

For immediate release



波司登國際控股有限公司
Bosideng International Holdings Limited

Bosideng Announces FY2019/20 Interim Results
Revenue and profit attributable to equity shareholders increase by 28.8% and 36.4% respectively

Effective strategic transformation of business
lays solid foundation for peak season sales

Financial Highlights

<i>RMB'000</i>	For the six months ended September 30		Change
	2019	2018	
Revenue	4,436,283	3,444,181	+28.8%
Gross profit	1,929,612	1,455,405	+32.6%
Operating profit	477,722	354,932	+34.6%
Profit attributable to equity shareholders	342,664	251,164	+36.4%
Earnings per share (RMB cents)			
- Basic	3.23	2.38	+35.7%
- Diluted	3.19	2.36	+35.2%
Interim dividend (HK cents)	3.0	2.0	+50%

(November 29, 2019 – 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 interim results for the six months ended September 30, 2019 (“the period”).

Financial Review

FY2019/20 marks the second year of the Group’s strategic transformation. The Group has maintained steady and healthy growth in the past six months through enhancing awareness and brand influence among consumers. For the six months ended September 30, 2019, the Group’s revenue amounted to approximately RMB4,436.3 million, representing an increase of 28.8% as compared to that for the corresponding period of last year. The branded down apparel business accounted for 57.1% of the total revenue and remained the biggest revenue contributor of the Group. OEM management business and ladieswear business accounted for 30.4% and 11.4% of the total revenue, respectively. Diversified apparels business accounted for 1.1% of the total revenue.

During the first half of FY2019/20, the Group's operating profit significantly increased by 34.6% to approximately RMB477.7 million. The operating profit margin was 10.8%, representing an increase of 0.5 percentage points. The gross profit of the Group increased by 32.6% to approximately RMB1,929.6 million. The gross profit margin increased by 1.2 percentage points to 43.5%. Profit attributable to equity shareholders of the Company increased by 36.4% to approximately RMB342.7 million. The Board declared payment of an interim dividend of HKD3.0 per ordinary share. (2018: HKD2.0)

Business Review

Branded Down Apparel Business

In the past six months, the Group adhered to its competitive strategy of "top-selling down apparel expert in the world." With enhanced brand strength and power, the Group returned to the mainstream business segment, optimized the channel structure, improved images of certain stores, and adjusted the shelf display, thereby laying a solid foundation for the peak season sales in FY2019/20. During the period, the Group's branded down apparel brand Bosideng recorded an increase of 42.9% in revenue to approximately RMB2,533.0 million as compared to that for the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by 46.2% to approximately RMB2,276.7 million as compared to that for the corresponding period of last year.

Bosideng was "the only Chinese down apparel brand that has been included in the official schedule of Milan Fashion Week". Bosideng, during the promotion period of Milan Fashion Week, Bosideng also carried out promotional activities for the Milan Fashion Week in six core cities across China. Through innovative ways such as horizontal alliances, VIP shows, static shows, and pop-up offerings, Bosideng has attracted more attention and experience of mainstream consumers.

On the other hand, the Group is committed to optimizing its inventory management and maintaining inventory at a healthy level. In terms of the production stage, annual supply planning is carried out in advance. In terms of the distribution stage, through the establishment of nine regional warehouses, the regional warehouses deliver goods to the national terminal stores based on sales, and a demand-pull mechanism is adopted throughout all channels to avoid overstocking. In terms of the product allocation, once a product is out of stock, O2O allocation is initiated immediately so as to reduce losses arising from product shortage.

In the aspect of logistics and delivery, the Group's central distribution center ("CDC") serves all online, offline and O2O businesses across China. In addition to warehousing, replenishment, returns, and transfer, transportation, and distribution, the center is also responsible for data management. It can effectively allocate commodity resources ahead of time-based on market changes, thus responding to consumer demands more quickly and accurately.

Product innovation and keeping abreast of the times are the cornerstone for the brand development

of Bosideng. During the period, the group launched “Autumn Down Collection.” The products were made of ultra-soft skin fabric, and the single-piece down apparel was as light as 330g which is the lightest down apparel ever in the history of Bosideng. The “Conqueror Collection” uses the classic military camouflage pattern. Its fabric is enhanced in abrasion and tear resistance. Following the New York Fashion Week, Bosideng re-entered the international fashion arena in Milan, Italy, the capital of arts, bringing a visual feast under the theme of “Starry Sky.” The new collection has won unanimous praise from many celebrities at home and abroad.

Furthermore, the Group paid great attention to the channel expansion to important region while continuously optimized channel structure. The Group had significantly increased the number of terminal stores in core commercial districts, such as shopping malls and core channels with high traffic flow. Meanwhile, the Group also attached great importance to the market expansion in the regional core cities. As of September 30, 2019, the total number of selling points of the Group’s down apparel business (net) increased by 533 to 5,161 compared to the end of FY2018/19. Self-operated selling points (net) increased to 1,922 and selling points operated by third party distributors (net) increased to 3,239.

OEM Management Business

In the past six months, OEM management business segment continuously focused on serving core customers. Meanwhile, in the face of uncertainties such as the Sino-US trade war, the Group was also actively seeking to maximize areas for co-operation of factories in Southeast Asia. By strengthening the quality control and management of orders and production processes, the group can plan for the future expansion of OEM management business. During the period, revenue from the Group’s OEM management business amounted to approximately RMB1,348.8 million, increased by 21.9% as compared to that for the corresponding period of last year.

Ladieswear Business

With the refinement of the consumer market and the extensive expansion of international brands in the Chinese market, there has been an unprecedented level of fierce competition in China’s branded ladieswear market. During the period, revenue from the Group’s ladieswear business was approximately RMB505.9 million, which represents a slight decrease of 6.1% as compared to that for the corresponding period of last year.

As of September 30, 2019, the total number of selling points of the Group’s ladieswear business (net) decreased by 13 to 515 compared to that of last year. Self-operated selling points (net) decreased to 388, and selling points operated by third-party distributors (net) decreased to 127. Among total retail outlets of the Group’s ladieswear business, 59.6% were located in the first- and second-tier cities and 40.4% were located in the third- and lower-tier cities.

Diversified apparels business

With the strategic transition in place in the last financial year, the share of diversified apparels business has risen significantly in the Group’s total revenue. During the first half of FY2019/20, revenue from our diversified apparels business was approximately RMB48.6 million, representing an

increase of 86.9% as compared to that for the corresponding period of last year. By leveraging both online and offline channels, as well as integration of resources and optimization of the business team, the branded children's wear operation business has driven the steady development of the Group's children's wear business. During the period, the Group has been cooperating with Petit main of Japan and HAPPYLAND of Korea. Since Petit main opened its flagship brand store at Tmall in August 2018, it has managed to gain a sound industry ranking from over 10,000 children's wear stores within 14 months.

Online Sales

Through continuous expansion of the online business platform over the last year, the online e-commerce business on one hand plays a role in carrying out the brand strategy and promoting the upgrade of the store image, and on the other hand, it optimizes its channel mix layout and strengthens the strategic cooperation among important platforms. During the first half of FY2019/20, revenue from the total online sales of the Group's brands were approximately RMB304.7 million, representing an increase of 70.9 as compared to that of the corresponding period of last year. Revenue from the branded down apparels business and ladieswear business for the period were approximately RMB263.0 million and 34.0 million, accounting for 10.4% and 6.7% of the revenue of each business, respectively.

Future Development

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "In the year to date, economic conditions at home and abroad have been complicated and severe. The mounting pressure exerted by a decline in economy and the Sino-US trade disputes have posed big challenges to enterprises' development. However, we press on with our strategy of "focusing on our principal business and key brands". This has boosted our confidence in our brand and focused our efforts on growth in value. Our customer-oriented approach to innovating products has also contributed to our good financial results. 2019 marks the second year of the strategic transformation of our business. We continue to drive the Group's development with brand building by placing emphasis on the alignment of brand, products, distribution channel, supply chain and business systems. We have also stepped up our efforts to foster talents, teams and corporate culture. Our mainstay business of down apparel is now in a high season. Full preparation in the first half of the year has enabled all business segments to develop full steam ahead. We aim to scale new heights by exceeding the business targets for the year. We will remain committed to Bosideng's mission to "warm the world" and aspire to become an enduring brand with annual revenue of RMB100 billion. Such mission and goals are also aligned with China's aspirations to become an apparel making powerhouse and a country noted for established brands. In the future, we will continue to strive for good financial results and better returns to shareholders and investors."

The Group will adopt different development strategies for the following business segments:

Branded down apparel business: while upholding the principle of "focusing on its principal business and main brand," the Group will strengthen its principal core business by endeavor to become a "mid-to high-end functional apparel group."

The Group will strengthen brand public relations and marketing efforts to consolidate its expert position. As to product optimization, the Group will enhance originality in design and product quality. As to sales channel development, the Group will gradually increase the percentage of mainstream and high-end channels. As to retail support, the Group will continue to promote towards more youthful members and facilitate purchases through the enhancement of consumer experience.

OEM management business: The Group will continue to deepen its strategic partnership with its core customers, enhance its service capabilities and maintain the continued growth of orders. Through the overall arrangement of production capacity cooperation in Southeast Asia, the Group will break the bottleneck of cooperation with core customers to maintain long-term and stable strategic partnership.

Fashionable ladieswear business: The Group will continue to focus on integrating the resources of the existing four brands in the ladieswear business, further enhance the operational efficiency and management efficiency of the ladieswear business unit by enhancing the product strength, channel strength and brand power of the various brands of ladieswear, and achieve the organic and healthy growth of the ladieswear business through further expanding the synergy within the Group.

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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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