

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

Bosideng Announces FY2017/18 Annual Results

**Revenue and profit attributable to equity shareholders
increase by 30.3% and 57.1% respectively
Down apparel business maintains stable growth
Enhance brand competitiveness by mobilizing premium resources**

Financial Highlights

<i>RMB'000</i>	For the year ended March 31		Change
	2018	2017	
Revenue	8,880,792	6,816,599	+30.3%
Gross profit	4,119,102	3,163,204	+30.2%
Operating profit	923,410	660,007	+39.9%
Profit attributable to equity shareholders	615,478	391,844	+57.1%
Earnings per share (RMB cents)			
- Basic	5.82	4.22	+37.9%
- Diluted	5.80	4.22	+37.4%
Dividend per share (HK cents)			
- Final	3.5	0.50	+600.0%
- Special	2.5	-	N/A
- Full year	7.5	1.50	+400.0%

(June 28, 2018 – 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 annual results for the year ended March 31, 2018 (“this financial year”).

Financial Review

The Group’s revenue increased by 30.3% to RMB8,880.8 million for this financial year, which was driven by a rapid growth in the Group’s revenue from the branded down apparel business, increase in orders from key customers in the OEM management business, and growth in the existing business under the ladieswear brands and introduction of the newly acquired ladieswear brands. The branded down apparel business remained the biggest revenue contributor of the Group, accounting for 63.6% of the Group’s revenue while 10.6%, 13.0% and 12.8% of the Group’s revenue came from the OEM management business, the ladieswear business and the diversified apparels business, respectively.

For the year ended March 31, 2018, the Group recorded an operating profit of RMB923.4 million. Gross profit increased by 30.2% to RMB4,119.1 million, and gross profit margin maintained the same level as the previous year at 46.4%. Net profit attributable to equity shareholders of the Company increased by 57.1% to approximately RMB615.5 million. Basic earnings per share amounted to RMB5.82 cents. The Board of Directors recommended a final dividend of HK3.5 cent per ordinary share and a special dividend of HK2.5 cents per ordinary share to express its gratitude to the shareholders’ support over the past ten years.

Business Review

Down Apparel Business

During the year, revenue from the branded down apparel business amounted to RMB5,651.0 million, up 23.4% compared to that of the previous year. Following the overall improvement of inventory mix, the Group has developed more products attuned to market demand during this year, which significantly increased the revenue and improved the gross profit margin. During the year, revenue from Bosideng's key branded down apparel business reached a record high with the increase of 74.5% and 23.9% in revenue from apparel business under SNOW FLYING and BENGEN brands, respectively, compared with that for the last year.

During the year, the Group has renovated the Smart Delivery Centre in Changshu. The delivery centre controls the Group's logistics in the PRC. The whole process from production, warehousing to logistics and delivery is controlled under an intelligent system. The Group has also established the Southwest Region branch warehouse in Chengdu, significantly improving the efficiency of allocation and delivery of goods in the Southwest Region. At the same time, the Group became the first mover in the apparel industry to establish its own cloud platform, namely the **Bosideng innovative retail management cloud platform**. The platform improves efficiency and effectiveness of operations by information integration and leveraging on external technologies.

In respect of products, rising consumer demand for functionality in down apparel has pushed the Group to launch the Anti-Cold series and the Wind Breaker series. The overall sell-through rate of the Anti-Cold series for the year exceeded 90% due to widespread recognition. Moreover, the number of Disney promotional stores has increased to 306 this year from 42 in the last financial year. The stores adopt an overall store design to incorporate scenario marketing, enhancing interactivity and shopping experience and attracting more consumers, which converted to more sales.

During the year, there was a net increase of 174 in the total number of retail outlets of the Group's down apparel business to 4,466 compared with that of March 31, 2017. There was a net increase of 49 in the number of self-operated retail outlets to 1,423; and the number of retail outlets operated by third party distributors had a net increase of 125 to 3,043. The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 32% and 68%, respectively.

OEM Management Business

For the year ended March 31, 2018, revenue from the Group's OEM management business increased by 20.4% to approximately RMB936.8 million as compared with that of last year, accounting for 10.6% of the Group's revenue. Such increase was mainly attributable to further automation, standardized and intelligent production processes across factories, which enhanced productivity and quality of products. With strategy adjustment, the Group mobilized key resources to the existing key OEM clients and negotiated with them the medium-to-long term planning of development, significantly shoring up the confidence of customers and bringing significant increase in orders from major customers. To reduce labor cost, the Company plans to make use of ITOCHU's resources and transfer part of its production process to Vietnam and other countries in Southeast Asia. Production has commenced for the first batch of orders. As part of its next move, more orders for basic products will

be transferred to the factories in Southeast Asia according to their technical capabilities and skills.

Ladieswear Business

During the year, revenue from the Group's ladieswear business was approximately RMB1,153.5 million, which represents a significant increase of 85.4% compared with that of last year. The four ladieswear brands of the Group, namely *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*, have maintained good momentum of growth and have become the new drivers for the development of the Group's ladieswear business.

The Group has completed the acquisition of *KOREANO* and *KLOVA* in April 2017. The consolidated profit for this financial year was RMB61.5 million. The vendor will make up the shortfall of RMB8.5 million to the Group under the agreement of acquisition. The two brands possess premium sales channels and loyal VIPs under the operation of an experienced management team. The Group is confident that the business under the two brands would deliver sustainable growth through continuous adjustment of product mix and VIP promotions.

Diversified Apparels Business

The non-down apparel products under Bosideng brands will undergo an overall adjustment under a new positioning strategy for Bosideng brands, by which the Group will launch new plans for the development of menswear, HOME underwear, and children's wear business. On the other hand, the Sameite school uniform business under the Group maintained healthy development. It has secured orders from a number of schools at Jiangsu, Shanghai, Zhejiang and other areas. Looking forward, Sameite could expand its business through the sales channels of Bosideng throughout the markets in the PRC.

Online Sales

In order to meet the rapid growth of online shopping and the increasing demand from consumers for online shopping, the Group has actively conducted research and development for its online sales. During the year, revenue from online sales of the Group's brands amounted to RMB2,010.5 million, representing a substantial increase of 86.7% year on year. Among which, online sales revenue for the year represented 20.1%, 5.2% and 71.5% of aggregate revenue from the branded down apparel business, ladieswear business and diversified apparels business, respectively. Looking forward, the Group will continue to increase the investment in its online business and increase the proportion of online sales, while facilitating the integration of its online and offline business, so as to continuously enhance consumers' shopping experience.

Future Development

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "Focusing on down apparel business for 42 years, Bosideng has taken the leading position in the global market with its expertise and competitiveness. Looking forward, the Group will position itself as "the expert and the best seller of down apparel around the world". The Group will continue to strengthen the principle business of down apparel, and mobilize premium resources to enhance influence and performance of the brands. At the same time, the Group will continue to improve its products and expend sales channels by

integrating premium resources in the global market. Also, we will renovate retail stores in order to effectively integrate our online and offline business. Bosideng is confident with the future and the Group will maintain healthy development and continue to be the leader in the down apparel industry.”

In response to challenges, the Group will continue to pay efforts in the following areas:

Down apparel business: The Group will focus on its principal business while offering diversified products by positioning itself as “the expert and the best seller of down apparel around the world”. Looking ahead, the Group will continue to strengthen its principal business of down apparel, which is its core business, and mobilize premium resources to comprehensively rebuild Bosideng brand series so as to continuously enhance influence of its brands. Also, Bosideng will speed up the integration of online and offline channels, strengthen meticulous retail management and the application of big data, in order to provide high-quality and trendy down apparel products for consumers and strive to be the leader in the down apparel industry.

OEM management business: The Group will continue to extend the strategic cooperation with its existing key OEM customers as well as increase its investment in upgrading equipment and environmental protection. The Company also will make reasonable use of ITOCHU’s resources under the cooperation to enhance the technical capability and skills across the factories in Southeast Asia, as well as proceed with the joint ventures for key factories as part of its continuous efforts in upgrading its OEM management business.

Ladieswear business: The Group is optimistic about the prospect of domestic ladieswear industry. In the past few years, the Group has actively expanded its ladieswear business through acquisitions. The scale of the ladieswear business platform has gradually expanded accordingly. The Group will integrate its ladieswear resources to improve the synergy effects, and expand premium channels for ladieswear appropriately. At the same time, the Group will continue to explore potential ladieswear brands to further develop the platform.

Diversified businesses: According to the new strategy, the Group will work on comprehensive integration of menswear, HOME underwear and children’s wear business under Bosideng brand series and will launch new plans for the development of related business. For its existing school uniform business, the Group will expand the business through the sales channels of Bosideng throughout the markets in the PRC. The Group will actively realize the transformation from “product operation” to “brand operation” and to strive for the goal of becoming a respected multi-functional apparel group to achieve sustainable development of the business.

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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 also proactively exploring opportunities in fashionable ladieswear business while maintaining down apparel business as its core operation. Currently, the Group’s ladieswear brands include *JESSIE*, *BUOU BUOU*, *KOREANO* and *KLOVA*.

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