

**For immediate release**



波司登國際控股有限公司

## **Bosideng International Holdings Limited**

**Bosideng Announces Interim Results  
for Six Months Ended September 30, 2013  
Profit Attributable to Equity Shareholders Grew by 3.1% to  
RMB326 million**

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**Rationalize Retail Network to Improve Operational Efficiency  
Interim Dividend of HKD3.7 cents per Share Recommended**

### ***Financial Highlights (Unaudited)***

<i>RMB '000</i>	For the six months ended		
	September 30		
	<b>2013</b>	2012	Change
Revenue	<b>2,809,239</b>	3,080,018	-8.8%
Gross profit	<b>1,387,113</b>	1,403,203	-1.1%
Gross profit margin (%)	<b>49.4</b>	45.6	+3.8 pts
Operating profit	<b>343,398</b>	426,537	-19.5%
Operating profit margin (%)	<b>12.3</b>	13.8	-1.5 pts
Profit before income tax	<b>419,041</b>	459,276	-8.8%
Profit attributable to equity shareholders	<b>326,144</b>	316,398	+3.1%
Basic and diluted EPS (RMB cents)	<b>4.10</b>	3.97	+3.3%
Interim dividend per share (HKD cents)	<b>HKD3.7</b>	HKD6.0	-38.3%

**(November 28, 2013 – 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, 2013.

### **Financial review**

For the six months ended September 30, 2013, the Group's revenue decreased by 8.8% year on year to approximately RMB2,809.2 million. The decline was attributable to the shrinking purchasing power in the PRC and the Group's efforts to assist distributors to clear inventory. This led to a 4.7% year on year revenue decline in the down apparel business and an 18.1% year on year revenue decrease in the non-down apparel business. Moreover, certain OEM clients gradually shifted their outsourcing production orders to Southeast Asian countries due to rising production cost in China. As a result, revenue from the Group's OEM management business dropped by 12.9% year on year.

Gross profit margin rose by 3.8 percentage points to 49.4% from 45.6% during the period. The increase was attributable to the higher proportion of the higher-margin self-operated business in overall sales, and the inventory write-back of approximately RMB58.6 million. However, the increase in the number of self-operated stores during the period caused the operating expenses to rise, thus squeezing the operating profit margin. Nonetheless, Profit attributable to equity shareholders increased by 3.1% year on year to RMB326.1million due to effective cash management and the lower income tax rates enjoyed by one of the subsidiaries in the PRC. The board of directors has recommended the payment of an interim dividend of HK3.7 cents per ordinary share for the six months ended September 30, 2013.

## **Business review**

### ***Down Apparel Business***

During the period under review, the revenue of the Group's down apparel business decreased by 4.7% year on year to RMB1,756.3 million, and accounted for 62.5% of the Group's total revenue. Sales volume of branded down apparel slightly increased by 0.4% year on year to 6.53 million units (including the non-seasonal products of the branded down apparel). The Group's brand separation strategy boosted the sales volume under the Bosideng brand by 12.6% year on year. As the first half of the year was the low season for down apparel sales, the Group increased off-season discounts to stimulate sales and made preparation work for the up-coming peak sales season.

As of September 30, 2013, the total number of stores (net) decreased by 344 to 12,665, and sales area slightly increased by 5.1%. The Group streamlined and adjusted its sales channels during the low season, and the number of third-party distributor stores (net) decreased by 1,042 to 8,870 during the period. The number of self-operated stores increased by 698 to 3,795, and accounted for 30.0% of the down apparel retail network.

### ***OEM Management Business***

During the period under review, the revenue from the Group's OEM management business decreased by 12.9% year on year to RMB653.4 million, and accounted for 23.3% of the Group's total revenue. The decrease was mainly attributable to the slow economic recovery in Europe and the United States as well as the competition from Southeast Asian countries.

To mitigate the impact, the Group expanded the overseas market for its own brand products during the period. The Group marketed the Bosideng brand down apparel products in countries such as Germany through a renowned European online retail channel operator for apparel, accessories and household goods. The first batch of down apparel products in more than 20 designs were launched in Germany and Italy in October this year.

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

During the period under review, the revenue from non-down apparel business decreased by approximately 18.1% year on year to RMB399.5 million, and accounted for 14.2% of the Group's total revenue. The Group endeavored to reduce stock, adjust product positioning and rationalize distribution and retail channels for its non-down apparel brands.

Poor performing outlets of different brands were successively closed down during the period. In view of the sluggish market, the Group took a more conservative approach in opening new stores. As of September 30, 2013, the total number of non-down apparel stores (net) decreased by 159 to 1,267. In particular, the number of Bosideng MAN stores was 663, which included 112 self-operated stores and 551 third-party distributor stores. That of JESSIE totalled 227, comprising 117 self-operated stores and 110 third-party distributor stores, with self-operated stores accounting for more than 51% of the total. Mogao has a total of 354 sales outlets, including 203 self-operated outlets and 151 distributor stores.

As the number of retail outlets reduced, Bosideng MAN recorded sales revenue of approximately RMB96.0 million. JESSIE recorded sales revenue of RMB122.3 million, while that of Mogao was RMB168.7 million.

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "China's apparel industry is going through the most trying times in the decade. The country's apparel retail sales have been decelerating, coupled with the rising raw material prices, labor costs and rental costs, gradually eroded the profit margin of the country's apparel retail industry. Well-aware of the challenges ahead, the Group made efforts in the following key areas: 1) strengthening purchasing management to minimize production costs; 2) adopting a prudent approach to its annual production plan in order to prevent overstocking; 3) scrutinizing and rationalizing sales channels, analyzing and formulating channel expansion plan, and fostering the development of sales channels in a well-organized manner; 4) implementing full-scale retail transformation by providing training and technological support for retail operation; 5) enhancing information management and development; 6) steadily developing e-commerce business, and actively exploring innovative online and offline retail business models."

### **Outlook**

Looking ahead, Mr. Gao said, "The Group will continue with its brand separation strategy so as to reinforce its leading position in the core down apparel market. In order to improve the business management, the Group will enhance data management and analysis, adjust and optimize the sales channel composition based on the data. Meanwhile, strictly controlling the operating expenses and raising operational efficiency will be our ongoing priority. In addition, we will also recruit all-season apparel brand management talents to improve the operation and management of the non-down apparel business. All these measures aim at ensuring the Group's sustainable development and generating better returns to shareholders."

### **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 40.1% of the PRC down apparel market<sup>#</sup>. 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 18 consecutive years from 1995 to 2012.

Capitalizing on 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

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