

BOSIDENG



Bosideng International Holdings Limited
波司登國際控股有限公司
(Stock code: 3998)

**2008/09 Annual Results
Corporate Presentation**

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Agenda



- 2008/09 Highlights
- Financial Review
- Business Review
- Future Plans and Strategies
- Open Forum



2008/09
Highlights



2008/09 Highlights



“Bosideng” was 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%*

Acquisition of Bosideng Menswear Business and Set up JV company to develop and distribute Rocawear products in Greater China

Gross profit margin maintained at a high level of 45.5%

Very strong cash position with a net cash position of approx. RMB4,898.9mn and operating cash flow of approx. RMB1,424.4mn

* according to CIIC and the National Bureau of Statistics of China

Recent Developments



Effectively enrich product and brand portfolio to balance the seasonality nature of business

Acquisition of Bosideng Menswear business

- Audited NPAT of Menswear business for the financial year ended 31 March 2009 amounted to RMB 83.9mn



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

- 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





Financial Review



Results Highlights



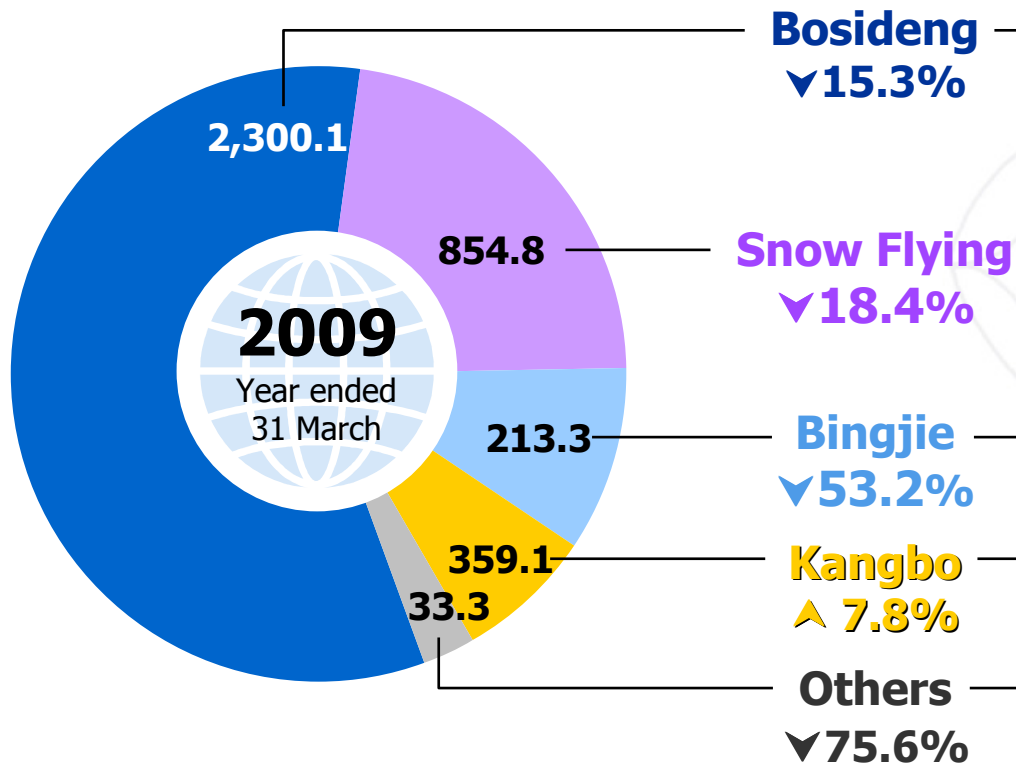
	Year ended 31 March		Change
	2009	2008	(%)
<i>(RMB mn)</i>			
Revenue	4,275.1	5,279.4	-19.0
Gross profit	1,945.0	2,408.8	-19.3
Gross profit margin (%)	45.5	45.6%	-0.1% pt
Profit from operations	679.8	1,163.7	-41.6
Profit before tax	776.1	1,148.2	-32.4
Profit for the year	748.3	1,116.9	-33.0
Earnings per share (RMB cents)			
– Basic	9.51	17.06	-44.3
– Diluted	9.51	16.23	-41.4
Dividend per share			
– Final	8.0	6.0	+33.3
– Special (RMB cents)	3.8*	2.8	+35.7

* The special dividend in 2008/09 was paid after the 2008/09 interim results, while that in 2007/08 was paid together with the final dividend

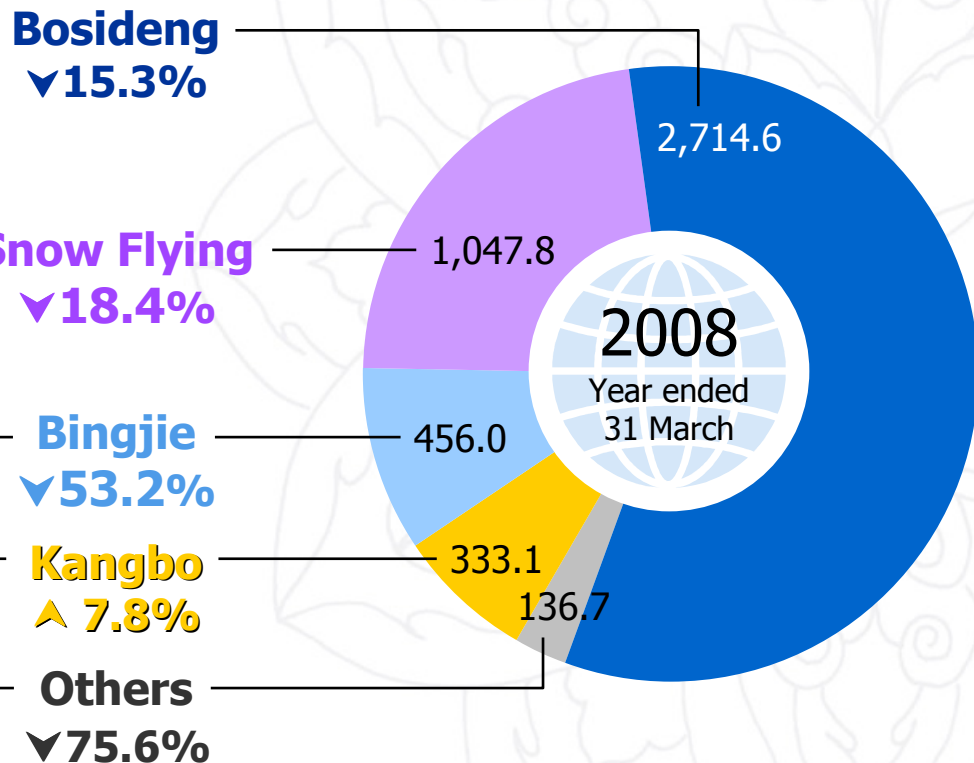
Down Apparel Revenue by Brands



Sales*:
RMB3,747.6 mn



Sales*:
RMB4,654.3 mn



* Sales rebates are not deducted from the total down apparel revenue or from revenues of each brand
Sales rebates for the year of 2007/08 and 2008/09 were RMB 33.9 mn and RMB 13.0 mn respectively

Operating Expenses




	2009		2008		Change (% points)
	(RMB mn)	(% of revenue)	(RMB mn)	(% of revenue)	
Total operating expenses	1,316.8	30.8%	1,308.9	24.8%	+6.0
Distribution expenses	1,029.8	24.1%	1,106.6	21.0%	+3.1
Advertising and promotion expenses	483.5	11.3%	556.2	10.5%	+0.8
Administrative expenses	287.0	6.7%	202.3	3.8%	+2.9

- Rise in administrative expenses mainly due to
 - Increase in the provision for bad and doubtful debts amounting to RMB125.0mn (2008: RMB56.5mn) and increase of headcount and professional expenses after the Listing

Inventories



	At March 31, 2009	At March 31, 2008
 (RMB '000)		
Raw materials	29,980	27,852
Work in progress	3,980	10,184
Finished goods	822,827	947,385

- Inventories management improved with significant decrease in finished goods and work in progress

Strong Financial Position



	At March 31, 2009	At March 31, 2008
Net cash on hand <i>(RMB mn)</i>	4,898.9	4,688.8
Held-to-maturity investments <i>(RMB mn)</i>	570.0	612.0
Current ratio	10.1	10.1
Gearing ratio	0	0.008
Dividend payout ratio (%)	84.1	35.2
Operating cash inflow/(outflow) <i>(RMB mn)</i>	1,424.4	(194.9)

- Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position
 - A net cash position of approx. RMB4,898.8mn
 - A net cash generated from operating activities of approx. RMB1,424.4mn
 - No outstanding loans and bank borrowings

Current ratio = Current assets / current liabilities

Gearing ratio = Total loans and borrowings / total equity



Business Review

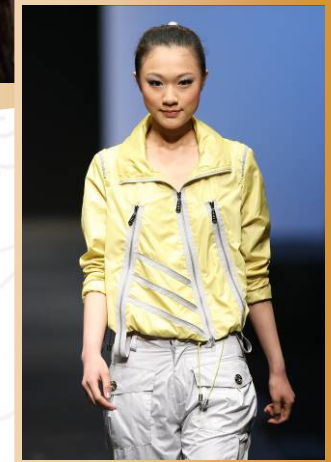


Awards and Recognitions



Strong Brand Equity

- The only company to unveil to the world the latest trends in wintertime cold-resistant clothing in March, 2009 for 13 consecutive years
- Focused on brand building and marketing by utilizing various promotion resources through different promotion media and means



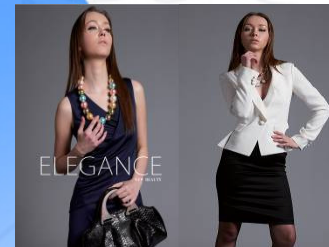
Multi Brands, Multiple Revenue Streams



Bosideng

- The leading down apparel brand in the PRC for 14 consecutive years starting from 1995
- Market share reached 26.34%* **(Our Core Business)**

**Down
apparels**



**Non-down
apparels**

- Ranked No. 2 with a 10.05%* market share

Snow Flying



- Ranked No. 7 and No.11 with a 3.11 %* market share

Kangbo



Bingjie



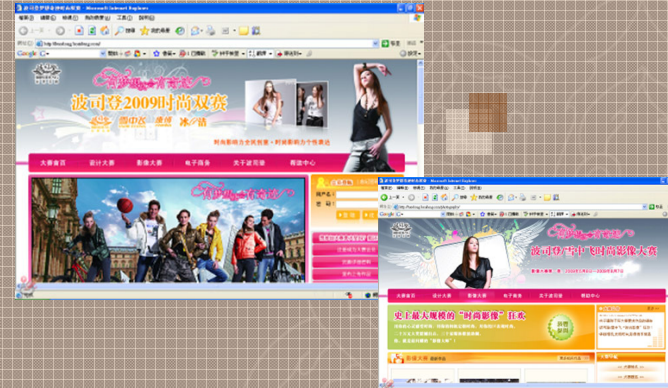
Four core brands achieved a combined market share of 39.5%*

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

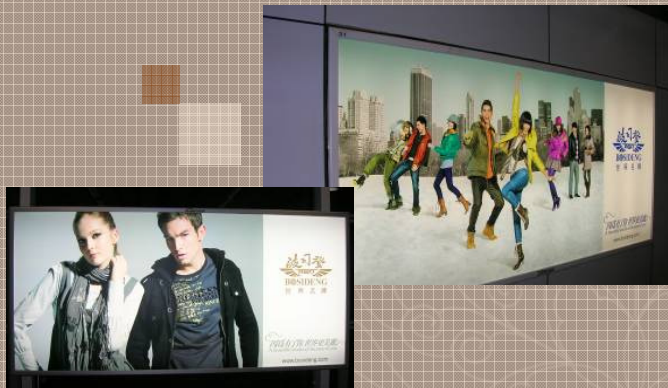
Multi-dimensional Marketing Strategies



CICA 2009



Internet Promotional Event



Advertising Campaign

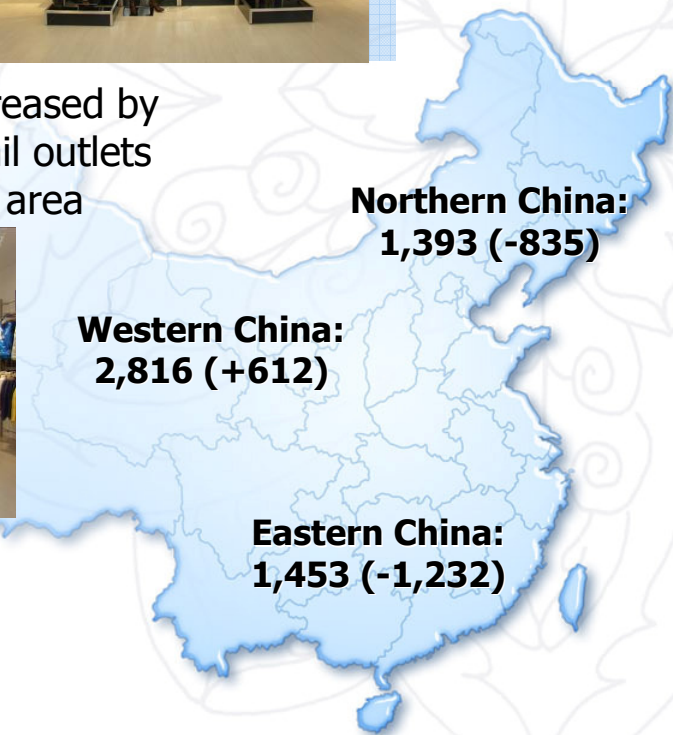
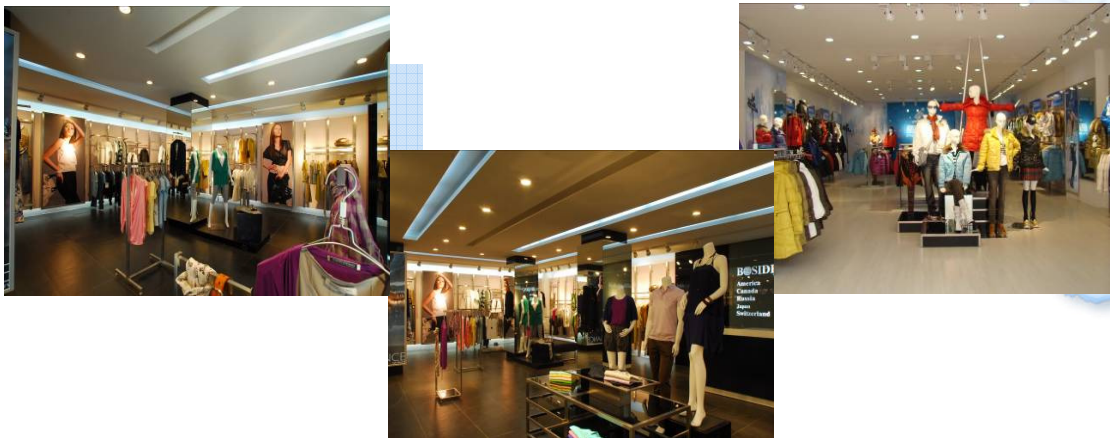


Roadshow Promotion Campaign

Simplified yet Strengthened Retail Network



- Extended the coverage of ERP system to a greater number of outlets
- Developed an assessment system for sales channel launching
- Further enhance overall store image through standardizing the stores' décor and visual merchandising
- Number of stores dropped by 20% but total floor area decreased by 4% only, which caused by eliminated underperforming retail outlets and expansion on good performing stores with bigger floor area



Note: At 31 March 2009

Figures in bracket denote change as compared to 31 March 2008

Non-down Non-seasonal Apparel Launched



- Launched new non-down apparel under the Bosideng brand to enrich existing product mix
- Target young and trend-conscious consumers to complement the down apparel business
- The first non-seasonal apparel specialty store launched in Changshu, Jiangsu Province





Future Plans and Strategies



Competitive Strengths



A Road to Success



Down Apparel Products

- ◆ Remain as our core business
- ◆ Make full efforts to drive the development of dominant 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



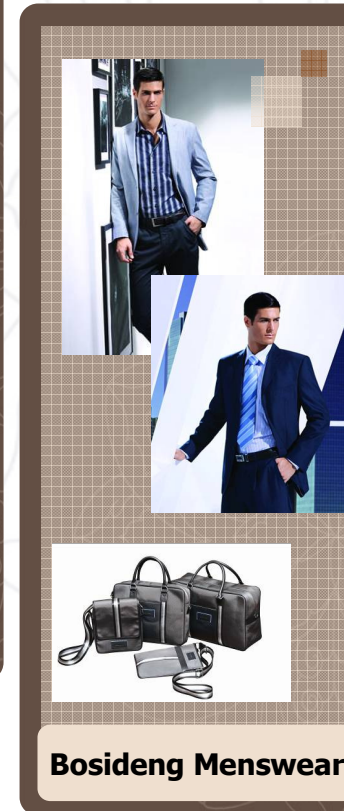
Further Expand to Non-seasonal Apparel Market

Non-down Apparel Products

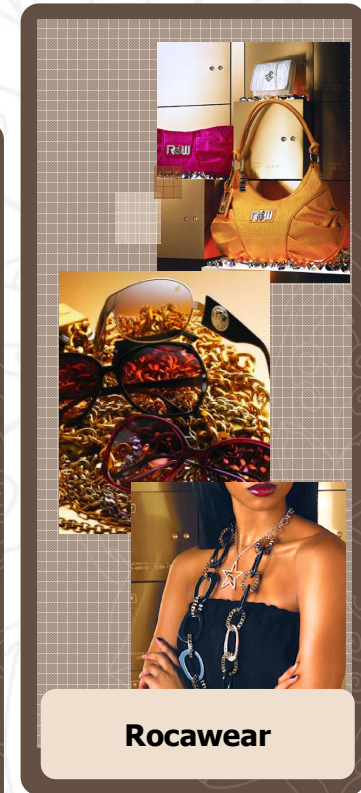
- ◆ Expedite the development of non-down apparel products through Bosideng Non-seasonal Apparel, Bosideng Menswear and Rocawear
- ◆ Adopt various cooperation modes with external retail channels to introduce non-seasonal products
- ◆ Establish more non-seasonal apparel retail outlets
- ◆ Open approx. over 300 Rocawear free-standing stores and shop-in-shop concepts within the next three years



**Bosideng
Non-Seasonal Apparel**



Bosideng Menswear



Rocawear

Enhance Brand Value



Improve R&D Capacity and Retail Network



Bolster R&D and Design Capabilities

- Explore and apply new fabric material to improve product competitiveness
- Invite famous designers from France, Korea and Hong Kong to tutor the design team
- Set up design house in Shanghai, Guangzhou, etc to integrate the global design concept with the Chinese traditional elements
- Attend international professional exhibitions to gain update fashion information

Optimize Retail Network

- Downsize and optimize the down apparel channel through the "Channel Launching Assessment System"
- Set up large scale branding flagship store with "生活館 style", displaying Bosideng's full line of products
- Expand foothold to overseas by setting up outlets in different countries
- Rocawear apparel to be launched in 2010, 300 stores to be opened in the Greater China region by end of 2013

Enhance Internal Management



**Maintain Strong balance sheet
by actively manage A/R, A/P and
inventories turnover**



**Enhance
the coverage and
analytical functions
of the ERP system**

**Upgrade
assessment
standard of quality
inspection center**

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Open Forum