

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

Bosideng Announces Interim Results of 2016/17 Financial Year

Profit attributable to equity shareholders increased 20.3% to RMB157 million
Continued to optimize the product mix
Actively promoted brand innovation

Financial Highlights (unaudited)

<i>RMB'000</i>	For the six months ended September 30		Change
	2016	2015	
Revenue	2,566,663	2,563,746	0.1%
Gross profit	1,010,918	924,325	9.4%
Operating profit	259,512	132,330	96.1%
Profit attributable to equity shareholders	157,177	130,699	20.3%
Earnings per basic share (RMB cents)	1.91	1.64	16.5%

(November 29, 2016 – 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 the unaudited interim results for the six months ended September 30, 2016 (“the Period”).

Financial Review

During the Period under review, overall revenue remained steady. Branded down apparel business continued to grow, whereas non-down apparel business increased due to the acquisition of BUOU BUOU ladieswear. These increases have offset the decrease in the OEM management business due to reduction in orders' size, revenue of the Group still amounted to approximately RMB2,566.7 million for the period ended September 30, 2016, representing an increase of approximately 0.1% as compared to that for the corresponding period of last year. During the Period under review, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 56.5% of the Group's revenue, with the remaining 25.9% and 17.6% derived from OEM management business and non-down apparel business, respectively.

During the Period, gross profit of the Group increased by 9.4% from RMB924.3 million in the same period last year to RMB1,010.9 million, while gross margin increased by 3.3 percentage points to 39.4%. The Group proactively controlled and adjusted the inventory and sales network of down apparel business and non-down apparel business to minimise unnecessary inventory to leave room

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for production of products with higher profit margin. Gross margin of down apparel business and non-down apparel business slightly dropped by 0.3 percentage point and 3.3 percentage points to 43.6% and 52.0%, respectively. Gross margin of OEM management business increased by 3.4 percentage points from last year to 21.6%, mainly attributable to the change in sales mix where the proportion of higher profit margin orders increased during the Period. The Group's operating profit and profit attributable to equity shareholders increased by 96.1% and 20.3% to approximately RMB259.5 million and RMB157.2 million during the Period,. The Board has recommended the payment of an interim dividend of HKD1.0 cent (equivalent to approximately RMB0.9 cent) per ordinary share for the six months ended September 30, 2016.

Business Review

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "During the Period, uncertainties have remained in the macroeconomy of China. Overall consumption power and consumer sentiments lacked conspicuous growth momentum. The apparel industry in China continued to face tremendous challenges. However, in the past few years, most of the apparel companies, have learnt the consequences of overexpansion of the industry in the past and taken proactive efforts to cope with and improve their businesses, which are conducive to the long-term and healthy development of the industry. In addition, apparel companies also begin to focus on consumer experience, brand building and corporate image, thus laying a more solid foundation for their long-term development in the market. The Group is also gradually exploring the transition from the traditional business model that focuses on wholesale to the needs of consumers and market. This builds a more solid business foundation for future healthy and sustainable development."

Down Apparel Business

The first half of the year was a low season for the sales of down apparel products. The Group focused on off-season sales and made proactive preparations for the upcoming peak sales season. During the Period, revenue from the branded down apparel business amounted to approximately RMB1,450.2 million, increased by 19.8% compared with the same period last year. The Group continued to devote relentless efforts in clearing inventory and adjusting the sales network, as well as actively maintained strict production and product planning to avoid unnecessary inventory. At the same time, the Group also placed the emphasis of its core strategies on brand building and image optimisation so as to gradually increase consumers' awareness of its brands as well as to enhance its brand value and recognition.

During the Period, the Group actively promoted brand innovation while optimizing various business segments. Bosideng has changed its logo which has been used for many years. The new logo enhances the aesthetics while maintaining the old elements of Bosideng's logo. The change of logo represents an important milestone in the course of the Group's brand reshaping and also symbolizes the Group's determination to change towards a market-oriented sales strategy, attributing to it the elements of a modernised and trendy brand image. In addition, with respect to products, the Group made a number of new attempts during the Period and launched many new product series, bringing freshness to the market. In September, the Group worked with The Walt Disney Company to introduce Bosideng x Disney down apparel products, which was well received by the market. Given the increasing consumer demand for high quality down apparel products, the Group introduced the velvet series of high-end down apparel products to cater for the market needs. It not only provided more diversified choices for consumers, but also increased the Group's proportion of products with higher profit margins. The Group will appropriately adjust and optimise the product mix according to the market responses of new products.

OEM Management Business

During the Period, revenue from the Group's OEM management business decreased by 30.8% as compared with that for the corresponding period of last year to RMB664.3 million. As increasingly

more OEM customers tend to look for those factories with multinational production capabilities, this will gradually be an international norm. Accordingly, revenue of the Group decreased due to the loss of some OEM orders. Faced with this new trend, the Group will actively cope with it and plan to fully make use of ITOCHU Corporation's production facilities in Southeast Asia in the coming financial year to increase the Group's multinational production capabilities, which is believed to benefit the expansion of the Group's OEM management business in the long run.

Non-down Apparel Business

During the Period, revenue from the Group's non-down apparel business was approximately RMB452.2 million, representing an increase of 15.0%. During the Period, non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail capabilities to enhance their business. Due to the increase in overall sales volume, revenue from *Bosideng MAN* increased by 2.2% to approximately RMB100.5 million. During the Period, revenue from *JESSIE* increased by 6.7% to approximately RMB168.9 million. *JESSIE* concentrated its efforts on strengthening the management capabilities of self-operated stores, increasing the user-end investment, maintaining and following up VIP customer relationship and increasing revenue from VIP customer purchase, and took a prudent approach towards store opening. *Mogao* implemented a tight strategy to profoundly optimize sales network. During the Period, revenue from *Mogao* was approximately RMB100.5 million. The Group acquired *BUOU BUOU* ladieswear in July 2016 and revenue from *BUOU BUOU* amounted to RMB76.3 million.

Future Development

With respect to down apparel business, in addition to adjusting retail network and devoting its efforts to branding and product innovation, the Group will inject new growth momentum into the brand through introducing a series of retail transformation and enhancement measures.

With respect to non-down apparel business, the Group will reassess and review the performance of various brands and their long-term growth potentials. After weighing the revenue, resource allocation and the Group's long-term development strategies, the Group will appropriately adjust the non-down apparel product mix in pursuit of the objective of becoming a sound and multi-brand integrated apparel operator.

In addition, the Group will actively seek opportunities of new businesses and external alliances, including proactively introducing strategic investors and partners to promote diversified development. In October 2016, our Company indirectly introduced ITOCHU Corporation as strategic shareholder through capitalisation of JPY24 billion shareholders' loan into new Shares. It is believed that, through the above profound cooperation, ITOCHU Corporation's expertise and global resources not only strengthen the Group's capabilities in brand management, but also increase Bosideng's merger and acquisition capabilities to further expand its business in the non-down apparel area so as to achieve the long-term win-win objective. ”

Mr. Gao Dekang concluded, “Looking ahead to the second half of the year, the retail business environment remains not optimistic as a whole. Macroeconomic growth in China is expected to continue slowing down. It is believed that consumer confidence and consumption sentiments will remain weak. Coupled with intensifying market competition and increasing choices for consumers, the market and business environment remains challenging. The Group will continue to adopt a practical and proactive approach to enhance its competitiveness and operating efficiency so as to lay a solid foundation for the Group's sustainable development. ”

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 down apparel brands, namely *Bosideng*, *Snow Flying* 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, *Mogao* casual wear and *BUOU BUOU* ladies’ wear.

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