

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

Bosideng Announces FY2015 Annual Results
Net Profit Attributable to Equity Shareholders Recorded RMB132 million
Final Dividend of HK1.0 Cent with Payout Ratio Reaching 104.8%

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Proactively clear inventory and optimize retail network

Financial Highlights

<i>RMB '000</i>	For the year ended 31 March		Change
	2015	2014	
Revenue	6,292,569	8,237,894	-23.6%
Gross profit	2,870,009	4,115,456	-30.3%
Operating profit	198,900	865,470	-77.0%
Profit before tax	238,089	982,307	-75.8%
Net profit attributable to equity shareholders	132,197	694,704	-81.0%
Basic EPS (RMB cents)	1.66	8.73	-81.0%
Diluted EPS (RMB cents)	1.65	8.72	-81.1%
Final dividend per share (HK cents)	1.0	2.0	-50.0%
Full year dividend per share (HK cents)	2.2	5.7	-61.4%

(29 June 2015 – Hong Kong) – Bosideng International Holdings Limited (“Bosideng” or the “Company”, stock code: 3998, or together with its subsidiaries collectively referred to as the “Group”), the largest down apparel company in the PRC, announces its audited annual results for the year ended 31 March 2015 (“The Year”).

Financial Review

Affected by domestic macroeconomic environment and unfavorable weather conditions, coupled with the Group’s active business adjustment during the Year to clear inventories and optimize its retail network, the overall revenue decreased. During the year ended 31 March, 2015, the Group recorded a revenue of RMB6,292.6 million, representing a decrease of 23.6% as compared with last year. During the Year, revenue from the branded down apparel business, OEM management business and non-down apparel business were approximately RMB4,079.9 million, RMB1,201.8 million and RMB1,010.9 million respectively, accounting for 64.8%, 19.1% and 16.1% of the Group’s revenue.

During the Year, the gross profit margin decreased by 4.4 percentage points to 45.6%. The Group successfully controlled procurement price at a level more favourable than the market average through a series of measures such as resources integration, strategic partnership cooperation and

low season procurement. In addition, the proportion of self-operated business increased in branded down apparel business and non-down apparel business during the Year, thus partly offsetting the impact on gross margin due to the reduction in the production and increased promotion effort as a result of clearing inventories. The gross profit margin of branded down apparel business and non-down apparel business were 53.4% and 48.9%, respectively, slightly dropped by 1.0 and 0.1 percentage point as compared to last year. The gross profit margin of OEM management business for the year decreased by 4.4 percentage points to 16.6% due to the rising trend of Multi-style and Mini-capacity product strategy adopted by the garment industry, which increased production costs, thus impacting the gross profit margin. In addition, the Group's administrative expenses increased due to the higher depreciation attributable to the full operation of Bosideng building in Changshu, and lower provision reversal for bad and doubtful debts as compared with previous year. Coupled with an increase in the impairment on goodwill as compared with last year, the Group's operating profit and profit attributable to equity shareholder of the Company decreased by 77.0% and 81.0% to RMB198.9 million and RMB132.2 million respectively.

The Board of Directors has recommended the payment of a final dividend of HKD1.0 cent per ordinary share. Together with the interim dividend of RMB1.2 cents per ordinary share, the full year dividend is RMB2.2 cents per ordinary share, representing a dividend payout ratio of 104.8%.

The Group's financial position strengthened with net cash from operating activities improving from net outflow of RMB150.6 million last year to net inflow of RMB387.8 million during the Year.

Business Review

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "In 2014/15 financial year, Bosideng strengthened its business adjustment and conducted a comprehensive review on each link of its business, and pragmatically made inventory clearance and retail network optimization its top priority. In face of large inventories and inefficient retail outlets resulting from the brand separation strategy adopted in the past, the Group actively implemented inventories reduction measures and closed down underperforming stores decisively. Through significant business adjustment, the Group laid a more robust business foundation for future development, which will enable the Group to transit gradually from traditional wholesale business model to market and consumer-oriented retail model, improving the quality of the retail terminal comprehensively to ensure a sustainable and healthy growth."

Down Apparel Business

The top priority of the Group was to clear inventories and optimize its retail network during the Year. On the other hand, as the weather was warmer than that of the previous years, the Group recorded unsatisfactory sales performance during the traditional peak season before the Chinese New Year, which led to a revenue decline of branded down apparel business by approximately 32.6% during the Year. However, the down apparel inventories of the Group (excluding the non-seasonal products of the branded down apparel) at the end of the year decreased by 8.9% as compared with last year, which shown that the inventory is declining. The Group is confident that the inventories will get back to a healthier level. During the Year, the Group re-positioned and re-branded the four down apparel brands with *Bosideng* and *Snow Flying* brands continued to be national brands while *Bengen* and *Combo* re-positioned as regional brands. Among the four down apparel brands, *Bosideng* contributed the largest part of the revenue of approximately RMB3,225.0 million, accounting for approximately 79.0% of the total down apparel revenue, while *Snow Flying* contributed approximately RMB478.9 million, accounting for approximately 11.7% of the total down apparel revenue.

As at 31 March, 2015, the total number of retail outlets of the Group's down apparel business (net) decreased by 5,053 to 6,599 as compared to that of March 31, 2014. Self-operated retail outlets (net) decreased by 1,296 to 2,527 during the Year; retail outlets operated by third-party distributors (net) decreased by 3,757 to 4,072. The number of self-operated retail outlets as a percentage of the overall retail network increased to 38.3% from 32.8% at the end of March 2014. The sales volume of self-operated business increased significantly by 23.6% to 6.8 million from 5.5 million pieces of down apparel products last year, reflecting an improvement in store efficiency.

OEM Management Business

During the Year, the revenue from the Group's OEM management business increased by 36.5% year on year to RMB1,201.8 million, as the Group's major customers launched new product series during the Year, thus generating more orders for the Group.

OEM management business had 13 clients, among which, the top five customers accounted for approximately 80.0% of the revenue from the OEM management business.

Non-down Apparel Business

The revenue from the Group's non-down apparel business decreased by 22.3% year on year to RMB1,010.9 million. During the Year, the Group continued to adjust the sales channels, reduce inventory and optimize product portfolio of its non-down apparel brands. The revenue from *Bosideng MAN*, *JESSIE* and *Mogao* declined by 42.3%, 8.1% and 11.1% to RMB275.8 million, RMB320.2 million and RMB397.4 million respectively.

As of 31 March 2015, the total number of non-down apparel retail outlets decreased by 80 to 1,083 as compared to the same period of last year.

Future Development

Looking forward, Mr. Gao Dekang said, "It is hard to keep an optimistic view on the retail consumer market in the short term. On the other hand, unfavorable factors in the apparel industry prevail, such as high inventories and over-expansion in prior period, the market environment remains challenging. In the coming year, the Group will strive to enhance its competitiveness and improve its operating efficiency, so as to lay a more solid foundation for future healthy development of the Group and further consolidate its leading position in China's apparel industry.

Down apparel business: The Group will continue to implement inventory reduction measures proactively, including further define retail channels and reduce efforts in developing new products in traditional and basic styles. Meanwhile, the Group will launch unified retail pricing across nation. In addition, the Group will accelerate the construction of information system to improve its operational efficiency through the enhancement of information management. The Group will also actively research on opening more stores in large shopping malls.

International business: The Group will further expand the operation of its flagship store in the UK and add full range down apparel products.

Group Structure: The Group will actively promote further optimization and adjustment of its organization structure to improve operating efficiency and save costs.

Diversified development: The Group will proactively pursue opportunities for new business and external alliances including the introduction of strategic investors who can drive and enhance the

Group's business so as to further strengthen the Group's capability in operation, management and acquisition and merger, so as to lay a solid foundation for the Group to become an integrated multibrand apparel operator."

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About Bosideng International Holdings Limited:

Bosideng International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a renowned down apparel company in the People's Republic of China (the "PRC") with four core down apparel brands, namely *Bosideng*, *Snow Flying*, *Combo* and *Bengen*. The Group satisfies different customers and fosters its leading position in the PRC market through its core brands.

Leveraging on its down apparel business, the Group is actively propelling the strategy of developing an evergreen business for four seasons and proactively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation, and stride toward becoming a world-renowned integrated apparel brand operator. Currently, key non-down apparel brands of the Group include *Bosideng MAN*, *JESSIE* ladies' wear and *Mogao* casual wear.

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