

**BOSIDENG INTERNATIONAL HOLDINGS LTD:
DON'T BE TOO HAPPY WITH THE 2010 RESULTS –
BECAUSE THEY SHOULD HAVE BEEN MUCH BETTER**

No doubt, most shareholders of Bosideng International Holdings Ltd () (Code: 3998, Main Board, The Stock Exchange of Hongkong Ltd) were delighted when they learned that the Bottom Line of the company in respect of the 2009-2010 Financial Year had been the second largest in the history of the company.

However, before opening those magnums of a luxury brand Champagne, a little extrapolation may be in order – because the company should have done much better than the statistics indicate, in this medium's opinion.

Further, due to the inability of senior management to embrace institutionalisation, it is, still, a mamma-and-papa shop despite its massive annual turnover of more than 5.74 billion renminbi.

And, by the looks of things, this situation is unlikely to change, ever.

First The Results

The results in respect of the Financial Year, ended March 31, 2010, were impressive as the following table illustrates:

		<i>'For The Financial Year, Ended March 31</i>	
		<i>2010</i>	<i>2009</i>
		<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue</i>		5,738,121	4,275,144
<i>Cost of sales</i>		<u>(2,851,484)</u>	<u>(2,330,173)</u>
<i>Gross profit</i>		2,886,637	1,944,971
Gross Profit Margin *		50.31 Percent	45.49 Percent
<i>Other income</i>		36,279	17,352
<i>Fair value changes on derivative financial instruments</i>		(25,811)	34,217
<i>Distribution expenses</i>		(1,343,387)	(1,029,801)
<i>Administrative expenses</i>		(235,803)	(286,974)
<i>Other expenses</i>		<u>(112,394)</u>	<u>—</u>
<i>Profit from operations</i>		<u>1,205,521</u>	<u>679,765</u>
 <i>Finance income</i>		 75,395	 105,615
<i>Finance expenses</i>		<u>(3,476)</u>	<u>(9,310)</u>
<i>Net finance income</i>		<u>71,919</u>	<u>96,305</u>
 <i>Profit before income tax</i>		 1,277,440	 776,070
<i>Income tax expense</i>		<u>(198,895)</u>	<u>(27,797)</u>
<i>Net Profit Attributable To Shareholders</i>		<u>1,078,545</u>	<u>748,273</u>
Net Profit Margin*		18.80 Percent	17.50 Percent

Other Comprehensive Income:

Exchange differences on translation of financial statements of foreign operations	(2,140)	(64,450)
Net change in fair value of available-for-sale financial assets	48,509	—
Income tax on other comprehensive income	<u>(5,727)</u>	<u>—</u>
Other comprehensive income for the year, net of taxation	<u>40,642</u>	<u>(64,450)</u>

Total comprehensive income for the year 1,119,187 683,823'

* These are **TARGET**'s calculations

TARGET () notes that the 2010 Net Profit Margin, Year-On-Year, only increased by ... [CLICK TO ORDER FULL ARTICLE](#)

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