

**Bosideng Announced 2007/08 Annual Results**  
**Profit for the year surged 81.9% to RMB1,116 million**

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**Gross Profit Margin expanded 10.3% points to 45.6 % with Increasing Profitability**  
**Down Apparel as Core Products and Develop Non-seasonal Clothing**

**Financial Highlights**

	For the year ended 31 March		
	2008	2007	Change(%)
Revenue	5,279	5,633	↓6.27%
Gross Profit	2,409	1,987	↑21.20%
Gross Profit Margin(%)	45.6	35.3	↑10.3%
Operating Profit	1,163	855	↑36.12
Operating Profit Margin(%)	22.0	15.2	↑6.8%
Profit for the year	1,116	614	↑81.88%
Earning per share - Basic (RMB)	0.17	0.12	↑45.20%
Dividend per share (RMB)	0.06	-	-
Special Dividend per share (RMB)	0.028	-	-

【18 July 2007 - Hong Kong】 China's largest down apparel company, Bosideng International Holdings Limited ("Bosideng" or the "Company"; stock code: 3998, together with its subsidiaries the "Group"), today announced its annual results for the year ended March 31, 2008 (the "review period").

Despite the price-cutting battle triggered by relatively small scale players in down apparel industry during the review period, the Group continued to remain at the industry forefront. In review period, the Group's revenue decreased by 6.27% to RMB 5,279 million as compared to the previous year. However, the gross profit and operating profit increased 21.20% and 36.12% respectively to RMB 2,409 million and RMB 1,163 million. Gross profit margin rose from 35.3% in the previous year to 45.6%, with an increase of 10.3 % points. Operating profit margin increased 6.8% points to 22.0%. Profit for the year surged 81.88% to RMB 1,116 million and net profit margin increased 10.3 % points, rising from 10.9 % in the previous year to 21.2% this year. Basic earnings per share increased 41.67% in the same period last year to RMB 0.17. The Group's rising profitability is mainly due to the Group's strategy of maintaining profitability and enhancing long-term competitiveness through brand and product differentiation. While its industry rivals focused on driving volume growth through aggressive price cutting measures to liquidate stocks, The Group maintained its average selling price, and thus profitability, at a stable level with the launch of new value-added products.

The Board of Director recommended payment of final dividend of RMB 0.060 and special dividend of RMB 0.028 for the year ended March 31, 2008.

Commenting on the results, Mr. Gao Dekang, Chairman and CEO of Bosideng, said "For the Group, 2007 is a year of challenges. Owing to the late arrival of the winter season in 2007/08, regional down apparel players were under financial pressure to reduce their high stock levels carried forward from the previous warm winter and triggered a wave of price-cutting battles, thereby heating up competition. Despite the challenging operating environment, the Group continued to remain at the industry forefront, which has enabled it to increase market share and achieve high profitability. Facing severe price competition, the Group has leveraged its strong brand equity and design capability and placed an emphasis on boosting profitability rather than driving sheer volume growth. To this end, the Group has embarked on a differentiation strategy to distinguish its products from rivals with the offering of an optimised product mix with unique design."

Bosideng has been the leading down apparel brand in the PRC based on sales for 13 consecutive years since 1995, according to the China Industrial Information Issuing Centre ("CIIC") and the National Bureau of Statistics of China in terms of sales. According to CIIC's report issued in 2006 and 2007, amongst the top 30 down apparel brands, the market share of Bosideng's portfolio of brands, including Bosideng, Snow Flying, Kangbo and Bingjie, acquired an aggregate market share of 39.9% in China for the year 2007, as compared to a 36.1% share in 2006 held by Bosideng, Snow Flying and Kangbo. Bosideng alone accounted for a 25.9% share in 2007. Encouragingly, the Bingjie brand ranked ninth overall in 2007, emerging as one of China's top ten down apparel brands for the first time ever.

In the review period, the Group has worked hand-in-hand with international advertising agencies on a brand rejuvenating strategy and innovative programmes for Bosideng. By adopting the theme "A More Beautiful Winter", the Group successfully associated its down apparel with a touch of fashion and beauty. The Group strategically repositioned Snow Flying, the second largest revenue contributor of the Group, as a premier sports down apparel brand to differentiate it from Bosideng. Snow Flying targets customers who go for an energetic lifestyle and the Group has implemented all-rounded marketing and promotion campaigns, participated in sports activities and sponsored sports events while Kangbo and Bingjie target the mid-end mass market.

In addition, to enhance product competitiveness, the Group's design focus has been increasingly transforming from sheer functional apparel to value-added fashionable clothing that integrates colourful designs, new fabrics and trendy styles. The broadened range of products has optimised the Group's product portfolio and appealed to consumers of different age groups and with varying tastes. Furthermore, the Group incorporated innovative fabrics and materials that are odourless, offer anti-bacterial protection, and are both water-and stain-repellent for a selected range of down apparel items to enhance the functions of the products.

The Group is committed to develop non-down apparel products. The Group presented a brand new non-down and non-seasonal apparel product line under the Bosideng brand. These new products were presented at the "2008 China International Clothing and Accessories Fair" held in March 2008 and garnered positive feedback.

The Group has continually and actively taking steps to maintain its network expansion at a reasonable pace and to enhance the quality of its distribution network. New outlets were added in modern department stores or at prime locations during the year under review. At the same time, distributors that did not conform to the Group's standards or retail stores showing weak performance were eliminated or relocated to better locations. As at March 31, 2008, the network comprised a total of 7,117 stores in total, representing a net increase of 273 outlets as compared to the previous year.

Going forward, the Group will further strengthen its retail network by enhancing the quality of its existing point of sales, adding new concessionary stores at modern mid- to high-end department stores and establishing new self-operated retail stores in tier-one cities, provincial capitals, and other main urban areas for brand building purposes. The Group will continue to periodically review its branding strategies and monitor their effectiveness. It will work closely with external consultants to define a unique branding and marketing strategy to maximise the benefits to the existing down apparel as well as non-down apparel businesses in the pipeline. The ultimate goal is to bolster the brand equity and extend the influence of the Bosideng brand to other segments in the apparel sector. It will also continue to sponsor sports and promotional events when suitable opportunities arise and maintain market visibility through fashion shows and trade fairs.

In term of business expansion, Mr. Gao Dekang said, "To complement its existing product portfolio, the Group has established a separate business and product development teams for non-down apparel products. A product preview was presented in March 2008 in Beijing which garnered positive feedback. The new product series will be launched in the second half of this fiscal year, enabling the Group to leverage its strong brand equity to ease the seasonality issue of the down apparel business. Establishment of designated retail point of sales for this new product line is also underway."

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### **About Bosideng**

osideng is the largest down apparel company in the PRC. Its retail distribution network comprises over 7,000 retail outlets covering 67 cities across the nation, selling its six core brands including "Bosideng", "Snow Flying", "Kangbo", "Bingjie", "Shuangyu" and "Shangyu". According to China Industrial Information Issuing Centre ("CIIC"), in terms of sales in 2007, "Bosideng", "Snow Flying", "Kangbo" and "Bingjie" down apparel products achieved a combined market share of 39.89% in the PRC. "Bosideng" was the leading down apparel brand in the PRC for 13 consecutive years from 1995 to 2007, according

to CIIC and the National Bureau of Statistics of China. The "Bosideng" brand was named one of "China's Top 10 Brands in World Market" in 2006 by the World Confederation of Productivity Science, Chinese Association of Productivity Science and World Productivity Congress. In 2007, "Bosideng" was the only apparel brand awarded amongst "China's World Famous Brands" by the PRC General Administration of Quality Supervision, Inspection and Quarantine.

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