

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

**Bosideng Announces Interim Results for Financial Year of 2017/18
Revenue and profit attributable to equity shareholders
increased by 15% and 11% respectively**

*** **

**Down apparel business stabilised
High-end ladieswear business began to scale up**

Financial Highlights (unaudited)

<i>RMB'000</i>	For the six months ended		Change
	September 30 2017	2016	
Revenue	2,959,143	2,566,663	+15.3%
Gross profit	1,187,921	1,010,918	+17.5%
Operating profit	218,959	259,512	-15.6%
Profit attributable to equity shareholders	174,506	157,177	+11.0%
Earnings per basic and diluted share (RMB cents)	1.65	1.91	-13.6%
Interim dividends (HK cents)	1.5	1.0	+50.0%

(November 28, 2017 – 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 unaudited interim results for the six months ended September 30, 2017 (“the Period”).

Financial Review

During the Period, the Group expanded its revenue source after it developed a new business, Bosideng HOME, last year and acquired two ladieswear brands, KOREANO and KLOVA during the Period. This boosted the growth in revenue from the Group’s non-down apparel business and its total revenue. For the six months ended September 30, 2017, revenue of the Group amounted to approximately RMB2,959.1 million, representing an increase of approximately 15.3% as compared with the corresponding period of last year. During the Period, the branded down apparel business remained the biggest revenue contributor of the Group, accounting for 50.1% of the Group’s revenue, with the remaining 22.9% derived from its original equipment manufacturing (“OEM”) management business and 27.0% from non-down apparel business.

For the six months ended September 30, 2017, the Group’s operating profit was RMB219.0 million. Gross profit of the Group increased by 17.5% year-on-year to approximately RMB1,187.9 million, while gross margin increased by 0.7 percentage points year-on-year to 40.1%. Profit attributable to equity shareholders of the Group increased by 11.0% year-on-year to approximately RMB174.5 million. Basic earnings per share amounted to RMB1.65 cents. The Board has proposed an interim dividend of HKD1.5 cents per ordinary share.

- Cont’d-

Business Review

Down Apparel Business

During the Period, revenue from the branded down apparel business amounted to approximately RMB1,483.5 million, representing a year-on-year increase of 2.3%. The Group continued to actively optimise the retail network and shut down underperforming stores to enhance the overall quality of its stores. As at September 30, 2017, the total number of retail outlets of the Group's down apparel business (net) increased by 221 to 4,513 compared with as of March 31, 2017.

In recent years, the Group has endeavoured to clear inventory and adjust the sales network. After years of efforts, the Group has brought its current inventory back to a healthy level and rationalized its sales network. The Group worked with its distributors to control the inventory from the management to operation of the business, adopting a three-year product clearance policy throughout the process. The Group will continue to carry out product planning and production cautiously to avoid excess inventory.

As to its products, the Group has launched the Anti-Cold series (極寒系列) and Wind Breaker series (風衣系列) this year to meet consumers' higher requirements for the functionality of the down apparel, and they proved to be well-received products. The Disney series, a popular series in the market when it was launched last year, showed innovation and breakthroughs this year in the choice of material, design and cut. Through customized printing and attachment of ribbons, the product series fully demonstrates the elements of Disney and exudes the vibe of childlike wonder in the details of the design. The number of stores that promote the Disney series has increased to 306 nationwide this year from 42 stores last year when the series was launched to the market. The Group's brand rejuvenation is crucially attributable to such a substantial number of young followers attracted to the product series.

OEM Management Business

During the Period, revenue from the Group's OEM management business increased by 1.9% year-on-year to approximately RMB677.2 million. However, some of the orders that used to be placed with the manufacturers in Southeast Asia were placed with those in China instead after the United States announced its official withdrawal from the Trans-Pacific Strategic Economic Partnership Agreement in January 2017. This, coupled with a more sophisticated and mature value chain in the industry and higher production efficiency of China, may lead to a slight recovery in the revenue of the Group's OEM management business in this financial year.

Non-down Apparel Business

During the Period, revenue from the Group's non-down apparel business was approximately RMB798.4 million, representing a significant increase of 76.6% compared with last year. Apart from organic growth, Bosideng HOME, which was launched last year and the newly acquired ladieswear brands, became new revenue driver of non-down apparel business and helped to fill the gap in revenue left by the disposal of Mogao.

The Group has completed the acquisition of two brands, KOREANO and KLOVA, in April 2017. Currently, the Group's high-end ladieswear brands include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*. During the Period, these four brands together contributed approximately RMB505.5 million to the Group's revenue while their average gross profit margin reached 74%. With the increase in the number of ladieswear brands, the Group has bolstered its high-end ladieswear business. The Group believes that synergy can be achieved between its ladieswear business and its other operations, thereby raising its efficiency.

During the Period, revenue from Bosideng HOME was approximately RMB203.9 million. After nearly one year of operation, the products and styles of Bosideng HOME have gained increasing acceptance by consumers. Its business became more mature and standardised, with a better grasp on product mix and product development for the future. The products of Bosideng HOME are mainly beddings, loungewear, underwear and brassieres which are progressively forming an all-season series. Currently, there are 27 Bosideng HOME outlets, including 25 which are operated as specialised display stores mainly located on the first and second floor of commercial plazas or supermarkets, while two stores are set up as galleries in shopping malls. The number of galleries is expected to gradually increase in the future.

Future Development

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, “Looking ahead to the second half of the year, intensifying market competition will continue to have an impact on the industry. The market and business environment will remain challenging. Quality and service are key to success in the competition. The Group will continue to adopt a practical approach to its business so as to enhance its competitiveness and operating efficiency.”

To further foster its leadership in China’s apparel industry, the Group will enhance its competitiveness in the following areas:

Down apparel business: The Group will continue its brand and product innovation by consistently introducing popular elements and products. Meanwhile, the Group will strengthen management and application of retail data to enhance its operating efficiency, promote and achieve its retail transformation and further consolidate the leadership of its core business of down apparel.

OEM management business: The cooperation with ITOCHU Corporation in respect of the factory in Vietnam is in smooth progress. The Group has completed preparatory work such as the pre-stage evaluation of the factory’s capability to fulfill orders from customers. The factory is expected to be put into operation in early 2018. The Group believes that this will contribute to the steady expansion of its OEM management business in the future.

Non-down apparel business: The Group has gradually built up a high-end ladieswear business through acquisitions. The Group believes that synergy can be attained between the ladieswear business and its other different business segments with efficiency enhanced and resources saved and thus profitability increased. In addition, Bosideng MAN will make substantial changes to its products, brand positioning, store management and supply chain management in order to fundamentally improve its business.

Diversified development: The Group will proactively seek opportunities for business innovation and development. Its main business will develop more categories of products in addition to the enhancement of its brand image. For instance, Bosideng HOME was successfully developed last year. This boosted the Group’s confidence in diversifying Bosideng brand into other areas. Considering the strong and everlasting demand for Bosideng down apparel for children in the market, the Group plans to expand and develop its children’s wear business under Bosideng’s down apparel business by developing the “Bosideng Kid’s Wear” brand. It will also enhance the brand, image and products of its children’s wear business. It will build on the success of its children’s down apparel products by developing children’s wear in other categories for all seasons, thus building a leading brand for children’s wear in the long run.

Moreover, the Group will utilize its sufficient funds to acquire suitable apparel brands so as to strengthen its non-down apparel business and build the Group into an operator of multiple brands.

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.

The Group is actively pursuing the strategy of developing an evergreen apparel business for four seasons while maintaining its down apparel business as its core operation. It is also proactively exploring opportunities to acquire reputable non-down apparel brands with high potential for development. It aspires to become a world-renowned integrated apparel brand operator. Currently, the Group’s key non-down apparel brands include *Bosideng HOME*, *Bosideng MAN* for menswear and *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA* for ladieswear.

For further information, please contact:

Bosideng International Holdings Limited

Carol Mak

Tel: (852) 2866 6956

Email: carol.mak@bosideng.com

iPR Ogilvy

Callis Lau / Molisa Lau / Candy Wong / Nicole Lam

Tel: (852) 2136 6952/ 2136 6953 / 2136 6176 / 3920 7648

Fax: (852) 3170 6606

Email: bosideng@iprogilvy.com