For immediate release

波司登國際控股有限公司

Bosideng International Holdings Limited

Bosideng Announces FY2015/16 Annual Results
Actively enhanced operating efficiency
Net profit attributable to equity shareholders surged 1.1 times to RMB281 million
Final dividend of HK2.6 cents

Financial Highlights

RMB'000	For the year ended 31 March **2016**	2015	Change
Revenue	**5,787,321**	6,292,569	**-8.0%**
Gross profit	**2,609,218**	2,870,009	**-9.1%**
Operating profit	**337,679**	198,900	**+69.8%**
Profit before tax	**406,528**	238,089	**+70.7%**
Net profit attributable to equity shareholders	**280,942**	132,197	**+112.5%**
Basic EPS (RMB cents)	**3.54**	1.66	**+113.3%**
Diluted EPS (RMB cents)	**3.54**	1.65	**+114.5%**
Final dividend per share (HKD cents)	**2.6**	1.0	**+160.0%**
Full year dividend per share (HKD cents)	**2.6**	2.2	**+18.2%**

(29 June 2016 – 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 annual results for the year ended 31 March 2016.

Financial Review

Due to the effective control of operating expenses, the Group's operating profit significantly increased by 69.8% to approximately RMB337.7 million during the year. Operating profit margin was 5.8%, representing a year-on-year increase of 2.6 percentage points. Net profit attributable to equity shareholders surged by 1.1 times to approximately RMB280.9 million. Earnings per share was RMB3.54 cents. The Board of Directors has recommended a final dividend of HKD2.6 cents per ordinary share, up 1.6 times compared to previous financial year. It represented a dividend payout ratio of 62.1%.

However, affected by the macro-economic environment in China, coupled with the Group's efforts to clear inventory, adjust sales network and prepare for the enhancement of the brand portfolio of its down apparel business, overall revenue of the Group recorded a decrease during the year. For the year ended 31 March 31 2016, revenue of the Group amounted to approximately RMB5,787.3 million. During the year, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 68.7% of the Group's revenue, with the remaining 17.0% and 14.3% derived from the OEM management business and the non-down apparel business, respectively.

During the year, gross profit was RMB2,609.2 million and gross profit margin slightly decreased by 0.5 percentage point to 45.1%. The gross profit margin of branded down apparel business dropped by 3.4 percentage points to 50.0%, mainly due to the Group's continued efforts to clear inventory. The gross profit margin of non-down apparel business increased by 1.8 percentage points year-on-year to 50.7%, mainly due to the increase in sales proportion of new arrivals during the year. The gross profit margin of OEM management business increased by 4.1 percentage points to 20.7%

With the Group's efforts to clear inventory, the inventories of finished goods further reduced by 17.9% at the end of the financial year. Along with the improved business of the Group, net cash generated from operating activities further increased to approximately RMB708.7 million, compared to RMB387.8 million in the previous financial year. As at 31 March 2016, the Group's cash, available-for-sale financial assets and other financial assets after deducting the bank borrowings, amounted to RMB2,518.6 million.

Business Review

Down Apparel Business

During the year, the Group further stepped up its efforts to optimize the retail network and clear inventory, and implemented a more stringent production and product planning. The Group made use of specific sales channels such as temporary outlets, large-sized chain supermarkets and factory stores to clear inventory proactively and avoid overlapping with new arrivals which may affect the sales at its quality stores. In addition, after thorough analysis of retail statistics, the Group was able to precisely organize the production of various product styles, in order to formulate the corresponding production and sales plans to avoid unnecessary inventory such that the inventory level would gradually revert to a reasonable and healthy level. It also gave room for the groundwork and preparation for the brand restructuring in future years.

In response to the change in consumption model, the Group adopted a new approach to sales and marketing. *Bosideng* made use of the "Pop-up Store" concept for the first time which attracted customer flow with innovative displays and eye-catching designs, thus enhancing brand recognition. The pop-up stores were well received by the market which successfully drove *Bosideng*'s sales performance. The Group believes that it will accelerate store opening in large-scale shopping malls in the long run to allow the retail network of the Group to better satisfy the needs of the consumers.

The Group endeavored to actively optimize the retail network and shut down underperforming stores to enhance store quality during the year. In line with the Group's brand restructuring strategy, the Group started making adjustment to the sales network of *Snow Flying* by gradually combining some of the quality sales outlets with those under *Bosideng*. As at March 31, 2016, the total number of retail outlets of the Group's down apparel business (net) decreased by 1,328 to 5,271; self-operated outlets (net) decreased by 833 to 1,694; and retail outlets operated by third-party distributors (net) decreased by 495 to 3,577. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 32.1% and 67.9%, respectively.

OEM Management Business

Due to a one-off order secured in the previous financial year to assist a major client to develop a new product series which resulted in a higher comparable base, revenue from the Group's OEM management business decreased by 18.1% to RMB984.0 million during the year. If such factor was excluded, revenue from the OEM management business would have remained stable. The OEM management business had 12 major clients, mostly renowned US brands.

Non-down Apparel Business

During the year, revenue from the Group's non-down apparel business was approximately RMB826.1 million. The Group continued to adjust the sales channels, clear inventories and strengthen retail capability to enhance its business fundamentals. During the year, *Bosideng MAN* strengthened retail sales management and optimized product mix. As inventory clearance progressed well, the proportion of new products in sales at the retail outlets increased. Revenue from *Bosideng MAN* amounted to approximately RMB186.1 million. During the year, *JESSIE* focused on enhancing store profitability and implemented refined management and further optimized product mix, driving the revenue to increase by 4.0% to approximately RMB332.9 million. In addition, *Mogao*, after specialising in menswear, its brand awareness and recognition were aligned, which boosted the confidence of distributors. Revenue from *Mogao* was approximately RMB295.4 million. As at 31 March 2016, the total number of non-down apparel retail outlets decreased by 244 to 839 as compared to the same period of previous financial year.

Future Development

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "The operating environment in China has been filled with uncertainties. The economic growth in China continued to slow down, which affected consumer sentiments, resulting in weak domestic demand. The apparel industry itself also faced with rigorous challenges such as overcapacity, decreased brand competitiveness and the change of consumption pattern brought by the new trend of e-commerce. Moreover, more and more overseas brands accelerate their pace of business expansion in the PRC market, exacerbating competition within the industry. Although traditional players in the PRC apparel industry are battling vigorously, they also pushed enterprises to seek changes, encouraging apparel companies to make quick response to market changes throughout their business operation, including branding, product design and production, logistics and retail, so as to meet consumer expectations. The Group will unswervingly endeavour to gradually transit from the traditional wholesale business model to the market and consumer-oriented retail model with a view to providing high quality and trendy down apparel products with high price-performance ratio to consumers."

Looking ahead, the Group will focus on the following areas to enhance its internal competitiveness and operating efficiency:

Rebranding: The Group will enhance brand and product differentiation, avoid brand overlapping and achieve better utilization of its resources. It will implement a rebranding strategy that better meets the market needs and introduces brand repositioning and redeployment. The existing *Bosideng* will continue to be positioned as a mid- to high-end trendy design retailer; whereas *Bengen* will gradually shift its focus to online sales. Taking into account the market's growing demand for down apparel design, the Group has decided to take *Combo*, a brand that focuses on traditional design, out of the down apparel market, so that the Group can allocate more resources to other brands. In addition, the Group aims to develop *Snow Flying*, which focuses on design suitable for sports, into a comprehensive outfitter brand by gradually introducing more outdoor apparel products.

Innovative management: The Group will simplify the existing group structure, rationalize various departments and the responsibility of senior management, increase the participation of various departments in the decision-making process and facilitate the coordination between departments, thus enhancing the Group's capabilities in decision-making and management.

Diversified development: The Group will also make use of existing resources and the operational experience of various strategic investors to explore more potential apparel businesses and brands to further strengthen the Group's capability in different apparel business segments and to strive for the goal of becoming an integrated multi-brand apparel operator, thus achieving diversified business development.

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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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