

**For immediate release**



波司登國際控股有限公司

**Bosideng International Holdings Limited**

**Bosideng Announces FY2020/21 Interim Results**

**Adhered to Brand Leadership  
Deployed Omni-Channel Strategy and New Retail Operation  
Sustained Growth Amid The Adverse Market Conditions**

**Revenue and Profit Attributable To Equity Shareholders  
Increased By 5.1% And 41.8% Respectively**

***Financial Highlights***

<i>RMB'000</i>	<b>For the six months ended September 30</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
Revenue	<b>4,661,116</b>	4,436,283	+5.1%
Gross profit	<b>2,227,342</b>	1,929,612	+15.4%
Operating profit	<b>666,364</b>	477,722	+39.5%
Profit attributable to equity shareholders	<b>486,031</b>	342,664	+41.8%
Earnings per share (RMB cents)			
- Basic	<b>4.54</b>	3.23	+40.6%
- Diluted	<b>4.51</b>	3.19	+41.4%
Interim dividend (HK cents)	<b>3.5</b>	3.0	+16.7%

**(November 26, 2020 – 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 unaudited consolidated interim results for the six months ended September 30, 2020 (“the period”).

**Financial Review**

In FY2020/21, the Group closely focused on “brand, product, retail and supply chain” to carry out systematic construction from all angles and maintained steady and healthy growth in the past six months. For the six months ended September 30, 2020, the Group’s revenue amounted to approximately RMB4,661.1 million, representing an increase of 5.1% as compared to that for the corresponding period of last year. The branded down apparel business accounted for 64.1% of the total revenue and remained the largest revenue contributor of the Group. OEM management business and ladieswear business accounted for 26.4% and 8.8% of the total revenue, respectively. Diversified apparels business accounted for 0.7% of the total revenue.

During the first half of FY2020/21, the Group’s operating profit significantly increased by 39.5% to approximately RMB666.4 million. The operating profit margin was 14.3%, representing an increase of 3.5 percentage points. The gross profit of the Group increased by 15.4% to approximately RMB2,227.3 million. The gross profit margin increased by 4.3

percentage points to 47.8%. Profit attributable to equity shareholders of the Company increased by 41.8% to approximately RMB486.0 million. Basic earnings per share was RMB4.54 cents. The Board declared payment of an interim dividend of HKD3.5 cents per ordinary share. (2019: HKD3.0 cents)

## **Business Review**

### **Branded Down Apparel Business**

In the past six months, the Group strived to overcome the market changes and adverse effects brought by COVID-19. It continued to forge a brand-led development model and pushed forward various efforts in an orderly manner, thereby laying a solid foundation for the peak season sales in FY2020/21. During the period, the revenue of the overall branded down apparel business segment increased by 18.0% to approximately RMB2,988.7 million, in which the branded down apparel *Bosideng* brand recorded an increase of 19.7% in revenue to approximately RMB2,725.8 million as compared to that for the corresponding period of last year.

Bosideng continued to explore the brand value of *Bosideng* in association with “big brand, good quality and down apparel” and adhered to brand leadership to boost its operating results through brand reputation. As one of the important strategies of FY2020/21, the production and sales integration in the first half of FY2020/21 achieved remarkable results with brand publicity more focuses on the display of featured products and the redirection of online and offline.

FY2020/21 marks the first year of the implementation of the Group’s digital strategy, which has been accelerated by the outbreak of COVID-19. During the period, the Group entered into a strategic cooperation with Alibaba Cloud to open up omni-channel data, and to innovate and explore, among others, consumer research, precision marketing, integrated commodity operation and shopping guide operations.

In terms of new retail operations, the Group used corporate WeChat to build a more convenient communication bridge with customers and achieved 8 million new corporate WeChat fans in the first half of FY2020/21. The Group had over 5.5 million followers on its WeChat account, representing an increase of more than 50% as compared with the end of the last financial year. The number of registered member was 19.65 million, an increase of more than 30% as compared with the end of the last financial year.

In the aspect of logistics and delivery, a top-tier distribution channel has continuously been adopted during the first half of FY2020/21 “where goods are delivered directly from the CDC to the stores”, achieving direct distribution of goods to all stores nationwide. Not only does it respond to market demands more quickly, but also allows it to realize sharing of goods across the country. Moreover, by capitalizing on its own smart replenishment system to achieve demand-pull restocking in the stores, the Group was able to ensure that the bestsellers would not go out of stock. As a result, sales were improved.

The “Controlling risks and maintaining Growth” has been a main development strategy during the period. The Group has maintained a more cautious attitude in optimizing and upgrading channels on one hand, and put more focus on improving operating efficiency of self-operated selling points on the other hand. By opening new image stores and large stores in mainstream business circles, the store structure was able to continue to migrate towards the direction of mainstream consumption channels. As of September 30, 2020, the total number of selling points of the Group’s down apparel business (net) decreased by 202 to 4,664 compared to the end of FY2019/20. Self-operated selling points (net) decreased to 1,880 and selling points operated by third party distributors (net) decreased to 2,784.

Product optimization and expansion are the cornerstones for the brand development of the *Bosideng* brand. During the period, the Group placed more attention on combining product

design and consumer preferences to conduct in-depth research and precise development of series of products for consumers. The Outdoor City Collection led by Italian designers and was made of high-quality goose down with 600+ fill power, which gives a visual impression of vigor and energy with dazzling. The Stylish Sport Collection injects young and vigorous elements into the theme products by combining stylish colors and 3D streamline models with the dynamic coastline “Protecting the Blue Sea” as the design inspiration. Yang Mi and William Chan were the spokespersons for the theme products of both collections, which attracted the attention and love of the young consumer base. In addition, the Classic Business Collection adopts neat silhouettes, high-end fabrics, exquisite craftsmanship and versatile styles, which can easily cope with multiple scenes such as urban commuting, social interaction and business travel. For the PUFF Collection, it is as light as 330g per piece, making it the lightest down apparel ever in the history of *Bosideng*.

### **OEM Management Business**

In the past six months, the OEM management business faced unprecedented pressure and challenges. Facing the uncertainties from COVID-19 in Europe and the United States, the OEM management business team actively improved the stickiness of core customers, effectively expanded new customer resources and correspondingly increased some orders correspondingly. At the same time, the Group’s seized the opportunity arising from the pandemic and exported anti-pandemic supplies. Therefore, the overall decline in the OEM management business was much better as compared to the overall decline in the industry.

During the period, revenue from the Group’s OEM management business amounted to approximately RMB1,228.7 million. Through various measures to strictly control costs and expenses, the gross profit margin of the OEM management business increased by 3.8 percentage points to approximately 18.1%.

### **Ladieswear Business**

Relying on deep brand accumulation, mature marketing strategies and continuous optimization of design and development, the Group has a large loyal and high-quality customer base in its ladieswear business. During the period, revenue from the Group’s ladieswear business was approximately RMB412.4 million, which represents a decrease of 18.5% as compared to that for the corresponding period of last year. As of September 30, 2020, the total number of selling points of the Group’s ladieswear business (net) decreased by 30 to 469 compared to the end of FY2019/20. Self-operated selling points (net) decreased to 349, and selling points operated by third-party distributors (net) decreased to 120. Among total retail outlets of the Group’s ladieswear business, approximately 66.7% were located in the first- and second-tier cities and approximately 33.3% were located in the third- and lower-tier cities.

### **Diversified apparels business**

As the Group adhered to the overall strategy of “focusing on its principal business and shrinking diversification”, the contribution from the diversified apparel business to the Group’s total revenue dropped to 0.7%. During the first half of FY2020/21, revenue from diversified apparels business was approximately RMB31.3 million, representing an decrease of 35.5% as compared to that for the corresponding period of last year. During the pandemic period, school uniform business team under *Sameite* brand took the initiative and made precisely strategies to continuously plow into the market through high-quality products and sound after-sales service, made a breakthrough in the expansion of educational groups and regional benchmarking schools and achieved remarkable performance growth. During the first half of the period, contract orders for school uniform business of Sameite represented an increase of 76% as compared to that of the corresponding period of last year.

### **Online Sales**

During the first half of FY2020/21, the Group’s online business expanded significantly and achieved remarkable performances. Online outlet channel made remarkable achievements,

in which the performance on the two platforms at Vipshops and Tmall Outlets exhibited a rapid growth trend. During the period, revenue from the total online sales of the Group's brands were approximately RMB537.7 million, representing a period-on-period increase of 76.4% as compared to that of the corresponding period of last year. Revenue from the online sales of the branded down apparels business and ladieswear business for the period were approximately RMB489.7 million and 42.6 million, accounting for 16.4% and 10.3% of the revenue of each business, respectively.

### **Future Development**

**Mr. Gao Dekang, Chairman and CEO of Bosideng**, said, "2020 was an extremely difficult year with a great level of uncertainty. In the face of such pressure and adverse external challenges, the Group's passion and confidence to strive for success remained unshaken. Brand management is essentially to create customer value in response to customer recognition. The management and all employees adhered to the original aspiration and brand leadership, and were determined to develop their entrepreneurial spirit of working arduously and innovatively to pursue excellence and attain the best result under concerted efforts. The Group continued to innovate customer value, formed effective supply, embraced the digital economy, deployed new omni-channel strategy with new retail operation, and achieved sustained growth amid the adverse market conditions. We believe that after the pandemic, top brands with strong brand value have faster recovery and stronger competitiveness. In the future, the Group will seize every opportunity to strive for good financial results in order to create better returns to shareholders and investors."

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

**Branded down apparel business:** By focusing on positioning itself as the "bestselling expert in down apparel in the world", the Group took its customer-value-oriented approach and used its brand power to lead products, retail, supply chain and other aspects to work together to create a beneficial year for the brand, and made Bosideng to win the love of mainstream consumers of the era and continued to maintain its brand-leading position.

On the product development front, the Group will continue to improve the product operating efficiency by strengthening the organic combination of product development and market demand and reinforcing the matching of channels and products etc. On the channel and store building front, the Group will continue to improve the store operating efficiency by improving the integration of online and offline operations, developing strategic markets, expanding strategic channels, refining store operations and improving store managers' shopping guides. In terms of customer relationship management, the Group will continue to broadly expand the membership base through innovative live streaming and strengthen the exploration of new models such as expanding and attracting new customers and offline sales through the collection of accurate portraits and consumption habits of members.

**OEM management business:** The Group will continue to expand the customer base of the OEM management business, and evenly distribute the customer market resources in North America, Europe and the Asia-Pacific region to effectively reduce risks. Through continuous deployment in Southeast Asia, the Group will develop more price-competitive production resources to deal with uncertainty risks. The Group will also improve the overall efficiency by continuously improving the automation and intelligence level and technical capabilities of domestic and Southeast Asian factories.

**Fashionable ladieswear business:** The Group will actively encourage various ladieswear brands to take advantage of their unique advantages to expand their businesses. The Group also intends to expand synergy among brands through resource sharing. Through the gradual improvement of the product, channel and brand power, the operational and management efficiency of the ladieswear business will be boosted, thereby achieving the healthy growth of the ladieswear business.

**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. Currently, the Group’s ladieswear brands include *JESSIE*, *BUOU*, *BUOU*, *KOREANO* and *KLOVA*; and the school uniform brand includes *Sameite*.

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