

For immediate release



Bosideng Announces Annual Results for FY2021/22

**Insisted on the Strategy Direction of
“Focusing on Principal Business and Key Brands”
Achieved Steady and High-Quality Development of
Branded Down Apparel Business
Revenue and Profit Attributable to Equity Shareholders
Increased by 20.0% and 20.6% Respectively**

Financial Highlights

<i>RMB' 000</i>	For the year ended March 31		Change
	2022	2021	
Revenue	16,213,608	13,516,513	+20.0%
Gross profit	9,737,179	7,924,266	+22.9%
Operating profit	2,568,847	2,224,606	+15.5%
Profit for the Year	2,058,772	1,704,966	+20.8%
Profit attributable to equity shareholders	2,062,323	1,709,566	+20.6%
Earnings per share (RMB cents)			
- Basic	19.14	15.98	+19.8%
- Diluted	18.78	15.77	+19.1%
Dividend per share (HK cents)			
- Final	13.5	10.0	+35.0%
- Interim	4.5	3.5	+28.6%
- Full-year	18.0	13.5	+33.3%

(June 23, 2022 – Hong Kong) – Bosideng International Holdings Limited (“Bosideng” or the “Company”, stock code: 3998, which together with its subsidiaries is referred to as the “Group”), the largest down apparel company in the People’s Republic of China (“PRC”), announces its annual results for the year ended March 31, 2022 (the “Year”).

Financial Review

During the Year under review, the Group followed firmly the strategic direction of “focusing on principal business and key brands”, defined the Group’s brand positioning of being the “world’s leading expert in down apparel”, continued to consolidate the four core competencies of “leading brand, innovating products, upgrading channel and adhering to high product quality and quick response” and the two security systems in relation to “organization, mechanism, culture and talent development and digital operation”, and, under the circumstances of the industry’s overall downward trend, achieved a steady and high quality development of the branded down apparel business, which showed the resilience of the corporation’s development.

For the Year, the Group’s revenue hit a record high and amounted to approximately RMB16,213.6 million, representing an increase of approximately 20.0% year-on-year. The branded down apparel business remained the largest revenue contributor of the Group, accounting for approximately 81.6% of the total revenue. OEM management business and ladieswear business accounted for 11.7% and 5.6% of the total revenue, respectively. Diversified apparels business accounting for 1.1% of the total revenue.

During the Year, the Group's operating profit increased by 15.5% to approximately RMB2,568.8 million. Operating profit margin was 15.8%. With the successful brand upgrading and product upgrading, gross profit margin increased by 1.5 percentage points from 58.6% to 60.1%. Profit attributable to equity shareholders of the Company increased by 20.6% to approximately RMB2,062.3 million. Basic earnings per share were RMB19.14 cents. The Board of Directors recommended a final dividend of HKD13.5 cents per ordinary share. (FY2020/21: HKD10.0 cents).

Business Review

Branded Down Apparel Business

During the Year under review, positioning on the objective of being the "world's leading expert in down apparel", the Group focused on building leading channels, leading commodities, a leading image, leading retails, and leading user operations. Revenue of the overall branded down apparel business increased by 21.4% to approximately RMB13,223.0 million, in which revenue from branded down apparel under *Bosideng* brand up by 16.3% to approximately RMB11,617.7 million.

In terms of brand building, the Group continued to further extensively explore the brand value of *Bosideng* in association with "Top Brands, High Quality, Synonym of Down Apparel", and contributed to its brand building and improvement of operating results by constantly launching brand events, innovating communication content and communication approaches as well as continuously deepening consumer awareness and brand reputation. According to the "Brand Finance Apparel 50 2022" released by Brand Finance, one of the top five international authoritative brand value evaluation consultancies, the *Bosideng* brand was selected again and its ranking improved to 48th.

For commodity management, single-store orders of the Group were applied to self-operated stores, which meant products for sale in single stores would match the demand for orders and products would be produced with reference to the actual demand. Distributors adopted different flexible modes of order placement and rebate. The proportion of the first orders placed by distributors remained at a low level, and the remaining orders shall be replenished based on actual market feedback in the peak seasons. As of March 31, 2022, the inventory turnover days decreased by 25 days as compared to that as at March 31, 2021.

For supply chain management, the Group underwent systematic innovation upgrading in terms of resource integration, adopting flexible and quick response times, excellent quality maintenance and leading costs. Despite facing the challenges and difficulties from COVID-19 epidemic and the policy regarding restrictions on electricity and production in 2021, the Group defended against these risks through pre-positioning, strategic planning and symbiotic synergy in various aspects.

For digital operation, the Group has comprehensively formulated a three-year implementation plan for downlisting, upgrading, integrating, reconstructing and newly constructing IT products under the principle of life cycle management of IT products, and ultimately realized the goals of a mobile office, online business, digital operations and intelligent decision-making, thereby providing powerful technical solving tools or solutions for the Group's digital transformation.

In new retail operations aspect, the Group continued the use of corporate WeChat to build a more convenient communication bridge with customers, and achieved approximately 6.1 million new WeChat members and approximately 2.5 million new corporate WeChat friends. The Group had over 6.3 million followers on its *Bosideng* brand WeChat account and over 4.9 million fans on its Douyin official account.

For logistics and delivery, on one hand, the Group adopted the advanced algorithms of the self-developed inventory calculation centre (i.e. ICC) and order processing centre (i.e. OPC) systems to ensure early pick up by the courier company and the fastest distribution to consumers. On the other hand, through advanced logistics information technology system and highly automatic logistics equipment, the Group can maximize the automatic efficiency of equipment and deliver to the carrier for pick up at the fastest speed.

Regarding on R&D of products, the Group conducted precise development of different series of products for consumers based on consumer preferences and cognitive models. During the Year, the urban multifunctional jacket of *Bosideng* won the ISPO Award – Global Design Award, and the composite structure camping down apparel and zero-pressure down puff obtained the ISPO Global Design Award and the Red Dot Design Award.

For channel construction, the Group had been improving the quality of channels to increase their efficiency by targeting on “2+13”, i.e. 15 first-tier and new first-tier cities in total. The Group also established better stores in shopping malls, popular business areas and core areas of cities by “closing down small stores and opening large ones”. In addition, the Group further enhanced the layout of multi-level markets to start sales in local markets. As at March 31, 2022, the total number of selling points of the Group’s down apparel business (net) decreased by 341 to 3,809. The self-operated and third party distributor-operated selling points as a percentage of the overall selling points were approximately 45.3% and 54.7%, respectively.

OEM Management Business

In FY 2021/22, despite the impact of the global epidemic, the OEM management business maintained stable and healthy development, which were mainly due to the below 4 reasons: first, the relatively high growth in performance of core customers; second, the team actively sought high-quality new customers; third, the overseas production arrangement has achieved remarkable results; and fourth, the Group implemented a flexible management mechanism. For the year ended March 31, 2022, revenue from the Group’s OEM management business amounted to approximately RMB1,901.3 million, representing 11.7% of the Group’s total revenue and an increase of 23.8% as compared to that of the corresponding period of last year. Despite through various measures adopted by the Group to strictly control costs and expenses, the gross profit margin of the OEM management business decreased by 1.0 percentage points to 18.6% as the global epidemic during FY2021/22 has had a certain impact on supply chain costs, transportation costs and others.

Ladieswear Business

The Group’s ladieswear business has won the favor of Chinese female consumers through its rich product hierarchy image and brand positioning. For the Year, the ladieswear business recorded a revenue of RMB903.7 million, representing a slightly decrease of 4.5% and accounting for 5.6% of the total revenue of the Group. As of March 31, 2022, the total number of retail outlets of the Group’s ladieswear business decreased by 15 to 462, self-operated retail outlets increased by 10 to 364 and net retail outlets operated by third party distributors decreased by 25 to 98 as compared to the same period of last year, respectively. of the total retail outlets of the Group’s ladieswear business, approximately 61.7% are located in first – and second-tier cities (i.e. Beijing, Shanghai, Guangzhou, Shenzhen and provincial capital cities in China) and approximately 38.3% are located in third-tier cities or below.

Diversified Apparels Business

Revenue from diversified apparels business was approximately RMB185.6 million, representing an increase of 28.3% as compared to that of the corresponding period of last year. As the Group adhered to the overall strategy of “focusing on our principal business and shrinking diversification”, the contribution from businesses such as the MAN and HOME brands to the Group’s total revenue further dropped. However, the school uniform business developed by the Group in 2016 recorded significant growth in the financial year. Therefore, the proportion of the overall diversified apparels business to the Group’s total revenue maintained at 1.1%. During the Year, contract orders for the school uniform business of *Sameite* recorded an increase of 80.5% as compared to that of the corresponding period of last year, and revenue amounted to approximately RMB160.6 million, representing an increase of 80.9%.

Online Sales

Online sales channel has been a key focus of the Group for vigorous development. Since the Group's strategic transformation in 2018, it continued to show high-quality growth. During the Year, revenue from the total online sales of the Group's brands was approximately RMB4,024.8 million, representing a year-on-year increase of 12.3%. Revenue from the online sales of the branded down apparels and ladieswear businesses for the year was approximately RMB3,931.0 million and approximately RMB85.9 million, accounting for 29.7% and 9.5% of the revenue of each business, respectively.

Future Development

Mr. Gao Dekang, Chairman and President of Bosideng, said, "Although Bosideng confronted numerous challenges from the epidemic and other various aspects in 2022, we still believe that from a long-term perspective, China's economy will recover in an orderly manner in the post-epidemic era. Therefore, as a leading enterprise in China's down apparel industry, Bosideng will continue to demonstrate its development resilience in the face of changes and challenges. On the one hand, the Group will continue to keep pace with the times and embrace the changes of the times through continuously building the core competitiveness of the corporate; on the other hand, in the face of the complexity and uncertainty of the external environment, the Group will unswervingly adhere to the original mission of 'Bosideng warms the world', the strategic vision of 'Be the most respectable and fashionable functional apparel group around the world' and the strategic direction of 'focusing on principal business and key brands'. The Group will set higher standards based on benchmarking, spare no efforts in overcoming difficulties, bravely scale new heights, and strive to enhance its global leading position."

In the future, the Group will adopt different strategies for developing its businesses as follows:

Down Apparel Business: The Group will stay focused on its principal business of down apparel and keep building up the core competitiveness of this main business, thus remaining at the forefront of the down apparel industry. We will continue to position *Bosideng* as the "world's leading expert in down apparel" and lead the industry in both professionalism and brand awareness. It will evolve from an industry leader in sales volume into the world's leading brand in terms of overall strength. Meanwhile, it will press on with the store-oriented strategic transformation of the process of its mega retail operation. We will also develop the markets for down apparel under the brand of *Snow Flying* and *Bengen*, with the aim of making *Snow Flying* an apparel brand operator trusted by consumers in the Internet era and the number one brand of down apparel with high performance-price ratio. With the differentiated positioning of *Bosideng*, *Snow Flying* and *Bengen*, the Group will be able to attain a comprehensive market coverage with an even stronger core business of down apparel and a larger market share.

OEM Management Business: The Group aspires to be "an expert in OEM/ODM of functional apparel for mid-range and high-end international brands". It will improve both the quality of its operations and profitability by tapping the potential of its businesses with existing customers and by pursuing breakthroughs in boosting business with expanded customer base. It will also keep consolidating the foundation for its good and stable cooperation with existing core customers and, at the same time, expand new customers resources. We will also speed up the deployment of its overseas production resources, thus optimizing and improving its service capability.

Ladieswear Business: The Group will place more emphasis on the healthy development of its branded ladieswear business by adjusting, improving and adding impetus to that business. We will set a clear direction of development and fine-tune the business model of ladieswear business so that its various ladies' fashion brands will be able to share resources and thus amplify their synergy. The Group will seek to raise the operational and management efficiency of its ladieswear business units by gradually improving the product, sales channel and brand power. This can lead to healthy growth in its ladies' fashion business.

Diversified Apparels Business: The Group will enhance the brand influence of *Sameite* as “an international expert in high-end school uniforms” by building up the core competitiveness of its products, optimizing its product mix and developing the market further for growth.

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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. Currently, the Group’s ladieswear brands include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*; and the school uniform brand includes *Sameite*.

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