

Bosideng International Holdings Limited

2011/12 Interim Results Presentation



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Agenda

- **Results Highlights**
- **Financial Review**
- **Business Review**
- **Future Plans and Strategies**



Results Highlights

Results Highlights

- The Group's revenue increased significantly by 47.4% to RMB2,739.1 million
- Revenue of non-down apparel increased by 148.4% and accounted for 12.2% of total revenue, up from 7.0% in the same period last year
- Gross profit improved by 53.3% to RMB1,079.3 million
- Net profit attributable to equity holders of the Company increased by 196.1% to RMB327.4 million
- The Board of Directors declared an interim dividend of RMB3.8 cents per ordinary share
- Strengthened non-down apparel business through the acquisition of JESSIE, which guarantees an average net profit CAGR of 25% in the next 3 years



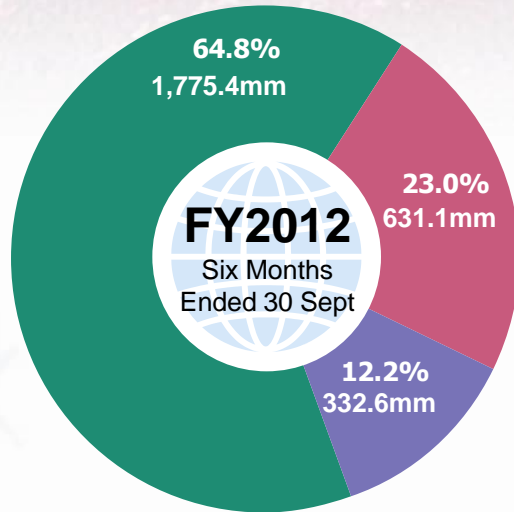
Financial Review

Financial Highlights

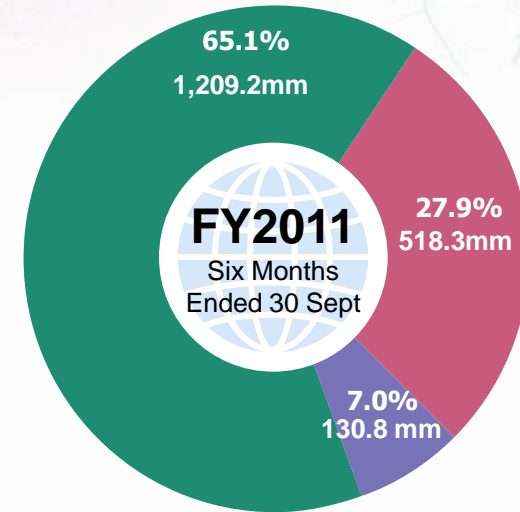
	For the Six Months Ended 30 September		Change
(RMB' Million)	2011	2010	(%)
Revenue	2,739.10	1,858.30	47.4
Gross Profit	1,079.30	704.30	53.2
Gross Profit Margin (%)	39.40	37.90	1.5pts
Profit from Operations	275.90	84.00	228.4
Operating Margin (%)	10.10	4.50	5.6pts
Profit before Tax	354.30	177.50	99.6
Profit Attributable to Equity Holders of the Company	327.40	110.60	196.1
Net Margin (%)	11.90	5.90	6.0pts
Earnings per Share (RMB cents)			
▪ Basic and Diluted	4.21	1.42	196.5
Dividend per Share			
▪ Interim (RMB Cents)	3.80	6.50	(41.5)

Revenue Analysis

Revenue: RMB2,739.1 million



Revenue: RMB1,858.3 million



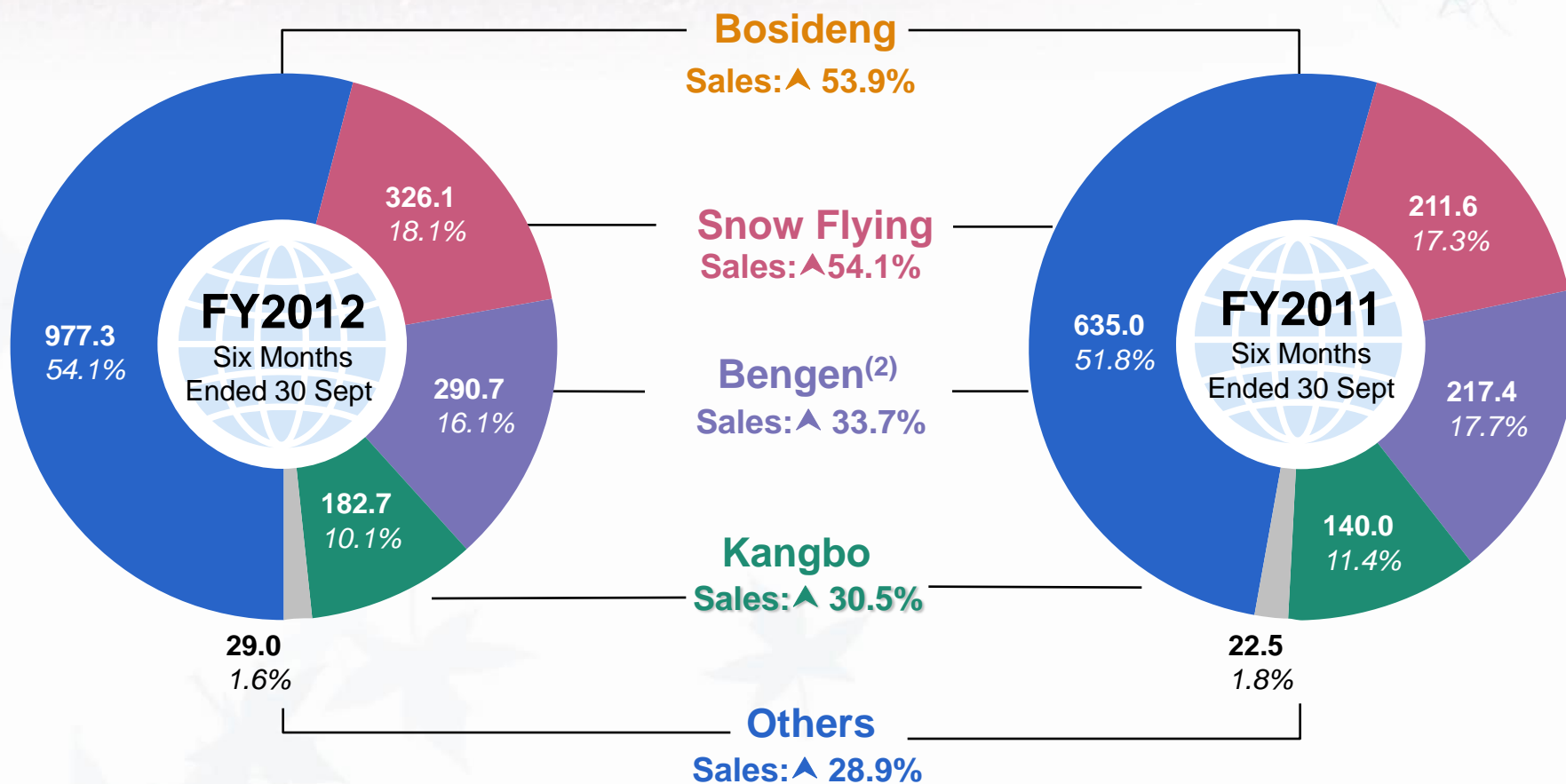
■ Branded down apparel
 ■ OEM Management
 ■ Non-down apparel

- **Down apparel**
 - Strong market position with a new addition of fall collections
- **OEM management**
 - Full utilization of the Group's resources during the off-peak season period of down apparel
- **Non-down apparel**
 - "Bosideng MAN" contributed 50.9% of the Group's non-down apparel revenue

Breakdown of Down Apparel Income

Sales ⁽¹⁾: RMB1,775.4 million

Sales ⁽¹⁾: RMB1,209.2 million



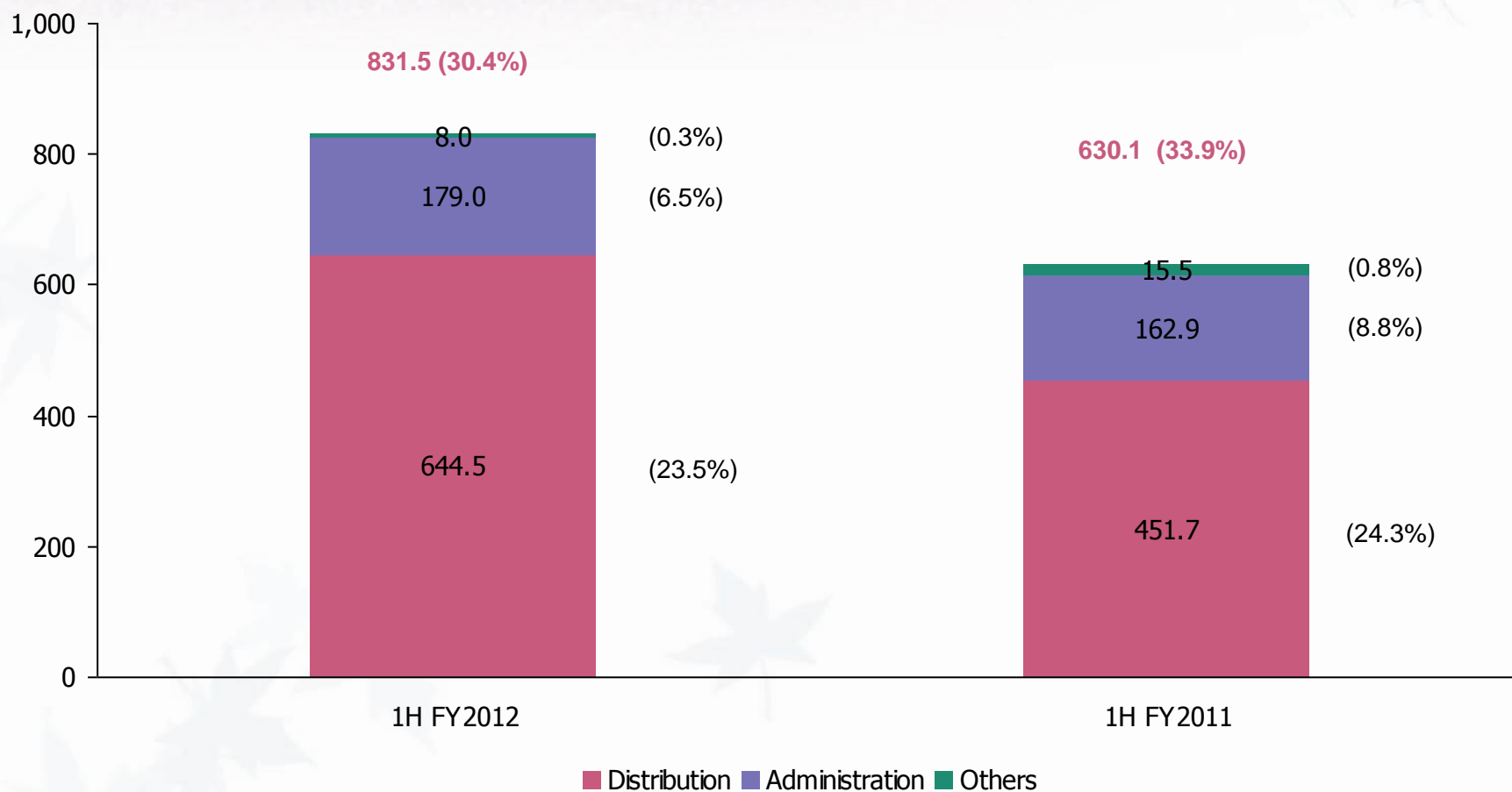
Note: (1) Sales rebates are not deducted from the total down apparel revenue or from revenues of each brand.
Sales rebates for the Six Months Ended 30 September 2011 and 2010 were RMB30.4 million and RMB17.3 million respectively.

Gross Profit Margin Analysis

	Six Months Ended 30 September				
	2011		2010		Change
<i>(RMB' Million)</i>	Gross Profit	Margin (%)	Gross Profit	Margin (%)	(% Points)
Branded Down Apparel	823.8	46.4	556.2	46.0	0.4
OEM Management	117.4	18.6	86.0	16.6	2.0
Non-down Apparel	138.4	41.6	62.8	48.0	(6.4)
The Group	1,079.3	39.4	704.3	37.9	1.5

Operational Expenditure

RMB Million



(1) The Group's distribution expenses mainly comprised of advertising, promotion, concessionaire fees and salary and welfare.

(2) The administrative expenses were mainly comprised of bad and doubtful debts provision, salary and welfare, travel, consulting fee and office expenses.

Inventories

	As of 30 September 2011	As of 31 March 2011
<i>(RMB ' 000)</i>		
Raw Materials	319,963	117,214
Work in Progress	312,356	22,666
Finished Goods	1,525,335	1,074,903
	2,157,654	1,214,783

- The non-return policy of down apparel products seamlessly replaced the old return system and achieved satisfactory results: Non-return policy has been applied to 136 distributors in FY2011 and 388 in FY2012
- Approximately 25% of down apparel sales orders are expected to be conducted under the non-return policy system in FY2012, up from 12% in FY2011

Strong Financial Position

	As of 30 September 2011	As of 31 March 2011
<i>(RMB Million)</i>		
Net Cash	2,981.4	3,478.5
Bank Borrowings	(1,445.1)	(586.9)
Available-for-sale Financial Assets	751.5	1,519.1
Current Ratio ⁽¹⁾	2.4	4.1
Gearing Ratio ⁽²⁾	23.2%	8.4%
Operating Cash Inflow	(738.4)	49.5

- ◆ Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position
 - Net cash position of approximately RMB 2,981.4 million, decreased due to payment of final and special dividend for the financial year ended 31 March, 2011
 - Bank borrowings amounted to RMB 1,445.1 million
- ◆ Net cash, available-for-sale financial assets , and bank borrowings aggregated to RMB 2,287.8 million

(1) Current ratio calculated as Current Ratio = Current Assets/Current Liabilities.

(2) Gearing ratio calculated as Gearing Ratio = Total Debt/Total Equity.

Well Managed Working Capital Cycle

Six Months Ended 30 September			
	2011	2010	Change
Average Inventory Turnover Days ⁽¹⁾	185	191	-6
Average Trade and Bills Receivables Turnover Days ⁽²⁾	63	74	-11
Average Trade and Bills Payables Turnover Days ⁽³⁾	70	104	-34

(1) Calculated as average inventory divided by cost of sales and multiplied by 365days/2.

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

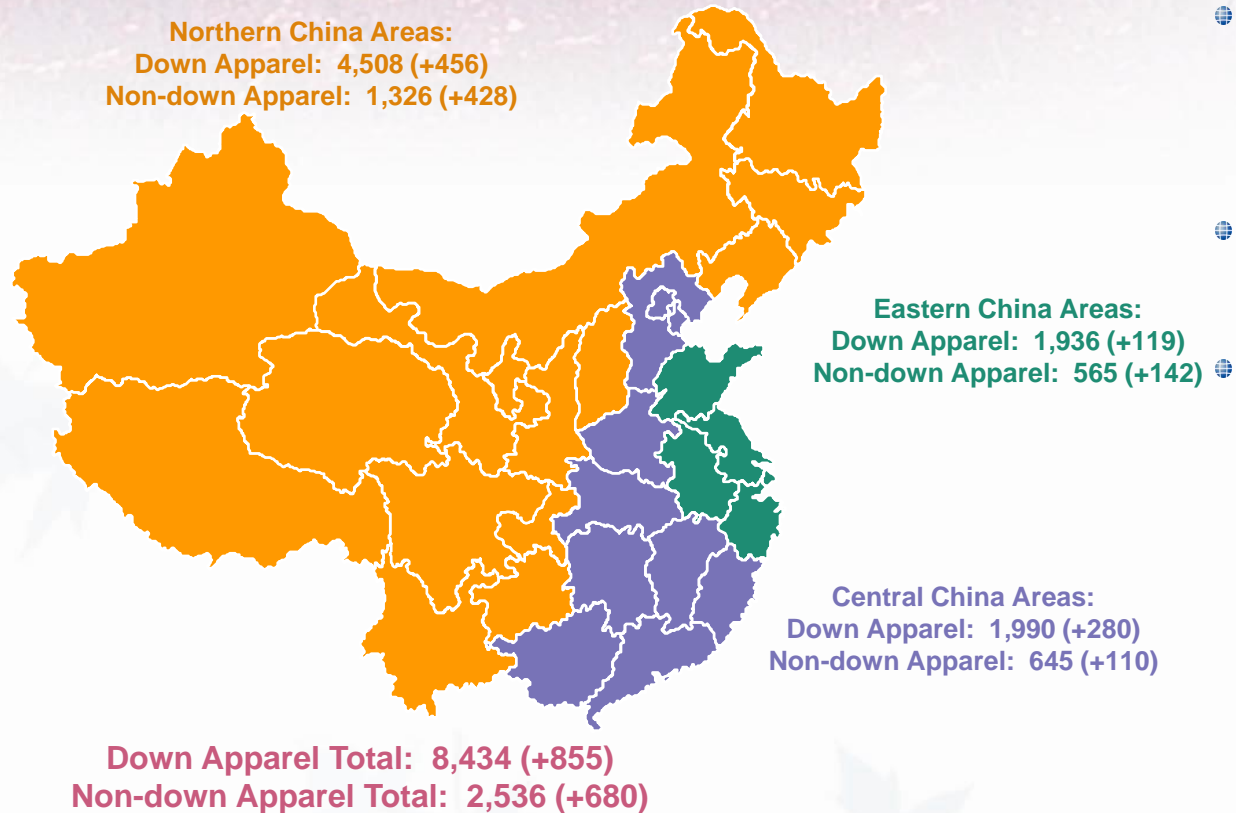
(3) Calculated as average trade and bills payables divided by cost of sales and multiplied by 365days/2.



Business Review

Nationwide Retail Network

Optimizing retail and distribution network to strengthen brand image



- The Group restructured the down apparel retail network by breaking up multi-brand stores into mono-brand stores, expanded to 8,434 locations as of 30 September, 2011
- Continued to focus on the steady development of Bosideng Man retail and distribution networks.
- During the period, as contracts with distributors expired, Bosideng Man strategically integrated its sales network – closed 198 stores with unsatisfactory performances or unfavorable locations, and opened 147 new stores to optimize sales channel, reducing the total number of stores to 928 as of 30 September 2011

- Northern China areas: Three Northeastern Provinces, Shanxi, Shaanxi, Xinjiang, Sichuan, Chongqing, Inner Mongolia, Gansu, Ningxia, Tibet, Yunnan, Guizhou, Shandong, Beijing, Tianjin, Hebei, Qinghai
- Eastern China areas: Jiangsu, Zhejiang, Shanghai, Anhui, Fujian
- Central China areas: Henan, Hunan, Hubei, Jiangxi, Guangdong, Guangxi, Hainan

Note: As of 30 September 2011.

Figures in bracket denote change as compared to 31 March 2011.

Optimized Sales Channel Mix

	Down Apparel			Non-Down Apparel		
	As of 30 September 2011	As of 31 March 2011	Change	As of 30 September 2011	As of 31 March 2011	Change
Store types						
Specialty stores	5,066	5,117	(51)	1,737	1,143	594
- Operated by the Group	55	51	4	68	47	21
- Operated through franchise agreement	--	--	--	794	477	317
- Operated by third party distributors	5,011	5,066	(55)	875	619	256
Retail outlets	3,368	2,462	906	799	713	86
- Operated by the Group	976	1,062	(86)	238	59	179
- Operated through franchise agreement	--	--	--	242	300	(58)
- Operated by third party distributors	2,392	1,400	992	319	354	(35)
Total	8,434	7,579	855	2,536	1,856	680

Multi-brand Strategy—Down Apparel

- As the leading down apparel brand in the PRC for 16 years, Bosideng's market share reached 22.0%⁽¹⁾, which is >2.3 times of the closest competitor
- Remains the highest revenue contributor at 35.7% with sales of approximately RMB977.3 million in the first half of FY2012



- Ranked No.2 with a 9.5%⁽¹⁾ market share
- Appeals to younger customers with a more urban lifestyle, and achieved sales of approximately RMB326.1 million in the first half of FY2012



- Ranked No. 7 and No.8 with a market share of 2.9%⁽¹⁾ and 2.3%⁽¹⁾ respectively
- "Kangbo" offers simple and traditional products for men, while "Bengen" offers flamboyant and vibrant down apparel lines mainly targeting younger female consumers
- Recorded revenues of RMB182.7 million and RMB290.7 million respectively in the first half of FY2012



Four core brands of down apparel products achieved a combined market share of 36.7%⁽¹⁾

(1) Source: Report issued by China Industrial Information Issuing Center in 2010.

Inventory Management

A responsive and effective integrated supply chain, reducing inventory and increasing logistics turnover rate

Implement Non-Return Policy

- Offer distributors an extra 6–16% discount on top of wholesale price, while maintaining approximately the same operating margin by terminating promotional subsidies
- Sales from distributors under the non-return policy contributed 12% to total down apparel sales in FY2011 and expected to increase to 25% in FY2012
- Aim to have all distributors operating under non-return policy by FY2016
- Distributors under new policy are prone to select products that better match local demand, thus improving inventory turnover

Information System (ERP)

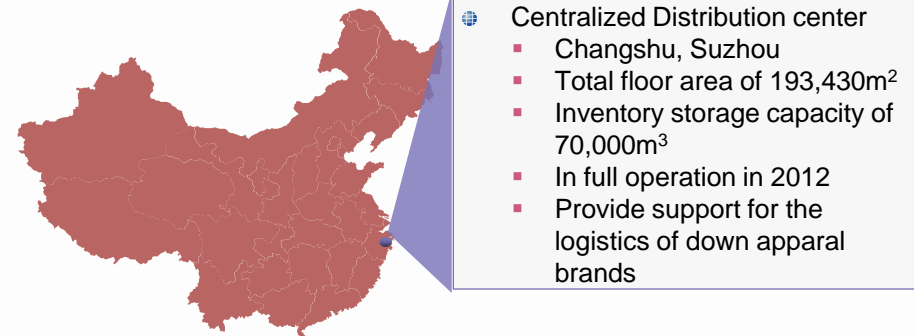
- Providing timely, accurate sales and inventory data which ensure the efficiency of operations, including order, replenishment and distribution, hence reducing inventory level
- Unified ERP information system is shared by 90% of all stores to ensure product ordering closely mirrors the latest best-selling products in a timely manner
- Flexible small production system can quickly respond to potential demand changes

Centralized and Regional Distribution Centers

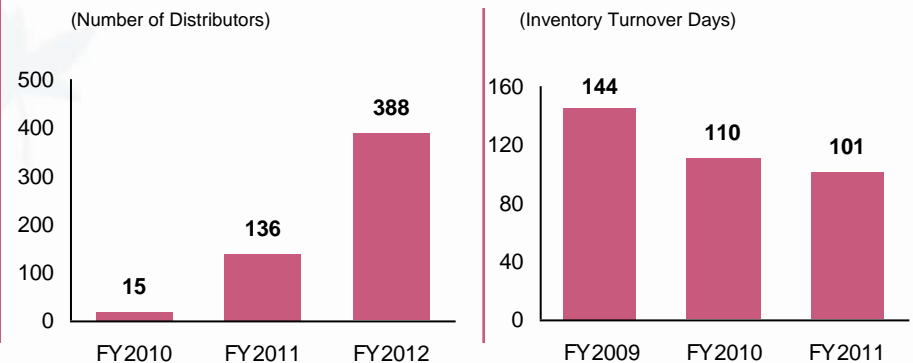
- Enhance logistical efficiency by shortening the cross-country product delivery time from 3 days to 1 day
- As a result of our enhanced delivery system, we are better positioned to react to any sudden surge in demand
- Centralized distribution center helped lowering the overall minimum inventory level
- Regional distributors centers are currently under planning

Streamline Logistics

- Elimination of separate warehouses
- All products are distributed through logistic centers



Steady Increase of Distributors Accepting Non-return Policy & Decreases in Inventory Turnover Days








Multi-brand Strategy—Bosideng Man

- “Bosideng MAN” provides stylish, high-quality tailor-made menswear that demonstrates “Quality of Life”
- As first set of distributor contracts expire, “Bosideng MAN” is leveraging this opportunity to consolidate network
- Eliminated 198 underperforming distributors or distributors at undesired locations, while bringing in 147 new distributors
- Reduced the total number of stores to 928 as of September 30th, 2011 and improved the average store quality
- Recorded RMB169.4 million revenue, representing a 29.5% increase over the same period last year
- Accounted for 50.9% of non-down apparel revenue and 6.2% of total revenue in the first half of FY2012



Multi-brand Strategy—Non-down Apparel

Brand Portfolio	Overview
	<ul style="list-style-type: none"> • An urban hip-pop brand covering menswear, lady's wear, children's wear, and accessories • As of Sept 30 2011, "ROCAWEAR" has established 19 sales outlets
	<ul style="list-style-type: none"> • A ladies wear brand targeting urban women of age between 25 to 40; offers three different styles: "trendy," "elegant," and "unique." • As of Sept 30 2011, Bosideng RICCI has established 23 sales outlets, an increase from 4 back in March 2011
	<ul style="list-style-type: none"> • An international luxury menswear brand registered in Italy that offers formal suits, business and elegant casual wear • As of Sept 30 2011, VETALLO has set up its first 3 sales outlets in Shenyang, Dalian and Handan
	<ul style="list-style-type: none"> • Offers affordable trendy casual wear targeting young consumers aged between 20 to 30 years • As of Sept 30 2011, Mogao has 443 sales outlets nationwide
	<ul style="list-style-type: none"> • Lanboxing (which owns the four brands) mainly engages in the design of children's wear and related products • As of Sept 30 2011, there are 1120 sales outlets covering the four children's wear brands

E-Commerce Development

- Established an official online flagship store selling various brands on Taobao, the largest B2C online platform in China
- A dedicated e-commerce department to design and launch 40 to 50 products exclusively online
- Sales of down apparel from on-line stores as of 1H FY2011 and 1H FY2012 are RMB4.8 million and RMB 14.2 million , representing a year-on-year growth of 197%
- Largest down apparel brand on Taobao Mall in terms of sales in 2011
- As of the first half of FY2012, the online gross profit margin was **51.5%**

<http://bosideng.taobao.com>



<http://bosidengman.taobao.com>

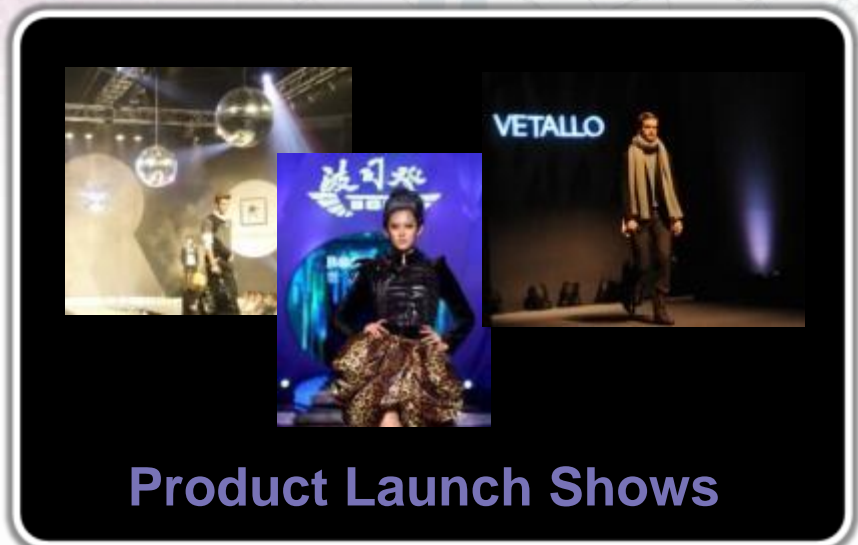


<http://shop.bosideng.com>

Effective Marketing Strategies



TV and Magazines



Product Launch Shows



Celebrities as Spokespersons



Advertising in Concerts



Future Plans and Strategies

Down Apparel Brand Positioning Differentiation

Separated our four down apparel brands, but integrated style positioning to ensure product styles are complementary to each other while maintaining own uniqueness



- Core brand, mid-to-high end
- Trendy and fashionable designs
- Positioned to raise selling price each year



- Mid-end brand
- For young generation consumers
- Sporty and energetic designs
- Positioned to raise sales volume and revenue each year

- ▲ A Dedicated Management Team
- ▲ An Innovative Development and Design Team
- ▲ A Specialized Sales Team
- ▲ Gradually Separate Sales Channels



- Low-to-mid end
- For mass market, targeting females
- Flamboyant and youthful designs
- Positioned to raise sales volume and revenue each year



- Low-to-mid end
- For mass market, targeting males
- Simple and traditional designs
- Positioned to raise sales volume and revenue each year

- ▲ Reduce Internal Competition
- ▲ Enhance Brand Identity and Differentiation

- ▲ Expand Consumer Reach
- ▲ Increase Sales Coverage and Enhance Market Share

Down Apparel Sales Channel Specialization

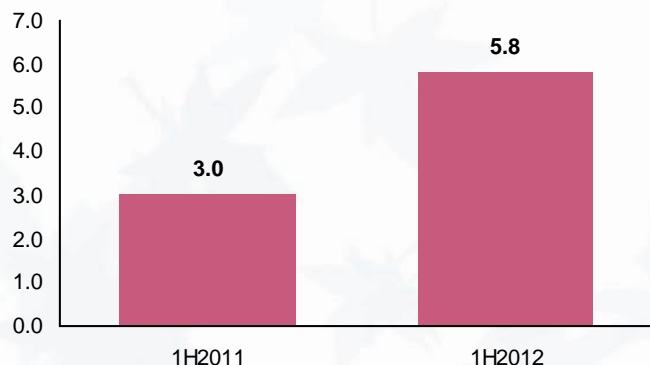
To enhance sales efficiency, the company tailored distribution strategies for down apparel products with different demand characteristics.

- Local logistic centers closely monitor down apparel sales performance and inventory level
- Distribute products with different demand characteristics through 3 types of stores
- Collect consumer feedbacks and analyze sales trends to adjust and improve order allocation

Store Type	Product Focus
Type A	Best selling products of latest season
Type B	Popular products from latest and previous seasons
Type C	Price competitive products

Success Story—Sales of Shanghai Flagship Store (Type A) in Nanjing East Road

(RMB' Million)



Identified 352 Stores as Pilot Store (Type A) Operational Strategy:

1

Human Resources and Management

- A rigorous selection process to ensure that employee abilities best match responsibilities
- Structured training programs to clearly define roles and bring out the best at every level
- Regular sharing between employees so that we learn, demonstrate, and lead by example

2

Consumer Oriented Order System

- Each store's product mix is unique and tailored to the specific demography of the area
- A dedicated team to survey, research, and review consumer preferences and behaviors at the region in order to enhance the customer experience while improving inventory management

3

Innovative & Versatile Product Offerings

- Introduce innovative and trendy designs to keep Bosideng at the forefront of the fashion trend

4

Appealing In-Store Visual Experiences

- Engage famous designers to design gallery-styled flagship stores to display the full range of our products
- Utilize new image visual system in retail outlets to provide a memorable shopping experience as a changing monthly theme will ensure a fresh and enjoyable experience at every visit
- Various promotional events including fashion shows, sporting events, celebrity endorsements will enhance brand recognition

5

Performance Enhancement System

- Feedback and Inspection* – encourage customer feedback and identify lackluster areas through on-site inspections
- Employee Incentive Scheme* – implement incentive programs so that employees take ownership and accountability of their roles in order to facilitate a cohesive team that delivers the best customer services

Dominant Multi-Apparel Brand Operator

Enlarge our brand and product portfolio by actively identifying non-down apparel brands with strong brand image and growth potential.

Acquisition considerations

Revenue Structure Enhancement	Brand Reputation and Potential Growth	Management Expertise	Competitive Advantages	Complementary Fit
<ul style="list-style-type: none"> Immediate earning contributions to enhance revenue diversification Profit guarantee agreements minimize execution risk 	<ul style="list-style-type: none"> Ensure the acquired brand has a strong brand reputation and image In development stage with strong growth prospects 	<ul style="list-style-type: none"> An experienced, dedicated, and cohesive management team whose interests are aligned with those of the Group after acquisition through share exchanges, and can also provide expertise to other brands under the Group Acquisition of majority stake at initial stage to retain the core management team 	<ul style="list-style-type: none"> A sustainable competitive advantage through innovation, quality, and customer service 	<ul style="list-style-type: none"> The ability to strengthen other product team's expertise, providing an integrated selection of products targeting different consumer groups No interference with the acquired firm's daily operations

BOSIDENG
波司登男装MAN

mojolo

D.D.Cat 叮咛猫

MIKYO
美歌·大歌鞋时尚品牌

M&Q
아이들의 의류

Floo
德国·时尚·运动

JESSIE



Synergies








Preferential Accesses	Financial Support	Resources Sharing	Diversified Product Mix
<ul style="list-style-type: none"> Utilize the Group's resources to access better sales channel and better store locations, which speeds up each brand's store opening plans 	<ul style="list-style-type: none"> The Group's strong financial position to help realize and speed up expansion plans 	<ul style="list-style-type: none"> Benefit from the economies of scale of the Group's buying power in order to reduce the administrative expenses including marketing and raw materials 	<ul style="list-style-type: none"> Leverage on the competitive edges of each brand to integrate the style positioning and to lower the seasonality of the Group's merchandises with a mix of functional and stylish product lines all year round

To become a multi-apparel brand operator that covers customers from different age group and purchasing power, as well as demand for different apparel products

Store Opening Plan

Brands	Future Strategy
	<ul style="list-style-type: none"> Expand flagship stores in other major cities; integrate and optimize sales channels Continuously innovate and launch new collections of down apparel product lines in order to satisfy various demands from regional consumers for different occasions and seasons
	<ul style="list-style-type: none"> Continue to invest in Bosideng Man in order to archive stable and rapid growth, targeting to become the leading menswear brand in the PRC Increase the share of self-operated stores and franchised stores, with a total of 1,000 stores to be open by the end of March 2012;
	<ul style="list-style-type: none"> In November 2011, the Group acquired 70% interest of ladies' wear companies "Talent Shine" and "Sunny Bright", which own Jessie, a leading ladies' wear brand in China established in 1999, offering stylish products targeting at office ladies between 28 and 45 As of the end of September 2011, JESSIE owned 81 self-operated stores and 172 franchise stores. Future focus will be on Chinese market expansion by opening 200 new stores in the next three years Store openings will focus on 2nd and 3rd tier cities, with total number of domestic stores reaching 400 by 2015 as well as exploring international market opportunities Powerful growth prospects as management team guarantees at least net profit of RMB 85 million, 109 million, 136 million, and 166 million for the next four years, representing an average profit CAGR of 25% for FY12-14
	<ul style="list-style-type: none"> Development of BOSIDENG RICCI is the key project to the Group's goal of achieving a diversified product portfolio and becoming an integrated multi-apparel brand apparel operator Develop sales channels mainly in Eastern China areas and expect to set up approximately 100 stores within 3 years Utilize and leverage on JESSIE's strength and expertise in ladies wear segment

Store Opening Plan (Cont'd)

Brands	Future Strategy
	<ul style="list-style-type: none"> Develop VETALLO into a leading international luxury menswear brand Expecting to open around 10 stores in FY2011/12
	<ul style="list-style-type: none"> Target to develop “ROCAWEAR” into an urban fashion leading brand within 3 to 5 years Strive to set up more than 300 “ROCAWEAR” freestanding stores and shop-in-mall in Greater China Region by 2013
	<ul style="list-style-type: none"> Strive to turn “Mogao” into a leading domestic brand of trendy casual wear Strive to open 150 to 200 new outlets annually in the next five years, with total domestic outlets reaching 1,300 by 2015
   	<ul style="list-style-type: none"> Turn children’s wear under Lanboxing into a leading kid’s wear brand in China

Better R&D and Marketing Efforts to Enhance Brand Value

- Ensure each brand maintains its unique style, positioning and competitiveness, and that together form a comprehensive product portfolio suitable for all consumer groups
- Leverage Bosideng's established brand image to drive the respective development of down and non-down apparel brands

- Continue to invest, expand and strengthen our research, design and development platform.
- Further increase our product competitiveness by partnering with local and international renowned research institutions to better understand consumer preferences and behaviors
- Dedicated to environmental-friendly products with low-carbon emissions through innovation

- Emphasize interactions with customers and encourage feedbacks
- Promotional activities will include trial experiences, exhibitions, and loyalty programs
- Other high value-adding services, including VIP membership and customized services, will be implemented in order to clearly define each brand



Thank You!