.5	+4.8

Operational Expenditure

RMB million



Inventories

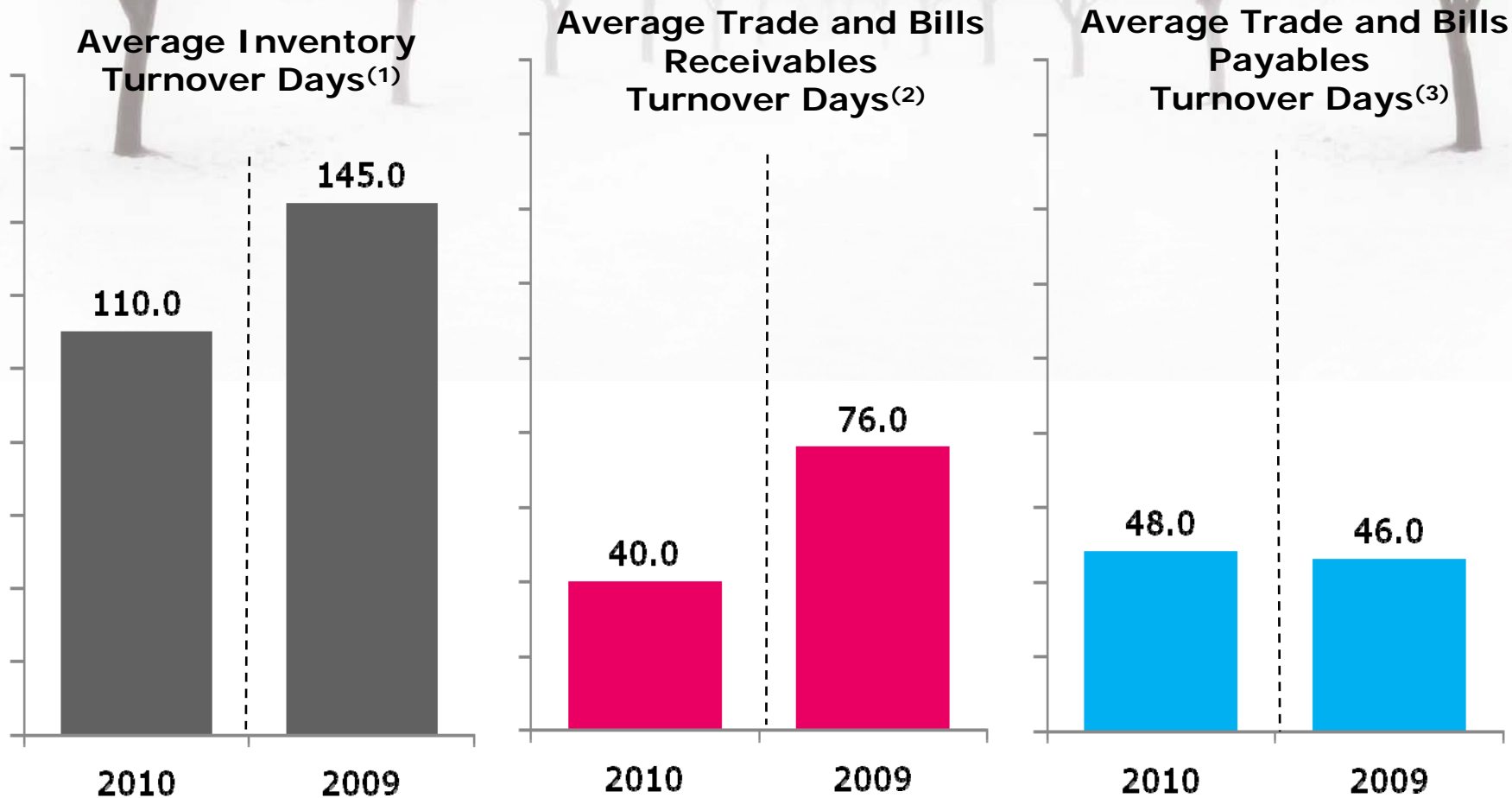
	As at 31 March 2010	As at 31 March 2009	Change (%)
(RMB million)			
Raw materials	59.9	30.0	+99.6
Work in progress	6.2	4.0	+56.9
Finished goods	793.6	822.8	-3.6
	859.7	856.8	+0.3

Strong Financial Position

	As at 31 March 2010	As at 31 March 2009	Change (%)
<i>(RMB million)</i>			
Net cash	3,469.5	4,898.9	-29.2
Available-for-sale financial assets	1,618.5	-	-
Held-to-maturity investments	400.0	570.0	-29.8
Current ratio	5.5	10.1	-4.6
Gearing ratio	0	0	-
Operating cash inflow/ (outflow)	1,605.2	1,424.4	+12.6

- Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position:
 - Net cash position of approximately RMB3,469.5 million
 - No outstanding loans and bank borrowings
- Net cash, available-for-sale financial assets and held-to-maturity investments aggregate RMB5,488.0 million, as compared to RMB5,468.9 million in March 2009

Well Managed Working Capital Cycle



(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



Dominant Market Leadership

- Leading down apparel brand in the PRC for 15 consecutive years since 1995
- Market share reached 24.9%*, which is >3 times of the closest external competitor



Bosideng

- Ranked No.2 with a 7.6%* market share



Snow Flying

- Ranked No. 7 and No.8 with a market share of 2.9%* and 2.6%* respectively

Bingjie



Kangbo

Four core brands of down apparel products achieved a combined market share of 38.0%*

Strong Brand Equity



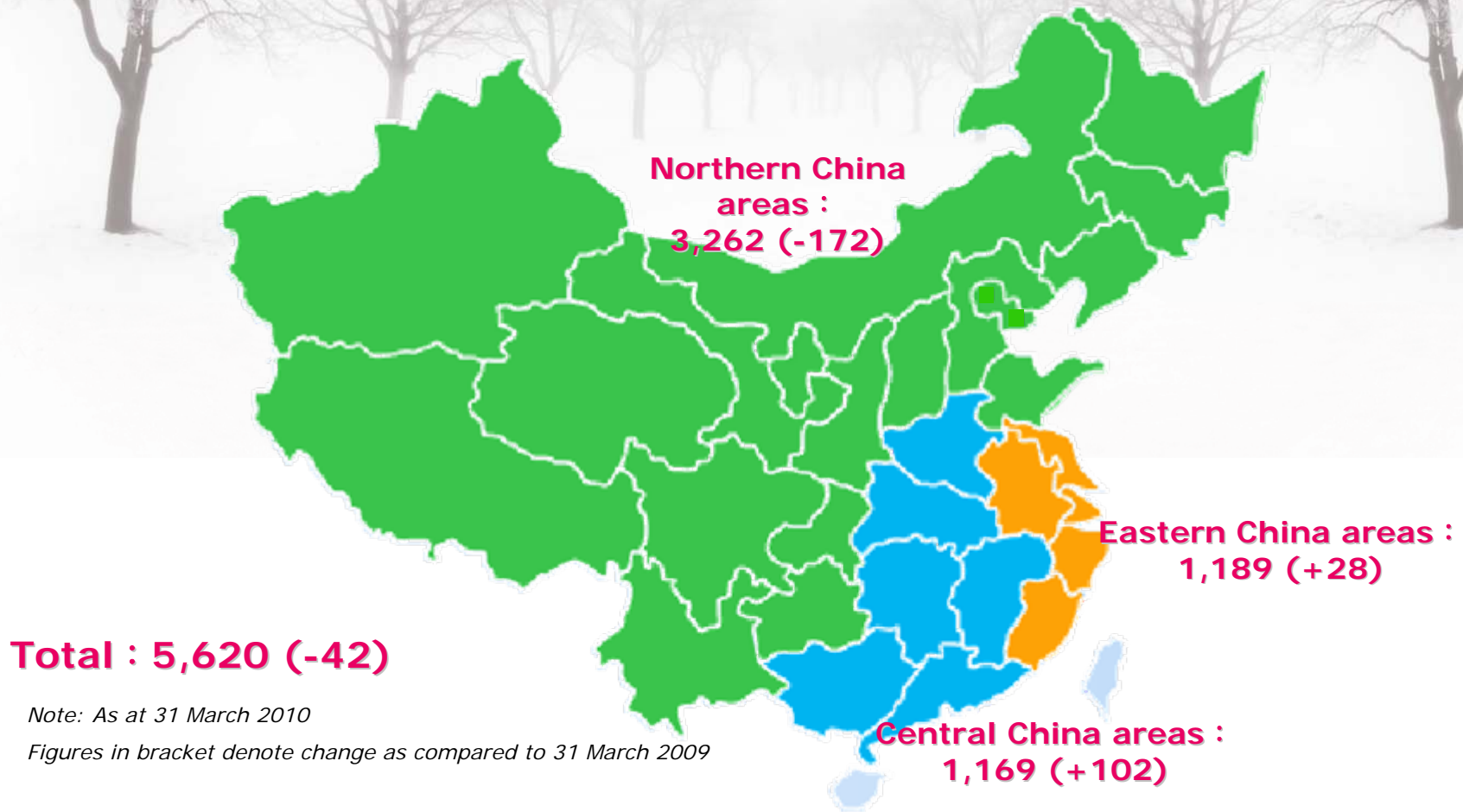
- “Bosideng” and “Snow Flying” respectively ranked the 13th and 44th with brand values of RMB16.220 billion and RMB5.109 billion in “2009 Most Valuable Chinese Brands”, an influential consumer brand assessment in the PRC
- “Bosideng is ranked highest amongst all local apparel brands, with brand value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

	2009		2008	
	Brand value (RMB billion)	Ranking	Brand value (RMB billion)	Ranking
Bosideng	16.220	13th	16.060	13th
Snow Flying	5.109	44th	-	-

Awards and Recognitions



Nationwide Retail Network



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

Optimized Sales Channel Mix

- Increase self-operated outlets helped improve profit margin

	Down apparel			Menswear		
	As at 31 March 2010	As at 31 March 2009	Change	As at 31 March 2010	As at 31 March 2009	Change
Store types						
Specialty stores	3,296	3,860	-564	433	369*	+64
- Operated by the Group	7	31	-24	34	2*	+32
- Operated/ supervised by third party distributors	3,289	3,829	-540	399	367*	+32
Concessionary retail outlets	2,324	1,802	+522	326	291*	+35
- Operated by the Group	988	694	+294	39	10*	+29
- Operated/ supervised by third party distributors	1,336	1,108	+228	287	281*	+6
Total	5,620	5,662	-42	759	660	+99

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

Multi-brand Strategy – Down Apparel

- “Bosideng” is positioned as a leading high end brand in the PRC down apparel market
- The second leading brand, “Snow Flying”, is positioned as a major brand for casual, sports and down apparel
 - “Kangbo” mainly provides basic styles and comprises principally menswear
 - “Bingjie” is positioned as a trendy brand with characteristics of young, vogue, energetic and nice



Multi-brand Strategy – Non-down Apparel

- Product types of “Bosideng Menswear” include casual wear, business casual wear and formal suits
- “Rocawear” is a trendy street brand came from the United States, product types comprise menswear, lady’s wear and accessories with trendy, cool, styles
- “BOSIDENG VOGUE” is designed as metropolitan vogue style. The basic characteristics of this brand are stylish and casual



Effective Marketing Strategies



TV and magazines



CHIC 2010



Celebrities as endorsers



Advertising in concerts

Enhancing Brand Recognition by Opening Large Flagship Stores

- Uniform and standardize decoration styles, shop decoration and product display of retail channels.
- 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.



**Nanjing Road Flagship Store,
Shanghai**



Menswear Business

- As the first step of the transformation of “Bosideng” brand from offering seasonal apparel products to non-seasonal apparel products, the Group acquired menswear business in May 2009.
- “Bosideng Menswear” made satisfactory progress and preliminary achievement and was awarded the “Best Brand with Highest Growth” in 2009 and “Best Innovation Award 2009”.



Active Brand Promotion and Marketing

- Arranged a ceremony at the “Bird’s Nest” stadium for the appointment of pop star Leehom Wang as the brand ambassador.
- Demonstrated the “Quality of Life” idealism of “Bosideng Menswear” through the collections of “Smart Business Wear”, “Easy Office Wear” and “Cool Casual”.
- Organized a product launch show for 2010 spring/summer series in September 2009 and launched the latest fall/winter series in CHIC2010 in March 2010, which was popularly received by the market.



Further Optimized Retail Network



- As at 31 March 2010, "Bosideng Menswear" had a total of 759 retail outlets in China, 34 of them were operated by the Group

Future Plans and Strategies



Integrate and Expand Retail Network



Increase efforts in building store 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.



Provide a complete shopping experience to consumers by opening "gallery-styled" flagship stores to display the full range of products under the Bosideng brands.



Continue to integrate and optimize sales channels of down apparel products and focus on market expansion for non-down apparel products.



Number of retail stores of "Bosideng Menswear" is expected to reach 1,100 in 2011.



Plan to open more than 300 "Rocawear" freestanding stores and shop-in-shop concepts in the Greater China Region by 2013



Increase retail stores of "BOSIDENG VOGUE" based on business development.



Promote the Development of Non-down Apparel Business

- ◆ Developing non-down apparel business including “Bosideng Menswear”
- ◆ Actively identifying non-down apparel brands with growth potential and good reputation for acquisitions, mergers or cooperation to enhance the Group’s brand and product mix
- ◆ Offering high quality products to different consumer groups all-year-round, realizing the transformation of “Bosideng” into an international well-known integrated apparel brand operator



BOSIDENG VOGUE

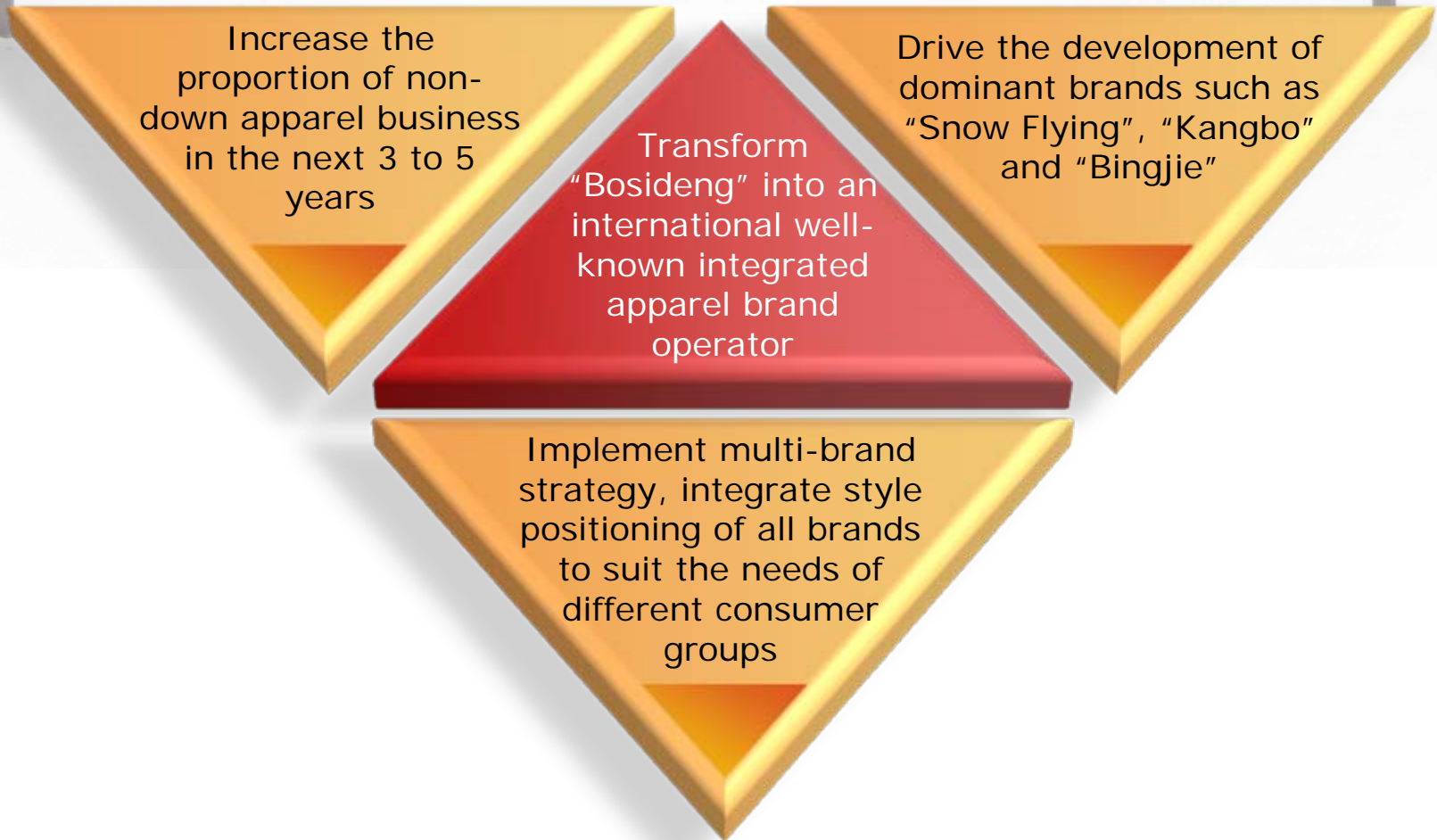


Bosideng Menswear



Rocawear

Comprehensively Integrating Style Positioning of All Brands



Enhance Brand Value by Expanding Retail Network and Improving Design Ability

- Continue to expand and strengthen research, design and development team.
- Facilitate exchange, learning and cooperation opportunities with local and international renowned research institutions.
- Expand non-down apparel products and business and consolidate leadership in non-seasonal market trend by leveraging on excellent design capabilities.

- Increase marketing efforts and selectively adopt various flexible strategies for brand promotion.
- Place more emphasis on the interaction with consumers by organizing different activities such as trial experience, exhibitions, and offering privileges.

- Expand e-commerce to non-down apparel products in order to provide a more convenient way of shopping for consumers.
- Strengthen and improve the construction of a corporate information system to enhance corporate management level.



Q&A Session

