

For immediate release



波司登國際控股有限公司

**Bosideng International Holdings Limited**

**Bosideng Announces Annual Results for FY2018/19**

**Revenue and profit attributable to shareholders increased  
by 16.9% and 59.4% respectively**

**Strategic transformation raises brand awareness and  
drives steady growth in revenue**

***Financial Highlights***

<i>RMB'000</i>	For the year ended March 31		Change
	2019	2018	
Revenue	10,383,453	8,880,792	+16.9%
Gross profit	5,513,514	4,119,102	+33.9%
Operating profit	1,370,765	923,410	+48.4%
Profit for the Year	1,005,560	639,521	+57.2%
Profit attributable to shareholders	981,316	615,478	+59.4%
Earnings per share (RMB cents)			
- Basic	9.32	5.82	+60.1%
- Diluted	9.17	5.80	+58.1%
Dividend per share (HK cents)			
- Final	6.0	3.5	+71.4%
- Special	-	2.5	N/A
- Interim	2.0	1.5	+33.3%
- Full-year	8.0	7.5	+6.7%

**(June 27, 2019 – 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 annual results for the year ended March 31, 2019 (the “Year”).

**Financial Review**

During the Year, the Group proactively built its brand, adjusted its product mix, optimized its sales channel mix and improved the retail outlets. The efforts to enhance these four aspects of its business successfully boosted the Group’s brand awareness and influence on consumers, thus driving the development of its branded down apparel business and resulted in a steady increase in the Group’s total revenue.

For the Year, the Group’s revenue increased by 16.9% to approximately RMB10,383.5 million and operating profit increased by 48.4% to approximately RMB1,370.8 million. Gross profit increased by 33.9% to approximately RMB5,513.5 million and gross profit margin increased by 6.7 percentage points to 53.1%. Profit attributable to shareholders of the Company increased by 59.4% to approximately RMB981.3 million. Basic earnings per share were RMB9.32 cents. The Board of Directors recommended a final dividend of HKD6.0 cents per ordinary share.

## **Business Review**

### **Branded Down Apparel Business**

The branded down apparel business remained the biggest revenue contributor of the Group, accounting for 73.7% of its total revenue. The Group continued to attach importance to the functionality of its products and strengthened its core down apparel business. During the Year, the revenue from the overall branded down apparel business increased by 35.5% to approximately RMB7,657.5 million. Specifically, revenue from sales of down apparel under the Bosideng brand rose by 38.3% to approximately RMB6,849.2 million.

During the Year, the Group launched a new brand logo to enhance brand image and nearly a thousand of its stores nationwide replaced their frontage logos to project its new image. The Bosideng brand has also launched a series of branding events, such as the presentation of new products at Beijing Water Cube and its participation in several product presentations during the New York Fashion Week. This has drawn the attention of consumers and the textile and apparel industry as a whole and attained satisfactory outcomes. The Bosideng brand also collaborated with three leading international designers in launching crossover collections which sold rapidly. In addition to its continued conventional marketing efforts, the Bosideng brand also enhances its interactions and collaborations with new media. For instance, they stepped up their cooperation in creating and disseminating content based on consumption patterns and trends in the social media. This resulted in higher brand awareness among consumers.

During the Year, there was a net increase of 162 in the total number of selling points of the Group's down apparel business to 4,628 compared with that in the previous financial year. A breakdown shows that there was a net increase of 205 in the number of self-operated selling points to 1,628 and a net decrease of 43 in the number of selling points operated by third-party distributors to 3,000. The self-operated selling points accounted for 35.2% of the Group's retail network and third-party distributor-operated selling points accounted for 64.8%.

### **OEM Management Business**

The Group's original equipment manufacturing ("OEM") management business focused on its major customers' needs. It leveraged its technological strength to work together with its customers to develop new product categories. Meanwhile, the proportion of original design manufacturing ("ODM") management business gradually increased in turnover. All these efforts resulted in a significant increase in the total number of orders placed by the existing customers during the Year. As an expert in down apparel, the Group drew on its rich experience in production management so as to strengthen the quality control and management of orders and production process. All this enhanced the competitiveness of its OEM management business. For the year ended March 31, 2019, revenue from the Group's OEM management business increased by 46.1% to approximately RMB 1,368.3 million, accounting for 13.2% of the Group's revenue.

### **Ladieswear Business**

During the Year, revenue from the Group's ladieswear business increased by 4.2% to approximately RMB1,201.8 million. The four ladieswear brands under the Group, namely JESSIE, BUOU BUOU, KOREANO and KLOVA, maintained momentum of good progress and steady business development.

As at March 31, 2019, there was a net increase of 6 in the total number of selling points of the Group's ladieswear business to 528 compared to that for the previous financial year. There was a net increase of 17 in the number of self-operated selling points to 398 and a net decrease of 11 in the number of retail outlets operated by third-party distributors to 130. The self-operated and third-party distributor-operated selling points accounted for 75.4% and 24.6% respectively of the Group's retail network for that its ladieswear business.

### **Children's Wear Business**

The Group established a joint venture company with its children's wear team and began to select the best global brands of children's wear for cooperation in online business, with the view to becoming China's leading operator of internationally renowned brands of children's wear. Presently, the Group has signed cooperation agreements with Petit main from Japan and Happyland from Korea. The Group will test the market for the products and mode of operation by beginning with its online sales channels and will later sell such products at its brick-and-mortar stores. It aims to improve the consumers' experience of shopping at both its online and physical stores and to build multi-brand lifestyle stores for children in the future.

### **Online Sales**

During the Year, the Group pushed ahead with the expansion of its e-commerce by establishing strategic alliances with Tmall and Vipshop. The move substantially boosted the volume of its online sales. During the Year, Bosideng brands participated in a series of activities including the Chinese brand of Tmall's overseas program, travel to Australia with Alibaba and live broadcast of Bosideng's down apparel catwalk at New York Fashion Week. Revenue from the online sales at the branded down apparel business was approximately RMB1,766.2 million, accounting for 23.1% of the total revenue from sales at the branded down apparel business. Revenue from the online sales at the ladieswear business was approximately RMB67.5 million, accounting for 5.6% of the total revenue from sales at the ladieswear business. Revenue from the self-operated business was approximately RMB1,442.6 million while revenue from the wholesale business was approximately RMB408.2 million.

### **Future Development**

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "During the Year, the Group reverted to its original aspirations by focusing on its principal business and key brands and by curtailing business diversification. At the same time, it persevered in rebranding, optimizing distribution channels, innovating products and revitalizing its retail outlets. The efforts paid off as it achieved excellent results despite unfavourable market conditions. Looking ahead, the Group will explore the potential of online sales and marketing, integrate and consolidate the resources of its various brands and businesses, coordinate its efforts in both e-commerce marketing events and brand events. The Group will introduce more products which are exclusively offered online, gradually enrich the product mix put up for online sales in terms of styles and features. It will also proactively raise the proportion of products which are targeted at consumers in the group of 25 to 35 years of age. Meanwhile, the Group will set up a team for enhancing the visual image of the Group's brands for e-commerce and for aligning such visual images with the images of its brands. The move is aimed at directing the website traffic effectively to its online platform and at enhancing the shopping experience."

In the future, the Group will adopt different strategies for developing its three businesses as follows:

**Down Apparel Business:** The Group will stay the course by focusing on its principal business and major brands and by curtailing business diversification. Specifically, it will place emphasis on the functionality of its products. Adhering to its original aspiration to be "an expert in and the bestselling brand of down apparel in the world", the Group will expand its principal businesses and endeavour to become a group that makes and sells mid-range and high-end, functional apparel.

**OEM Management Business:** The Group will continue to strengthen the strategic cooperation with core customers and enhance its service capabilities, while trying to maintain growth in orders for its products. The Group will also continue to enhance its capability to receive and fulfil the orders placed by its core consumers to maintain long-term and stable strategic working relationships. This, in turn, will help to ensure steady and fast growth in the OEM management business.

**Fashionable Ladieswear Business:** After the strategic positioning over the past few years, the ladieswear business has taken shape. Looking ahead, the Group will remain concentrated on

integrating the resources among its ladieswear brands to further improve synergy among the brands. The Group aims for organic growth in the ladieswear business by enhancing productivity, sales channels and brand promotion.

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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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