

For immediate release



波司登國際控股有限公司
Bosideng International Holdings Limited

**Bosideng Announces Interim Results of 2014/15 Financial Year
Net Profit Reaches RMB253 Million**

*** **

Proactively clear inventory and consolidate retail network

Financial highlights (Unaudited)

<i>RMB'000</i>	For the six months ended September 30		Change
	2014	2013	
Revenue	2,849,533	2,809,239	+1.4%
Gross profit	1,349,499	1,387,113	-2.7%
EBITDA	473,433	422,902	+11.9%
Operating profit	306,604	343,398	-10.7%
Profit attributable to equity shareholders	252,733	326,144	-22.5%
Basic and diluted EPS (RMB cents)	3.18	4.10	-22.4%
Interim dividend per share	RMB1.0 cent/ HK1.2 cents	RMB2.9 cents/ HK3.7 cents	-67.6%

(November 27, 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 mainland China, is pleased to announce its unaudited interim results for the six months ended September 30, 2014 (“the Period”).

Financial review

During the Period, the Group’s revenue increased by 1.4% year on year to approximately RMB2,849.5 million. The increase of revenue is mainly attributable to a 54.8% increase in revenue from the OEM management business, as a majority of orders in the 2014/15 financial year was completed and delivered by the end of September. However, the Group focused on clearing the inventory in the down apparel business, as well as re-positioning the brand and proactively adjusting the retail network; the revenue of down apparel business recorded a decline year on year. During the Period, the revenue of down apparel business, OEM management business and non-down apparel business were approximately RMB1,418.4 million, RMB1,011.2 million and RMB419.9 million respectively, accounting for 49.8%, 35.5% and 14.7% of the Group’s revenue.

During the Period, the gross profit margin decreased by 2.0 percentage points year on year to 47.4%. This is attributable to the 5.2 percentage points decline in non-down apparel gross profit margin due to the reduction of *Bosideng Menswear* inventory through the various promotion platforms, and the 2.9 percentage points decline in gross profit margin of OEM management business due to the change of order structure. The gross profit margin of down apparel increased by 9.1 percentage

points year on year, which was mainly attributable to the increase in the proportion of *Bosideng* branded apparel sales with higher gross profit margin and the reversal of provision for price-loss of inventory. Meanwhile, the Group proactively controlled operating expenses during the Period and as a result, EBITDA increased by 11.9% to RMB473.4 million year on year. The Group's operating profit decreased by 10.7% to RMB306.6 million. Operating profit margin for the Period was 10.8%, representing a decrease of 1.4 percentage points as compared to 12.2% for the corresponding period of last year. Such decrease was mainly due to the one-off impairment of goodwill for apparels of menswear and ladieswear. The Board has recommended the payment of an interim dividend of HKD1.2 cents per ordinary share for the six months ended September 30, 2014.

Business Review

Mr. Gao Dekang, Chairman of Bosideng, said, "China's apparel industry continued to face challenges, such as over-capacity, inventory backlog and excessive expansion of retail networks in the past. The apparel enterprises, however, had been generally well aware of the problems and already proactively adjusted their businesses in response. In addition, the apparel industry continued to put efforts to explore sales channels apart from the traditional ones. For instance, it is promoting the interaction between online and offline channels to adapt to new mode of consumption. Bosideng will strive to stay up to date on the market trends and thus enhance the competitiveness to maintain a sustainable and healthy growth for the long term."

Down Apparel Business

In the first half of financial year, which is low season for down apparel sales, the Group mainly sold off-season products. During the Period, the revenue of the down apparel business decreased by 19.2% year on year to RMB1,418.4 million. Sales volume of branded down apparel decreased by 8.2% year on year to 6.0 million unit, which is mainly due to the Group's efforts in controlling inventory and production volume. Among the four down apparel brands, *Bosideng* contributed the largest part of the revenue of approximately RMB1,039.9 million, accounting for approximately 73.3% of the total down apparel revenue, while *Snow Flying* contributed approximately RMB150.1 million, accounting for approximately 10.6% of the total down apparel revenue.

As of September 30, 2014, the total number of retail outlets (net) decreased by 3,436 to 8,216, and the percentage of self-operated retail outlets in the entire retail network increased to 42.8% from 32.8% recorded as at the end of March 2014. The number of retail outlets decreased mainly because the Group assessed regions and business districts and streamlined and consolidated the retail network of its down apparel brands during the low season to avoid the overlapping of the channels, in order to rationalise its retail network. In addition, the Group also closed stores which failed to meet its sales expectations or unable to meet its requirements in terms of brand image and services.

During the Period, the Group mainly focused on the following aspects: (1) Cleared old inventory and controlled new inventory; (2) Strengthened retail management and enhanced data analysis and application; (3) Leveraged more on new media such as social media and explored cross-industry cooperation in popular public relation activities; (4) Explored O2O model by proactively boosting mobile e-commerce and optimizing supply chain and logistics for on-line sales.

OEM Management Business

During the Period, the revenue from the Group's OEM management business increased significantly by 54.8% year on year to RMB1,011.2 million, and accounted for 35.5% of the Group's revenue. The Group had 11 major OEM clients this financial year. Revenue from the top five clients accounted for approximately 78% of the revenue from the OEM management business.

Non-down Apparel Business

During the Period, the revenue from non-down apparel business increased by approximately 5.1% year on year to RMB419.9 million, and accounted for 14.7% of the Group's revenue. During the Period, the Group continued to adjust the sales channels, reduce inventory and optimize product portfolio for its non-down apparel brands.

Retail outlets of different brands which had been underperforming were gradually closed down during the period. As of September 30, 2014, the total number of non-down apparel retail outlets decreased by 114 to 1,049 as compared to that as of March 31, 2014.

Future Development

Looking forward, Dr. Liang Sheuh-Hvei, Chief Executive Officer of Bosideng said, "The Group will remain prudent when developing the market in view of weak consumption, uncertain weather conditions and intensifying competition. The Group will continue to strive to enhance its competitiveness in order to lay the foundations in the second half of the financial year for its long-term development."

Down apparel business: We will prepare for the new mode of consumption. The Group has adopted measures to decrease its inventory level and improve its cash flow. It is gradually improving the operating efficiency by improved data management. Our move to reshape the brand will enhance our brand equity. The Group will also leverage on the Internet to further promote O2O.

International layout: We will further expand the operation of its overseas flagship stores and our own down apparel brands and fully consolidate the Group's resources to enhance Bosideng's status and competitiveness in the global down apparel market.

Diversified development: The Group will proactively pursue opportunities for new business and external alliances as it is aspiring to become an integrated and multi-brand apparel 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[#] 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.

[#] 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