

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

Bosideng Announces FY2018/19 Interim Results
Revenue and operating profit increase by 16.4% and 62.1% respectively

Focus on principal business while implementing de-diversification
Drive steady growth in revenue

Financial Highlights

RMB'000	For the six months ended September 30		Change
	2018	2017	
Revenue	3,444,181	2,959,143	+16.4%
Gross profit	1,455,405	1,187,921	+22.5%
Operating profit	354,932	218,959	+62.1%
Profit attributable to equity shareholders	251,164	174,506	+43.9%
Earnings per share (RMB cents)			
- Basic	2.38	1.65	+44.2%
- Diluted	2.36	1.65	+43.0%
Interim dividend (HK cents)	2.0	1.5	+33.3%

(November 29, 2018 – 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 interim results for the six months ended September 30, 2018 (“the period”).

Financial Review

The Group adopted its holistic strategic principle focusing on its principal business and key brands while implementing de-diversification, which enhanced the awareness of the Bosideng brand and the brand influence among consumers. This led to a steady increase in the sale of the branded down apparel and the Group’s total revenue. For the six months ended September 30, 2018, the Group’s revenue increased by 16.4% to RMB3,444.2 million. The branded down apparel business remained the biggest revenue contributor of the Group, accounting for 51.5% of the Group’s total revenue while 32.1% and 15.6% of the total revenue came from the OEM management business and the ladieswear business, respectively. The diversified apparels business shrank substantially to 0.8% of the total revenue.

The Group’s operating profit significantly increased by 62.1% to RMB354.9 million. Operating profit margin was 10.3%, representing an increase of 2.9 percentage points. Gross profit increased by 22.5% to RMB1,455.4 million. Gross profit margin increased by 2.2 percentage points to 42.3%. Profit attributable to equity shareholders of the Company increased by 43.9% to approximately RMB251.2 million. Basic earnings per share amounted to RMB2.38 cents. The Board of Directors recommended an interim dividend of HK2.0 cent per ordinary share.

Business Review

Branded Down Apparel Business

During the previous six months, the Group revitalized the brand and enhanced brand value through brand reshaping, brand building and brand promotion. At the same time, it has optimized the sales channel structure, improved images of stores, adjusted the shelf display and optimized its sales staff structure, with a view to boosting the efficiency of terminal sales in the future.

During the period under review, the Group rationalized its brand strategy and positioning, focusing on its core businesses and key Bosideng brand, launching a series of Bosideng-oriented brand building campaigns. The revenue of the overall branded down apparel business segment increased by 19.5% to RMB1,772.5 million year on year. Among which, the Bosideng brand under the Group's branded down apparel recorded an increase of 24.1% in revenue to RMB1,557.1 million.

On the other hand, thanks to the Group's efforts over the past several years, the Group's inventory remained at a healthy level. The Group will continue to implement stringent production and product planning, while maintaining the demand-pull mechanism in certain sales regions to avoid unnecessary inventory accumulation. Meanwhile, quality quick-responsive system is the core of sustaining its efficient, healthy and long-term development. Therefore, the Group continued to conduct restocking during the peak season according to the data about the responses from the end consumers, and achieved a quality quick-responsive system by supplying goods in 15 days.

In respect of logistics and delivery, the Group's smart logistics and delivery center directly covers the whole country. It is not only responsible for transportation and distribution, but also shoulders the smart management of some data centers where it accurately matches the demands of consumers and provides basis for decision-making on the goods operation, thus achieving the goal of "where the consumers are, where we are".

In light of the changing and upgrading of consumers' preferences, the Group's product R&D never stops product innovation and keeps on launching new products as an expert of down apparel. Among which, Puff collection being a new product launched during the period, the collection is made of fabrics 60% lighter than general fabrics and high fill power large-size goose down clusters with 90% down content to make it even lighter and warmer. The Group has also cooperated with several internationally renowned designers in launching crossover down apparel collections as Designers' collection. At New York Fashion Week in September, Bosideng's show collections were sought after among many international superstars. In addition, Bosideng began to work with Marvel and launched the Marvel down apparel collection in an attempt to attract the Marvel fans and seek new consumers. For High-end outdoor collection, Bosideng's Anti-Cold collection was well received upon its initial launch in 2017. It continued to launch the high-end outdoor collection during the period.

With the strategic deployment of the Group's brand reshaping, the Group's involvement in channels such as shopping malls and department stores has increased significantly. As at September 30, 2018, the total number of retail outlets of the Group's down apparel business net increased by 93 to 4,559 compared to March 31, 2018, including self-operated retail outlets of 1,569 and retail outlets operated by third party distributors of 2,990.

OEM Management Business

During the period under review, OEM management business focused on core customers' needs and gradually increased the proportion of ODM business during the upgrade process from purely OEM to ODM business. This enhanced customers' loyalty and resulted in a significant increase in the actual total number of orders secured from existing customers as compared to that in the corresponding period in the last financial year. The Group has also explored production resources selectively while strengthened the quality control and management of orders and production process, thus enhancing the competitiveness of the Group's OEM management business. During the period, revenue from the Group's OEM management business amounted to RMB1,106.9 million, up 63.5% year on year.

Ladieswear Business

The Group's ladieswear business was further consolidated and developed. The synergies between various brands under the ladieswear business gradually yielded. During the period, revenue from the Group's ladieswear business was approximately RMB538.8 million, which represents a slight increase of 6.6% as compared to that for the corresponding period of last year. The three major ladieswear brands of the Group, namely *JESSIE*, *KOREANO* and *KLOVA*, have maintained momentum of steady growth in sales.

Among which, both *KOREANO* and *KLOVA* focus on self-operated business, without any wholesale business. For the six months ended September 30, 2018, self-operated revenues from *KOREANO* and *KLOVA* were RMB82.0 million and RMB101.4 million, increased by 24.5 and 19.8% year on year, respectively.

Children's Wear Business

The children's business segment has basically established a multi-brand, diversified business operation model with the children's wear business as the core and the children's product business as the auxiliary, with a view to becoming a leading operator in China as well as a specialist in children's wear in the global market. During the period, the Group established a joint venture with its children's wear team and began to select the best global brands of children's wear for cooperation in online business. As of September 30, 2018, brands which the Group has entered into contracts with include Petit main from Japan, HAPPYLAND from Korea and Kappa Kids (as agent).

Online Sales

The Group continued to push ahead the expansion of the online sales of the down apparel and ladieswear business. As of September 30, 2018, revenue from online sales of the Group's brands amounted to RMB178.3 million. Among which, revenue from the online sales of branded down apparel business and ladieswear business were RMB137.6 million and RMB33.4 million respectively, representing an increase of 73.4% and 21.8% as compared to those for the corresponding period of last year.

Future Development

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, “This year, the Group has implemented the strategy of brand reshaping and focusing on principal business and key brands, which can closely relate to the consumers’ consumption preference and market growth trends, generating synergistic effects, thus led to remarkable results. In the future, with effective execution of new strategy, consumers will have a higher brand awareness and the value of product mix will be more prominent. The Group will commit to our mission of “Bosideng warms the world”, striving to become the down apparel brand preferred by worldwide consumers.”

The Group will adopt different development strategies for the following business segments:

Branded down apparel business: Upholding the principle of “focusing on its principal business while implementing de-diversification”, the Group will continue to focus on brand positioning, strengthen brand public relations and marketing efforts to consolidate its expert position. As to product development, the Group will focus on enhancing originality in design and product quality. As to sales channel optimization, the Group will gradually increase the percentage of mainstream and high-end channels. As to terminal boosting, the Group will pay closer attention to the young members, enhance consumer experience and innovate retail operation model.

OEM management business: Rational planning and utilization of production capacity in off-peak seasons is the strategy that the Group has consistently implemented for the OEM management business. Moving forward, the Group will continue to strengthen the communication with core customers while maintaining its long-term and stable strategic working relationship with them. The Group will also keep on optimizing the existing factory equipment, accelerating automation and intelligence reform, and increasing cooperation with overseas factories, including those in Southeast Asia so as to secure steady and fast growth for the OEM management business.

Fashionable ladieswear business: The Group will continue to integrate the resources among four of its ladieswear brands, *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA* to further improve synergy. The Group will continue to focus on improving efficiencies of its internal operation and management of its ladieswear business while boosting the organic growth of the ladieswear business through a series of measures to strengthen brand operation, enhance sales channels and increase sales efficiency.

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About Bosideng International Holdings Limited:

Bosideng International Holdings Limited (the “Company”, which together with its subsidiaries, is referred to as the “Group”) is a renowned down apparel company in the People’s Republic of China (the “PRC”) with down apparel brands, namely *Bosideng*, *Snow Flying* and *Bengen*. The Group caters for different customers and consolidates its leading position in the PRC market with its core brands.

The Group is also proactively exploring opportunities in fashionable ladieswear business while maintaining down apparel business as its core operation. Currently, the Group’s ladieswear brands include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*.

For further information, please contact:

Bosideng International Holdings Limited

Hattie Chan

Tel: (862) 2866 6693

Email: chenhao@bosideng.com

iPR Ogilvy

Callis Lau / Molisa Lau / Candy Wong / Nicole Lam

Tel: (852) 2136 6952/ 2136 6953 / 2136 6176 / 3920 7648

Fax: (852) 3170 6606

Email: bosideng@iprogilvy.com