

**For immediate release**



波司登國際控股有限公司

**Bosideng International Holdings Limited**

**Bosideng Announces FY2014 Annual Results  
Net Profit for the Year Reached RMB695 million**

\*\*\* \*\*

**Leading position maintained in down apparel market**

***Financial Highlights***

<i>RMB '000</i>	For the year ended March 31		
	2014	2013	Change
Revenue	<b>8,237,894</b>	9,324,539	-11.7%
Gross profit	<b>4,115,456</b>	4,720,549	-12.8%
Operating profit	<b>865,470</b>	1,271,670	-31.9%
Profit before tax	<b>982,307</b>	1,456,916	-32.6%
Net profit attributable to equity shareholders	<b>694,704</b>	1,078,650	-35.6%
Basic EPS (RMB cents)	<b>8.73</b>	13.55	-35.6%
Diluted EPS (RMB cents)	<b>8.72</b>	13.55	-35.6%
Final dividend per share	<b>RMB1.6 cents/ HK2.0 cents</b>	RMB5.2 cents/ HK6.5 cents	-69.2%
Full year dividend per share	<b>RMB4.5 cents/ HK5.7 cents</b>	RMB10.1 cents/ HK12.5 cents	-54.4%

**(27 June 2014 – 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 March 31, 2014 (“FY2014”).

**Financial Review**

Revenue for the year amounted to approximately RMB8,237.9 million, decreased by 11.7% as compared with the previous year. Unfavorable macroeconomic environment and reduced domestic demand, coupled with the exceptionally high temperature in autumn and winter last year, resulted in a drop in revenue from the down apparel business. During the year, revenue from the branded down apparel business and the OEM management business decreased by 14.6% and 7.8% to RMB6,056.7 million and RMB880.5 million respectively, while revenue from the non-down apparel business increased by 1.9% to RMB1,300.7 million. These three businesses accounted for 73.5%, 10.7% and 15.8% of the Group’s total revenue respectively.

During the year, labour cost rose and down price increased significantly due to bird flu. The Group took advantage of its own economies of scale and strictly implemented cost control measures to ease the impact caused by the above factors. It also leverages the sufficient cash flows to make prepayment to suppliers and manufacturers in a timely manner in order to lower the cost of raw materials and processing. As a result, the Group's gross profit margin for the year remained stable at 50.0%. Nevertheless, operating profit fell due to the decrease in overall revenue and increase in operating expenses due to the expansion of self-operated stores during the year. Operating profit margin was 10.5% against 13.6% for the previous year. Net profit attributable to equity shareholders of the Company amounted to RMB694.7 million. The Board of Directors has recommended the payment of a final dividend of HK2.0 cents (equivalent to approximately RMB1.6 cents) per ordinary share.

The Group maintained an overall healthy financial position. As at March 31, 2014, the Group was in a net cash position of RMB1,978.0 million, including cash, available-for-sales financial assets and other financial assets and minus all bank borrowings.

## **Business Review**

Mr. Gao Dekang, Chairman of Bosideng, said, "China's apparel industry in 2013 had gone through the most challenging times in the decade. The business of down apparel was also affected by macroeconomic environment and faced with the general issues and challenges of the apparel industry. On the other hand, the temperature in autumn and winter last year was exceptionally high, which also affected the sales of down apparel. Capitalizing on its brand advantages throughout the years and its high market penetration, Bosideng maintained its leading position in the industry amidst the challenging environment."

According to the statistics published by China Industrial Information Issuing Center, the combined market share of the four down apparel brands of the Group (namely *Bosideng*, *Snow Flying*, *Combo* and *Bengen*) amounted to 37.8%, far ahead of its competitors for 19 consecutive years.

### **Down Apparel Business**

During the year, revenue of the Group's down apparel business was RMB6,056.7 million. Sales volume of branded down apparel, which included the non-seasonal products of the branded down apparel, decreased by 17.0% to 17.8 million units. Sales of the *Bosideng* branded apparel remained the largest contributor and contributed 66.9% or approximately RMB4,047.8 million to the total branded down apparel revenue. *Snow Flying* contributed 16.9% or approximately RMB1,025.1 million to the total branded down apparel sales. *Combo* and *Bengen* recorded revenue of approximately RMB453.7 million and RMB347.3 million respectively, and represented 7.5% and 5.7% of the total branded down apparel sales, respectively.

As of 31 March, 2014, the total number of stores of down apparel business recorded a net decrease of 1,357 to 11,652. The Group streamlined and adjusted its sales channels during the low season, thus the number of third party distributor stores recorded a net decrease of 2,083 during the year to 7,829. The number of self-operated stores has increased by 726 to 3,823, which accounted for 32.8% of the entire retail network.

During the year, the Group mainly focused on the following aspects and achieved initial accomplishments: (1) Effective procurement management to control cost; (2) Prompt adjustment of production plan according to retail sales and reduced the production volume by 15%; (3) Scanning of sales channels for more reasonable network planning; (4) Accumulation of experience for retail transformation; (5) Information management improved efficiency and system upgrade was adopted; (6) Significant improvement in logistics efficiency through management enhancement.

### **OEM Management Business**

During the year, revenue from the Group's OEM management business decreased by 7.8% year on year to RMB880.5 million, accounting for 10.7% of the Group's total revenue. The decrease in revenue from this business segment was mainly attributable to the slow economic recovery in Europe and the United States as well as the global trend of relocating the world's processing factories to Southeast Asian countries.

During the year, the Group began exporting and introducing products under its own brand to 480 stores in Germany and nearby countries by collaborating with a renowned European online retailer for apparel, accessories and household goods. Orders from distributors exceeded 12,000 units during the year, achieving such result in the first year of business proved the recognition of the Group's products from the market.

### **Non-down Apparel Business**

Revenue from non-down apparel business amounted to RMB1,300.7 million for the year. Revenue contribution from this business segment increased to 15.8% of the Group's total revenue from 13.7% of the previous year. *Bosideng MAN* is the largest contributor to the revenue of the non-down apparel business, which contributed 36.8% or approximately RMB478.2 million to the total non-down apparel sales. *JESSIE* and *Mogao* recorded revenue of approximately RMB348.4 million and RMB446.8 million respectively, which represented 26.8% and 34.3% of the total non-down apparel revenue, respectively.

As of 31 March, 2014, the total number of stores in non-down apparel business recorded a net decrease of 263 to 1,163.

### **Future Development**

Looking forward, Dr. Liang Sheuh-Hvei, Chief Executive Officer of Bosideng said, "It is expected that China's economic growth would continue to slow down in short term. In addition, under unfavourable factors such as high inventory and excessive expansion in earlier stage within the apparel industry, the prospect of retail market seemed gloomy. In response to such environment, the Group will streamline its organizational structure and refine its professional management to raise operating efficiency, so as to improve competitiveness of the Group and to further consolidate its leading position in apparel industry in China."

In terms of down apparel business, the Group will continue to reshape each brand by optimizing its embedded value; streamline and optimise the whole retail network based on data from sales terminals; strengthen its control in inventory so as to quickly respond to sales performance at the stores with more flexibility; establish a shared CRM and VIP management system and explore the mobile devices market to promote online-offline interaction.

In terms of non-down apparel business, the Group plans to terminate apparel brands with poor profitability, including *BOSIDENG RICCI* ladies' wear and a small down apparel brand *Slim*, so as to concentrate the Group's resources in its core business. Looking ahead, the Group will focus on two segments, namely women's wear and business casual men's wear, in its non-down apparel business.

With regard to the management structure, the Group will emphasise precise division of professional management, with less hierarchy and will streamline unnecessary positions and procedures to save manpower. Meanwhile, the Group will re-design a strategy-oriented performance appraisal system. The Group will enhance its operation capability through higher level of professional division of labour and emphasis on collaboration of the different departments, thereby laying a solid foundation for business development in the long term.

In the future, the Group will expand into new markets by adopting brand diversification, non-seasonal business and internationalization strategies, aspiring to become a respectable, internationally renowned comprehensive apparel brand operator.

– End –

**About Bosideng International Holdings Limited:**

Bosideng International Holdings Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group”) is the largest down apparel company in the PRC. Its top four down apparel brands, namely *Bosideng*, *Snow Flying*, *Combo* and *Bengen* accounted for 37.8% of the PRC down apparel market<sup>#</sup> in 2013. According to China Industrial Information Issuing Center and the National Bureau of Statistics of China, Bosideng has been the leading PRC down apparel brand for 19 consecutive years from 1995 to 2013.

Leveraging its outstanding brand value and extensive sales network, the Group is actively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation. Currently, key non-down apparel brands of the Group include *Bosideng MAN*, *JESSIE* ladies’ wear and *Mogao* casual wear.

<sup>#</sup> Among the 30 largest down apparel brands

For further information, please contact:

**iPR Ogilvy Ltd.**

Aven Yu/ Karen Tse/ Charis Yau/ Callis Lau

Tel: (852) 2136 6176/ 2136 6950/ 2136 6183/ 2136 6952

Fax: (852) 3170 6606

Email: [bosideng@iprogilvy.com](mailto:bosideng@iprogilvy.com)