



# EMBRACE INNOVATION, STRIVE FOR EXCELLENCE!

Dear shareholders,

On behalf of the Board, I am pleased to present the Group's annual results for the year ended March 31, 2024.

### **Establishing a firm strategic direction to achieve high-quality development**

Since 2018, the Group has returned to its original aspiration when we started our business and embarked on a new journey of "pursuing a new undertaking" that focuses on transformation and upgrading. Over the past six years, the Group has actively responded to the multiple challenges and tests, set clear strategic objectives, lived up to its mission with high positive energy, focused on its core business, maintained brand orientation, strengthened innovation capabilities, upheld corporate culture, demonstrated resilience in

development, and steadily increased brand value and operational performance. This has written a new chapter in China's global leadership in down apparel, taking solid steps towards sustainable high-quality development goals.

In FY2023/24, the Group continued to solidify its core competitiveness and development resilience. The foundation of the down apparel core business became more stable, the momentum of open innovation grew stronger, and the strategic development layout was optimized. Major operational performance showed stability with enhancements, demonstrating progress with improved quality. In FY2023/24, revenue reached RMB23.21 billion, representing a year-on-year increase of 38.4%. Net profit attributable to shareholders amounted to RMB3.07 billion, representing a year-on-year increase of 43.7%, while the Group's operating profit achieved a high-quality year-on-year increase of 55.6%. To thank shareholders for their long-term trust and support, the Board recommended the distribution of a final dividend of HKD20 cents per share in this financial year, continuously generating steady returns for our shareholders.

### **Deeply engaged in our principal business, with performance hitting a new high**

In FY2023/24, the Group's strategy of focusing on the principal business achieved remarkable results. The core competitiveness and operating quality and efficiency of the branded down

apparel business were steadily improved, and a revenue of RMB19.52 billion was achieved, accounting for 84.1% of the Group's total revenue, representing a year-on-year increase of 43.8%. Among them, by positioning itself as "the world's leading expert in down apparel", the Bosideng brand strengthened its core competencies in product innovation, retail operations, single stores' operation, brand communication, and maintaining high product quality in quick responses, and achieved a revenue of RMB16.78 billion, representing a year-on-year increase of 42.7%. Upholding the brand principle of "creating a wonderful life for all", the Snow Flying brand integrated the upstream and downstream resources of the industrial chain, focused on the top-tier platforms to consolidate the single-stores' operation, and achieved revenue of RMB2.02 billion, representing a year-on-year increase of 65.3%, which firmly consolidated its market share in the highly cost-effective down jacket market.

The OEM management business, ladieswear apparel business and diversified apparel business of the Group also achieved sound and high-quality growth. Among them, the OEM management business achieved a revenue of RMB2.67 billion, representing a year-on-year increase of 16.4%; the ladieswear apparel business achieved a revenue of RMB0.82 billion, representing a year-on-year increase of 16.6%; and the diversified apparel business achieved a revenue of RMB0.20 billion, representing a year-on-year increase of 0.3%.

As it continued to improve operating and management efficiency, the Group achieved a stable cash flow from operating activities, enhanced its ability to manage current assets, and continuously optimized the turnover days of inventories and trade receivables. Its inventory turnover days decreased by 29 days year-on-year, and its trade receivable turnover days decreased by 4 days year-on-year in the current financial year. The solid financial performance has been recognized by internationally authoritative rating agencies, with the two major internationally authoritative rating agencies, namely Moody's and S&P, continuing to assign "double investment grades" to the Group.

### **Insisting on brand leadership and consolidating its core capabilities**

The Group has insisted on taking the brand as its guide, and has made comprehensive efforts in product, retail and supply chain to strengthen the core competitiveness of its brand. Bosideng has continuously been listed on the Brand Finance's "Top 50 Most Valuable Apparel Brands of the World" and ranked 462th in the list of "Top 500 Brands of the World" for the year of 2023 released by the World Brand Lab, being the only brand listed in China's apparel and clothing sector.

**Product innovation contributes to market demand.** Bosideng has inherited its brand essence through original design and enhanced product value with technological innovation to continuously

meet people's growing needs for a better life. With the debut of the Chinese brands at Da Vinci Manor in Milan, the light and thin down apparel was redefined, winning high praise from the global fashion sector; with the product category innovation broadening the market space, the sun-protective apparel category achieved a surging growth, and the innovative categories such as goose down 3-in-1 windbreaker jackets made a hot debut, and the five classic series were reshaped and upgraded, winning the recognition and preference of mainstream consumer groups of the times. The Bosideng champions of thermostatic comfortable ski wear, national summit down jacket, technological constant-temperature outdoor down jacket won the ISPO Award-Global Design Award and Red Dot Design Award.

**Retail upgrades to boost growth momentum.** The Group continued to steadily improve the existing channel structure, layout, quality, and store image, and enhance the management capabilities and operational efficiency of the channels by systematizing and refining market segmentation and store formats management. At the same time, we implemented a business philosophy focused on "providing excellent services to its customers, relying on its physical stores and prioritizing the needs of its customers." This approach promotes a "store-centric, customer-value-oriented" reform of our business processes, aiming to improve the quality and efficiency of single stores' operations. Online sales share and

## CHAIRMAN'S STATEMENT

industry position continued to consolidate, with sales during the “Double 11” and “Double 12” events consecutively ranked No. 1 among China’s apparel brands. The Group has been continuously building a consumer-centric, cross-channel platform, focusing on membership refinement and expanding customer sources through high-quality members. Through digital empowerment, it has formed a closed-loop operation with multi-channel touch points, precise insight analysis, and differentiated content interaction, thereby enhancing the members’ shopping experiences and brand adherence.

### **Prompt and proactive collaboration to drive supply capacity enhancement.**

The Group has systematically upgraded its supply chain to ensure the quick and flexible delivery of high-quality products, quality assurance, research and technology, and efficient resource integration. By maintaining a low ratio of first-batch orders, utilizing demand-pull replenishment, swiftly launching new products, and quickly delivering small orders, the Group has achieved a shorter turnover cycle and higher efficiency.

### **Living up to social responsibility and pioneering sustainable fashion**

The Group has been pursuing long-term and social value creation, and delivering love and warmth to global consumers and the public, so as to build a community for mankind and nature. In FY2023/24,

the Group actively practiced the concept of sustainable fashion by participating in the SDG Summit Side Event held by the United Nations and joining the “Fashion Climate Innovation 30•60 Carbon Neutrality Acceleration Plan” (時尚氣候創新 30•60 碳中和加速計劃). In addition, the Group published a research report on the high-quality and low-carbon transformation of the down apparel industry, ranked A in the MSCI ESG ratings at an industry-leading level. Adhering to the principle of “warming people with products and warming hearts with charity”, Bosideng sent high-quality down apparels worth of RMB20 million from all over the country in the first instance to disaster areas after the earthquake in Gansu, and delivered its warmth and care. With its own responsible business practices, the Group has created long-term value for its customers, employees, partners, shareholders and the society, which promotes the sharing of corporate development results.

### **Leading the world and generating new quality productive forces**

The process of development is vast and endless, and only through continuous development can we make progress. The textile and apparel industry has embarked on a new journey to modernization, which will be driven by new quality productive forces. As a leading company in the industry, the Group is firmly committed to cultural self-confidence and brand

self-improvement, adhering to the original mission of “China Bosideng, Warming the World” and aiming at the vision of “Becoming the global leading group on fashion and functional apparel enhanced with technology”. “Focusing on the mainstay business of down jackets and focusing on the main track of fashion and functional apparel enhanced with technology” is the way forward for the Group’s development. We are enhancing our core capabilities for strategic planning, research, development and innovation, collaborative supply, and management system. We also have enhanced our core initiatives for brand leadership, product category management, sales channel operation, and customer experience. Guided by innovation and high standards, we will generate new quality productive forces in the high-end textile industry and start a new chapter of sustainable high-quality development.

### **Focusing on the mainstay business of down jackets and focusing on the main track of fashion and functional apparel enhanced with technology**

Bosideng has been dedicated to the down apparel industry for 48 years since its establishment, and focused on its main business, aiming to make down jackets the most internationally competitive category

in China's apparel industry. In the future, the Group will always focus on its core business of down jackets, concentrate on its advantageous resources, and build the core competencies of its main business, striving to become the leader of the global down apparel industry. On the basis of strengthening its core business, the Company will focus on the track of fashion and functional apparel enhanced with technology, carefully extend product categories and businesses, and create new growth curves.

### **Maintaining brand leadership, fostering innovation and building core capabilities for high-quality development**

The Group will adhere to the brand-led development model, comprehensively build a brand matrix, affirm its brand positioning, and strengthen its capabilities for operating its various brands. Meanwhile, the Group will optimize the brand management system based on its brand culture and consumer mindset to strengthen consumers' attention. The Group will enhance technological research and development innovation, leverage the core strength of technological innovation to empower product innovation and upgrades, consolidate brand value and core competitiveness, and generate new demand with high-quality supply. The Group will take digital transformation as the overall driving force, starting from

business, organization to the overall enterprise, to accelerate the transformation of operation and management from a traditional way to a digital way, and lay a solid foundation for the sustainable and high-quality development of the enterprise.

### **Adhering to long-termism and creating symbiotic value**

Only adhering to long-termism can we navigate through ups and downs and seize the future development. The Group will integrate its responsibilities towards employees, the industry, the environment and the society into its corporate strategy and development practices, thereby exploring sustainable high-quality development in areas such as environmental protection, social responsibility and corporate governance. Guided by the United Nations' Sustainable Development Goals and aligning with the national "dual carbon" strategy, the Group will pursue the ESG strategic vision of "consumer-oriented and leading sustainable fashion", striving to achieve the goal of "net-zero emissions in operations by 2038". We will also actively fulfill our corporate social responsibilities, through nurturing a deep sense of patriotism to promote rural revitalization and contribute to common prosperity, thereby creating symbiotic value for customers, employees, shareholders and the society.

As we embark on this journey with a favorable wind, we will seek progress while maintaining stability. On behalf of the Board, I would like to express my sincere gratitude to our members of the Board, the management team and the strivers of the Group for their efforts and dedication, and also sincerely hope that all shareholders, partners and global consumers will continue to trust and support Bosideng. The Group will remain true to its original mission, stand confidence in development, target to strategic goals, and innovate the Company's value symbiosis and co-creation sharing mechanism, in a bid to deliver long-term returns for shareholders and start a new chapter of "World Down Apparel, China Bosideng, New leading trends". We will contribute Bosideng's strength to the construction of a modern textile industrial system and to the construction of a powerful nation in clothing and brands!



**Gao Dekang**  
Chairman and President  
June 26, 2024