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中國服飾控股有限公司
CHINA OUTFITTERS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1146)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

	2011	2010	
	RMB'million	*RMB'million*	*Changes*
REVENUE	**1,248.0**	910.0	+37.1%
Gross profit	**949.9**	694.3	+36.8%
Gross profit margin	**76.1%**	76.3%	–0.2 ppt
Operating profit	**539.6**	369.5	+46.0%
Operating profit margin	**43.2%**	40.6%	+2.6 ppt
Profit attributable to owners of the parent	**408.2**	262.6	+55.4%
Proposed final dividend payout ratio	**50%**	—	
Proposed final dividend per share — *HK cents*	**7.3**	—	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

The board of directors (the "Board") of China Outfitters Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	4	**1,248,026**	909,991
Cost of sales		**(298,124)**	(215,735)
Gross profit		**949,902**	694,256
Other income and gains, net	4	**26,122**	15,178
Selling and distribution costs		**(385,087)**	(284,771)
Administrative expenses		**(33,581)**	(43,368)
Other expenses		**(17,802)**	(11,838)
Operating profit		**539,554**	369,457
Finance income	5	**16,262**	5,843
PROFIT BEFORE TAX	6	**555,816**	375,300
Income tax expense	7	**(144,590)**	(111,393)
PROFIT FOR THE YEAR		**411,226**	263,907
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**660**	1,173
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**411,886**	265,080
Profit attributable to:			
Owners of the parent		**408,226**	262,573
Non-controlling interests		**3,000**	1,334
		411,226	263,907
Total comprehensive income attributable to:			
Owners of the parent		**408,886**	263,746
Non-controlling interests		**3,000**	1,334
		411,886	265,080
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		**RMB14 cents**	RMB9 cents

Details of the dividend paid and proposed for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**81,762**	82,358
Prepaid land lease payments		**42,913**	29,548
Investment properties		**5,538**	5,712
Goodwill		**70,697**	70,697
Other intangible assets		**67,729**	71,102
Deferred tax assets		**31,244**	23,343
Total non-current assets		**299,883**	282,760
CURRENT ASSETS			
Inventories	10	**336,454**	212,862
Trade receivables	11	**105,095**	90,505
Prepayments, deposits and other receivables		**48,859**	46,454
Investment deposits		**245,000**	—
Pledged bank deposits		**3,952**	14,812
Cash and cash equivalents		**1,035,079**	607,090
Total current assets		**1,774,439**	971,723
CURRENT LIABILITIES			
Trade and bills payables	12	**26,426**	49,486
Deposits received, other payables and accruals		**197,216**	150,251
Amount due to a related party		**—**	146,267
Tax payable		**175,861**	164,689
Total current liabilities		**399,503**	510,693
NET CURRENT ASSETS		**1,374,936**	461,030
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,674,819**	743,790
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**14,209**	18,394
Net assets		**1,660,610**	725,396
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**279,120**	—
Reserves		**1,172,825**	696,259
Proposed final dividend	8	**204,113**	—
		1,656,058	696,259
Non-controlling interests		**4,552**	29,137
Total equity		**1,660,610**	725,396

1. CORPORATE INFORMATION AND THE REORGANISATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 610, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 December 2011 (the "Listing Date").

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacturing, marketing and sale of apparel products and accessories in the People's Republic of China (the "PRC", or Mainland China which excludes, for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors of the Company (the "Directors"), as of the date of this report, the holding company of the Company is CEC Outfitters Limited ("CEC Outfitters"), a company incorporated in the British Virgin Islands ("BVI").

In preparation for the listing of the shares of the Company on the Stock Exchange, the Group underwent a corporate reorganisation (the "Reorganisation"), pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 29 November 2011 (the "Prospectus").

2. BASIS OF PREPARATION

Pursuant to the Reorganisation, the subsidiaries now comprising the Group were under the common control of the controlling shareholders before and after the Reorganisation. Accordingly, these financial statements have been prepared by applying the principles of pooling-of-interests as if the Reorganisation had been completed at the beginning of the financial periods presented.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs", which include all International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 January 2011, together with the relevant transitional provisions, have been early adopted by the Group throughout the periods presented in these financial statements.

These financial statements have been prepared under the historical cost convention. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

As aforementioned, these financial statements have been prepared using the pooling-of-interests method.

The pooling-of-interests method involves incorporating the financial statement items of the combining entities or businesses which underwent the Reorganisation under common control as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are consolidated using the existing book values. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of investment at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of comprehensive income included the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the Reorganisation under common control.

The consolidated statements of comprehensive income, cash flows and changes in equity for the financial periods presented include the results and cash flows and changes in equity of the Company and its subsidiaries as if the current structure had been in existence throughout the financial periods presented or since their respective dates of incorporation or establishment, where this is a shorter period. The consolidated statements of financial position as at 31 December 2011 and 2010 have been prepared to present the state of affairs of the Group as if the current structure of the Group had been in existence and in accordance with the respective equity interests in the individual companies attributable to the Company as at the respective dates.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of design, manufacturing, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear.

IFRS 8 *Operating Segment* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one single reportable segment. Accordingly, no operating segment is presented.

All of the external revenues of the Group during the financial periods presented are attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Since the principal non-current assets held by the Group are located in the PRC, no geographical information is presented in accordance with IFRS 8.

No revenues from a single external customer amounted to 10% or more of the Group's revenue during the financial periods presented.

4. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after trade discounts.

An analysis of revenue, other income and gains is as follows:

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**1,248,026**	909,991
Other income and gains, net		
Government subsidies*	**21,473**	10,103
Arrangement fees#	**2,640**	3,359
Rental income, net	**130**	222
Sale of consumables, net	**1,818**	1,419
Others	**61**	75
	26,122	15,178

* These represent incentive subsidies provided by local governments as a measure to attract investment in these localities. The amounts of these subsidies are generally determined by reference to the value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by the Group's operating entities in these localities, but are subject to the government's further discretion.

These represent the one-off charge paid by third-party retailers when they enter into the initial retail agreements with the Group.

5. FINANCE INCOME

	2011	2010
	RMB'000	*RMB'000*
Interest income on bank deposits	**12,836**	5,843
Interest income from investment deposits	**3,426**	—
	16,262	5,843

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		2011	2010
	Note	***RMB'000***	*RMB'000*
Cost of inventories sold		**251,450**	178,499
Depreciation			
Property, plant and equipment		**6,753**	6,096
Investment properties		**158**	152
		6,911	6,248
Amortisation of prepaid land lease payments*		**738**	658
Amortisation of intangible assets*		**249**	4,713
Minimum lease payments under operating leases in respect of buildings		**6,602**	6,858
Auditors' remuneration		**2,378**	1,775
Employee benefit expenses (including directors' remuneration):			
Wages and salaries		**42,717**	49,611
Equity-settled share option expenses		**1,529**	—
Pension scheme contributions		**6,542**	4,508
		50,788	54,119
Impairment of intangible assets		**—**	4,357
Impairment of trade receivables	*11*	**29**	185
Write-down of inventories to net realisable value#		**46,674**	37,236

* The amortisation of prepaid land lease payments and intangible assets for the year are included in "Administrative expenses" in the consolidated statement of comprehensive income.

\# The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of comprehensive income.

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries incorporated/registered in the PRC are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2011.

	2011	2010
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**152,676**	109,446
Deferred	**(8,086)**	1,947
Total tax charge for the year	**144,590**	111,393

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., statutory tax rates) to the effective tax rate, are as follows:

	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**555,816**		375,300	
Tax charge at the statutory tax rate	**138,954**	**25**	93,825	25
Entities subject to lower statutory income tax rates	**5,743**	**1**	6,086	2
Effect of withholding tax on undistributed profits of the PRC subsidiaries	**—**	**—**	11,000	3
Expenses not deductible for tax	**120**	**—**	102	—
Tax losses utilised	**—**	**—**	(48)	—
Tax losses not recognised	**656**	**—**	619	—
Others	**(883)**	**—**	(191)	—
Tax charge at the Group's effective tax rate	**144,590**	**26**	111,393	30

8. DIVIDEND

	2011
	RMB'000
Proposed final dividend (not recognised as a liability as at 31 December) — HK7.3 cents (2010: nil) per ordinary share	**204,113**

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No dividend has been declared or paid by the Company since the date of its incorporation. On 2 June 2011, Doright Group Limited declared a dividend of HK$90,000,000 (equivalent to RMB75,056,000), which has been paid during the year, to its then existing shareholder, CEC Outfitters.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year ended 31 December 2011 attributable to ordinary equity holders of the parent of RMB408,226,000 (2010: RMB262,573,000) and the weighted average number of ordinary shares of 2,975,667,041 (2010: 2,946,750,000) in issue during the year, as if the Reorganisation had been effective since 1 January 2010.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2011 includes the 98,225 ordinary shares in issue, 2,946,651,775 ordinary shares issued pursuant to the capitalisation issue as if the shares had been in issue throughout the year ended 31 December 2011, and 479,760,000 ordinary shares issued on 9 December 2011 in connection with the listing of the Company's ordinary shares on the Stock Exchange.

The number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2010 was based on the 2,946,750,000 ordinary shares, representing the number of shares of the Company immediately after the capitalisation issue, as if the shares had been in issue throughout the year ended 31 December 2010.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the impact of the share options under the pre-initial public offering share option scheme and the over-allotment option described in the Prospectus outstanding had an anti-dilutive effect on the basic per share amounts presented.

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**408,226**	262,573

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,975,667,041**	2,946,750,000

10. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Raw materials	**19,107**	24,004
Work in progress	**13,964**	9,193
Finished goods	**303,383**	179,665
	336,454	212,862

11. TRADE RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**106,504**	91,885
Impairment	**(1,409)**	(1,380)
Trade receivables, net	**105,095**	90,505

The Group's trading terms with its customers are mainly on credit, except for third party retailers, where payment in advance is normally required. The credit period normally ranges from 30 to 90 days. The Group grants a longer credit period to those long-standing customers with good payment history.

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

Trade receivables are non-interest-bearing and the carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at 31 December 2010 and 2011, based on the invoice date and net of provision, is as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 60 days	**99,596**	87,775
61 to 90 days	**2,521**	2,105
91 to 180 days	**2,537**	452
181 to 360 days	**441**	169
Over 360 days	**—**	4
	105,095	90,505

The movements in the provision for impairment of trade receivables are as follows:

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**1,380**	1,195
Impairment losses recognised	**29**	185
At 31 December	**1,409**	1,380

The above provision for impairment of trade receivables is the full provision for individually impaired trade receivables. The individually impaired trade receivables relate to customers that were in financial difficulties or in default in payments.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2011	2010
	RMB'000	*RMB'000*
Neither past due nor impaired	**99,596**	84,493
1 to 180 days past due	**5,058**	5,840
181 to 360 days past due	**441**	168
Over 360 days past due	**—**	4
	105,095	90,505

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at 31 December 2010 and 2011, based on the invoice date, and the balances of bills payable is as follows:

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
Within 30 days	**20,999**	33,849
31 to 90 days	**844**	581
91 to 180 days	**570**	211
181 to 360 days	**61**	—
Over 360 days	**—**	33
	22,474	34,674
Bills payables	**3,952**	14,812
	26,426	49,486

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days. The bills payables are all due to mature within 60 days.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONS REVIEW

The year of 2011 marked a significant milestone in the development of our Group. Thanks to the efforts and contributions by all of our colleagues and the support by our shareholders and investors, our Company was successfully listed on the Stock Exchange on 9 December 2011 (the "Listing Date").

We are pleased to announce our first annual results after the listing, which show a significant growth in the profit attributable to owners of the Company from RMB262.6 million in 2010 to RMB408.2 million in 2011 which exceeds the forecast of RMB406.2 million as set out in the Prospectus.

Sales network expansion

The expansion of our sales network to 1,102 retail points (2010: 886 retail points) was one of the key drivers to our Group's success in 2011. Our network expansion strategy, with a balanced mix of retail points operated by ourselves in major cities and third-party retailers focused in other cities, had allowed us to grow rapidly and penetrate the vast PRC menswear market effectively. As at 31 December 2011, our sales network included a total of 475 self-operated retail points and 627 retail points operated by third-party retailers, located in 257 cities across 31 provinces, autonomous regions and municipalities in China.

Retails points operated by ourselves and third party retailers enable us to have direct contact with target customers so as to respond to and capture new market opportunities arising from changes to consumer tastes and preferences. "London Fog", one of our brands, experienced good demand from targeted consumers and was able to expand to a total of 121 retails points as at 31 December 2011, a 47.6% increase from 82 retails points as at 31 December 2010.

Design and product development

In 2011, our Group increased our collections and added a new product line. We commenced the design of womenswear products based on the themes and styles of our menswear products under the "JEEP" brand and launched these products in the fall/winter collection. By the end of 2011, we had over 30 "JEEP"-lady retail points.

The following table sets out the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC by brand as at 31 December 2011 and 2010:

	As at 31 December					
	2011			2010		
Brand	**Self-operated retail points**	**Retail points operated by third-party retailers**	**Total retail points**	Self-operated retail points	Retail points operated by third-party retailers	Total retail points
"JEEP"						
— menswear	**171**	**382**	**553**	141	293	434
— lady	**20**	**13**	**33**	—	—	—
"Santa Barbara Polo & Racquet Club" ("SBPRC")	**161**	**171**	**332**	139	154	293
"London Fog"	**60**	**61**	**121**	36	46	82
Others	**63**	**—**	**63**	77	—	77
Total	**475**	**627**	**1,102**	393	493	886

Product display enhancement

One of the Group's initiatives in 2011 was to enhance the layout of the retail points and the way to display our products. Every brand in our Group offers a distinct style, carries a unique philosophy and targets a specific customer group. We believe continuous enhancement of the way to display our products could provide better shopping experience for targeted consumers. Based on the successful experience in the "JEEP" retail points, an enhancement project is being rolled out to all other brands such as "JEEP"-lady, "SBPRC" and "London Fog".

Procurement & production

The Group had fine-tuned and standardized the operational procedures from raw material and apparel products procurement to products delivery. We also purchased additional equipment to enhance the productivity of our Dezhou production facilities in 2011. The objective of these initiatives is to ensure the Group is able to deliver the best products to our consumers in a cost-efficient manner. The Group's supply chain model has proven to be effective, contributing to the successful launching of "JEEP"-lady in the fall/winter collection.

Human resources

We provide induction programmes and continuous training, a safe and comfortable workplace and development opportunities to our employees. In addition, we award bonuses and have share option schemes in place to reward and retain a high caliber team.

We strive to continuously maintain good working relations with our employees. We believe that our management policies, working environment, development opportunities and employee benefits have contributed to building good relations and employee retention.

Looking ahead

"London Fog" and "JEEP"-lady will remain as our focus in 2012, after experiencing good market response from our targeted consumers in 2011.

We will continue to excel in customer services and to enhance our product display to provide consumers with a more pleasant shopping experience.

Our Group will explore more sales channels and locations to boost our sales, including outlets, airports, shopping malls and internet sales platforms, aiming to increase our revenue and profitability.

Our Group is always on the lookout for new brands to add to our portfolio, in particular, those widely recognized international brands of mid-to-high end, which we believe enjoy a good potential in achieving a synergy with the Chinese culture in terms of style, philosophy, brand management and positioning, through licensing, acquisition or establishing joint ventures with these brand owners.

FINANCIAL REVIEW

Revenue

Our revenue increased by RMB338.0 million, or approximately 37.1%, from RMB910.0 million in 2010 to RMB1,248.0 million in 2011. Such increase in revenue was mainly attributable to the increased number of retail points from 886 as at 31 December 2010 to 1,102 as at 31 December 2011 as well as the increase in same-store sales. The increase in same-store sales was mainly attributable to the increase in sales volume at the same stores due to the increased demand for our products.

By Sales channel

The table below sets forth the breakdown of our revenue contributed by sales made through our self-operated retail points and sales to third-party retailers:

	Year ended 31 December			
	2011		2010	
	Revenue RMB million	***% of total revenue***	*Revenue RMB million*	*% of total revenue*
Sales at self-operated retail points	**736.4**	**59.0%**	572.2	62.9%
Sales to third-party retailers	**511.6**	**41.0%**	337.8	37.1%
Total	**1,248.0**	**100.0%**	910.0	100.0%

By Brand

The table below sets forth our revenue by licensed brands and self-owned brands:

	Year ended 31 December			
	2011		2010	
	Revenue RMB million	***% of total revenue***	*Revenue RMB million*	*% of total revenue*
Licensed brands	**1,171.3**	**93.9%**	862.7	94.8%
Self-owned brands	**76.7**	**6.1%**	47.3	5.2%
Total	**1,248.0**	**100.0%**	910.0	100.0%

The revenue contributed from self-owned brands increased from 5.2% in 2010 to 6.1% in 2011, mainly driven by "London Fog" which benefited from strong demand from targeted consumers during the year. This reflected our successful enhancement of the brand value of "London Fog", which is highly recognised by consumers with a high income lifestyle who are in pursuit of a higher quality of life and personal image.

Cost of sales

Our cost of sales increased by RMB82.4 million, or approximately 38.2%, from RMB215.7 million in 2010 to RMB298.1 million in 2011, which was in line with the growth of our sales.

Gross profit and gross profit margin

Our gross profit increased by RMB255.6 million, or approximately 36.8%, from RMB694.3 million in 2010 to RMB949.9 million in 2011. Our overall gross profit margin was approximately 76.3% in 2010 and 76.1% in 2011. The overall gross profit margin remained relatively stable within the same digit percentage level as in 2010, mainly attributable to our successful pricing strategy including mark-up to offset the general increase in our inventory cost, while keeping our sales volume in strong growth. Without taking into account the inventory provision, our gross profit margin for 2010 and 2011 was approximately 80.4% and 79.9%, respectively.

Other income and gains

Our other income and gains increased by RMB10.9 million, or approximately 71.7%, from RMB15.2 million in 2010 to RMB26.1 million in 2011, primarily due to the increase in subsidy income from the local governments.

Selling and distribution costs

Our selling and distribution costs increased by RMB100.3 million, or approximately 35.2%, from RMB284.8 million in 2010 to RMB385.1 million in 2011 primarily due to the increases in concession fees, marketing staff costs, royalty fees and department store charges, consistent with the growth of our sales.

Administrative expense

Our administrative expenses decreased by RMB9.8 million, or approximately 22.6%, from RMB43.4 million in 2010 to RMB33.6 million in 2011, primarily due to (i) the decrease in administrative staff costs as we accrued a performance bonus of RMB16.6 million for our senior management and directors in 2010 while no such performance bonus was accrued in 2011; and (ii) the decrease in amortisation of intangible assets as the recognised value of the licence agreement of our SBPRC brand, which arose from the business combination in 2006, that intangible assets having been fully amortised in February 2010.

Other expenses

Our other expenses increased from RMB11.8 million in 2010 to RMB17.8 million in 2011 were mainly due to the increase in listing expenses from RMB7.3 million in 2010 to RMB17.8 million in 2011.

Finance income

Our finance income increased to RMB16.3 million in 2011 as compared to RMB5.8 million in 2010 due to the increase in interest income from cash and cash equivalents as a result of the increase of our operating profit.

Profit before tax

As a result of the foregoing factors, our profit before tax increased by RMB180.5 million, or approximately 48.1%, from RMB375.3 million in 2010 to RMB555.8 million in 2011.

Income tax expense

Our income tax increased by RMB33.2 million, or approximately 29.8%, from RMB111.4 million in 2010 to RMB144.6 million in 2011 due to the increase of our profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB147.3 million, or approximately 55.8%, from RMB263.9 million in 2010 to RMB411.2 million in 2011.

Profit attributable to owners of the parent

Profit attributable to owners of our Company increased by RMB145.6 million, or approximately 55.4%, from RMB262.6 million in 2010 to RMB408.2 million in 2011.

Working capital management

In the year ended 31 December 2011, to cope with our expanding sales networks and the growth of our same-store sales, we maintained a higher level of inventory to ensure sufficient stock supply, resulted in an increase of inventory turnover days by 32 days to 336 days.

Trade receivable and payable turnover days were maintained at 29 days and 35 days respectively for the year.

Major working capital ratios	**2011**	2010
Inventory turnover days	**336**	304
Trade receivable turnover days	**29**	32
Trade payable turnover days	**35**	41

Financial position and liquidity

Our Group continued to enjoy a strong financial position, generated from normal business operation with cash inflows from operating activities amounting to RMB280.3 million for the year ended 31 December 2011.

Banking borrowings

As at 31 December 2011, our Group had no bank borrowings (31 December 2010: Nil).

Pledge of Assets

As at 31 December 2011, deposits with certain banks with a total amount of RMB4.0 million (2010: RMB14.8 million) was pledged for issuing bank acceptance notes. The pledged bank deposits will be released upon the settlement of the relevant payables.

Foreign exchange management

All of our Group's turnover and substantially all of our Group's cost of sales and operating expenses are denominated in Renminbi. The transactional currency exposures of our Group are not significant. Accordingly, our Group has no hedging arrangement in place with respect to the foreign exchange exposure during the year.

Contingent Liabilities

As at 31 December 2011, the Group did not have any material contingent liabilities.

Use of proceeds from initial public offering ("IPO")

The shares of the Company were listed on 9 December 2011 on the Stock Exchange. The total net proceeds from the IPO amounted to approximately HK$803.9 million (equivalent to approximately RMB654.8 million) including the net proceeds from the partial exercise of the over-allotment option on 30 December 2011 (as described in the announcement of our Company dated 4 January 2012). Since the Listing Date and up to 31 December 2011, HK$147.1 million of the proceeds have been utilised to repay CEC Outfitters, the immediate holding company and one of the controlling shareholders of our Company, as indicated in the Prospectus. The remaining balance of the proceeds, deposited in licensed banks in Hong Kong and mainland China, is intended to be utilised in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" in the Prospectus.

Purchase, redemption or sale of shares of the company

Except for the IPO, since the Listing Date and up to the date of this announcement, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares.

Review of financial statements by audit committee

The consolidated financial statements of the Group for the year ended 31 December 2011 have been reviewed by our audit committee.

Dividend

The Board has recommended the payment of a final dividend of HK7.3 cents per share of the Company for the year ended 31 December 2011. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting of the Company to be held on 14 May 2012, is payable to the shareholders whose names appear on the register of members of the Company at close of business on 18 May 2012, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 18 May 2012.

Compliance with the code on corporate governance practices

The Company had complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the period from the Listing Date to 31 December 2011.

Publication of annual results announcement and annual report

This annual results announcement is also published on the Company's website (www.cohl.hk) and the designated website of the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 31 December 2011 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

By Order of the Board
China Outfitters Holdings Limited
Peter Lo
Chairman

Hong Kong, 19 March 2012

As at the date of this announcement, the executive directors are Mr. Lo Peter, Mr. Zhang Yongli, Mr. Sun David Lee and Ms. Huang Xiaoyun; the non-executive director is Mr. Li Guoqiang; and the independent non-executive directors are Mr. Kwong Wilson Wai Sun, Mr. Cui Yi and Mr. Yeung Chi Wai.