

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

**Bosideng Announces Interim Results of 2015/16 Financial Year
Net Profit Reaches RMB131 Million**

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**Inventory clearance gradually yielded results
Average inventory turnover days decreased**

Financial highlights (Unaudited)

| <i>RMB'000</i> | For the six months ended September 30 | | Change |
|---|--|-----------|--------|
| | 2015 | 2014 | |
| Revenue | 2,563,746 | 2,849,533 | -10.0% |
| Gross profit | 924,325 | 1,349,499 | -31.5% |
| EBITDA | 360,861 | 566,164 | -36.3% |
| Operating profit | 132,330 | 306,604 | -56.8% |
| Profit attributable to equity shareholders | 130,699 | 252,733 | -48.3% |
| Basic EPS (RMB cents) | 1.64 | 3.18 | -48.4% |

(November 30, 2015 – 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, 2015 (“the Period”).

Financial review

Affected by the macroeconomic environment in China, coupled with the Group’s continued efforts to clear inventory and to implement more stringent production plans during the Period, overall revenue decreased. For the six months ended September 30, 2015, revenue of the Group amounted to approximately RMB2,563.7 million, representing a year-on-year decrease of approximately 10.0%. During the Period, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 47.2% of the Group’s revenue, with the remaining 37.5% and 15.3% derived from OEM management business and non-down apparel business, respectively.

During the Period, gross margin decreased by 11.3 percentage points to 36.1%. The Group proactively cleared inventory, reduced the production volume of new products and stepped up efforts in promotion to keep inventory at a healthy level, which inevitably affected the gross margin of branded down apparel business in the near term. Gross margin of branded down apparel business dropped by 23.9 percentage points to 43.9% while that of non-down apparel business and OEM management business increased by 4.3 percentage points and 1.1 percentage points to 55.3% and

18.2%, respectively. The gross margin growth of non-down apparel business was mainly driven by the sales of *JESSIE* ladieswear with higher margin. During the Period, the operating profit and profit attributable to equity shareholders of the Company decreased by 56.8% and 48.3% to approximately RMB132.3 million and RMB130.7 million respectively. The Board does not recommended the payment of an interim dividend for the six months ended September 30, 2015.

Business Review

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, “During the Period, China’s apparel industry continues to face tremendous challenges. Economic uncertainties in national economy, coupled with turbulence in the financial market, further dampened the market confidence and consumer sentiment. Meanwhile, there has been drastic changes in the consumption pattern of China’s consumers brought about by proliferation of information with the increasing popularity of Internet and online shopping. The speedy expansion of overseas brands in the PRC market has also prompted national brands to switch their development mode from one that relies on store openings to swift response in various stages of business operation, including branding, products, logistics and retail sales. The Group has also been actively exploring and gradually shifting from the traditional wholesale business model to a retail model that draws closer to the market and the consumers, laying a more solid business foundation for healthy and sustainable development in the future.”

Down Apparel Business

The first half of the year was a low season for the sales of down apparels. During the Period, the Group mainly featured off season sale. During the Period, revenue from the branded down apparel business recorded a year-on-year decrease of 14.6% to RMB1,210.8 million. The Group adhered to last year’s strategy and further stepped up its efforts this year to optimise its retail network and clear inventories, and implemented more stringent production and product plans to strictly monitor the production volume. Besides, the Group introduced trial marketing, pursuant to which the Group would carry out trial marketing of some flagship products and styles in physical stores prior to formulating the corresponding production and sales plans to test and understand the market reaction in order to avoid inventory accumulation. Through a series of inventory clearance initiatives, the Group’s average inventory turnover days reduced by 50 days to 221 days during the Period and the management believe that the figure will further decrease by the end of the financial year.

The Group introduced “Pop-up Store” concept for the first time to respond to the change in consumption model. The Group successively organised six pop-up stores at prime shopping locations in key China markets during the peak sales season from September to December to market the Group’s new down apparel products for this year. The pop-up stores attracted customer flow with innovative displays and eye-catching designs. Various live events, performances and games were introduced to increase interaction with consumers, thus enhancing brand recognition. The pop-up stores were well received by the market, which not only successfully became talk of the town with widespread media coverage, but also drove the Group’s local sales performance.

OEM Management Business

During the Period, revenue from the Group’s OEM management business decreased by 5.1% year-on-year to RMB959.7 million. OEM management business had 13 major clients, among which the top five customers accounted for approximately 80.0% of the revenue from the OEM management business.

Non-down apparel business

During the Period, revenue from the Group's non-down apparel business was approximately RMB393.2 million, representing a year-on-year decrease of 6.4%. During the Period, various non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail sales

Future development

Mr. Gao Dekang said, "Looking into the second half of the year, it is expected that China's economic growth will continue to slow down, and even suffer from deflation. Therefore it is believed that consumer confidence will remain low, making it hard for the Group to keep an optimistic view on the retail consumer market. The operating environment will remain challenging. We will continuously strive to enhance our competitiveness and improve our operating efficiency, so as to lay a solid foundation for Bosideng's sustainable growth.

Down apparel business: We will continue to implement inventory reduction measures proactively to improve our business. In terms of product development, we will significantly reduce the development of traditional and basic styles to avoid overlapping with old stocks. At the same time, we will introduce more hi-tech fabrics in order to satisfy the growing demand for functional down apparel in the market, providing more value-for-money, high quality and ready down apparel products to customers. Furthermore, through a series of retail transformation initiatives, the Group will be able to gradually transit from a traditional wholesale business model to a market and consumer-oriented retail model.

International business: We will further expand the operation of our flagship store in the United Kingdom by leveraging the Group's resources to expand the branded down apparel product series, in order to enhance the competitiveness of Bosideng brand in the overseas market.

Diversified development: We will also proactively pursue opportunities for new business and external alliances including the introduction of strategic investors who can drive and enhance the Group's business so as to further strengthen the Group's capabilities in operation, management and acquisition and merger, striving to become an integrated multi-brand apparel operator."

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About Bosideng International Holdings Limited:

Bosideng International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is a renowned down apparel company in the People’s Republic of China (the “PRC”) with four core down apparel brands, namely *Bosideng*, *Snow Flying*, *Combo* and *Bengen*. The Group satisfies different customers and fosters its leading position in the PRC market through its core brands.

Leveraging on its down apparel business, the Group is actively propelling the strategy of developing an evergreen business for four seasons and proactively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation, and stride toward becoming a world-renowned integrated apparel brand operator. Currently, key non-down apparel brands of the Group include *Bosideng MAN*, *JESSIE* ladies’ wear and *Mogao* casual wear.

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