

For immediate release



波司登國際控股有限公司

Bosideng International Holdings Limited

**Bosideng Announces FY2013 Annual Results
Down Apparel Revenue Grew 15.9%**

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Aggregate Market Share of Down Apparel Increased by 5.6 percentage points to 40.1%

Financial Highlights

| <i>RMB'000</i> | For the year ended March 31 | | Change |
|--|-----------------------------|-----------|----------|
| | 2013 | 2012 | |
| Revenue | 9,324,539 | 8,376,062 | +11.3% |
| Gross profit | 4,720,549 | 4,188,634 | +12.7% |
| Operating profit | 1,271,670 | 1,621,393 | -21.6% |
| Profit before tax | 1,456,916 | 1,721,736 | -15.4% |
| Profit attributable to equity holders | 1,078,650 | 1,436,642 | -24.9% |
| Basic and Diluted EPS (RMB cents) | 13.55 | 18.29 | -25.9% |
| Final dividend per share (RMB cents) * | 5.2 | 9.8 | -46.9% |
| Full year dividend per share (RMB cents) | 10.1 | 13.6 | -25.7% |
| Gross profit margin (%) | 50.6 | 50.0 | +0.6 pp |
| Operating profit margin (%) | 13.6 | 19.4 | -5.8 pp |
| Effective tax rate (%) | 27.8 | 15.7 | +12.1 pp |

* Final dividend is HKD6.5 cents per ordinary share, equivalent to approx. RMB5.2 cents per ordinary share based on the exchange rate of The People's Bank of China on June 19, 2013.

(June 26, 2013 – 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, 2013 (“FY2013”).

Financial Review

The Group's revenue for FY2013 increased by 11.3% year-on-year to approximately RMB9,324.5 million. The growth during the year is attributable to the branded down apparel business which increased by 15.9% with 5.6% increase in average unit price and 9.6% increase in sales volume. According to the China Industrial Information Issuing Centre, the aggregate market share of the Group's four down apparel brands, namely *Bosideng*, *Snow Flying*, *Combo* and *Bengen*, was 40.1% in 2012, representing an increase of 5.6 percentage points as compared to 2011.

During the year, the Group's gross profit margin grew slightly by 0.6 percentage points to 50.6%, driven by the Group's economies of scale and strict cost control measures to mitigate the effect arising from the increasing labour costs and raw material costs. Operating profit declined by 21.6% to RMB1,271.7 million, mainly due to the one-off impairment losses for customer relationships and goodwill in respect of *Bosideng MAN* and *JESSIE* ladies' wear with an aggregate amount of approximately RMB256.1 million. However, according to the profit guarantee terms of the acquisition agreement with *JESSIE*, the Group received finance income of RMB137.0 million from the adjusted consideration, which offsets the impairment losses. The actual impairment losses were RMB119.1 million. In addition, the effective tax rate increased by 12.1 percentage points to 27.8% as the tax holiday came to an end. Due to the above mentioned factors, profit attributable to equity holders decreased by 24.9% to RMB1,078.7 million.

The Board of Directors has recommended the payment of a final dividend of HKD6.5 cents per ordinary share (equivalent to approximately RMB5.2 cents based on the exchange rate of The People's Bank of China on June 19, 2013). Together with the interim dividend of RMB4.9 cents per ordinary share, the full year dividend is RMB10.1 cents per ordinary share, representing a dividend payout ratio of 74.5%.

The Group's financial position remained healthy. As at March 31, 2013, the Group was in a net cash position of RMB3,028.1 million, including cash, available-for-sales financial assets and other financial assets and minus all bank borrowings. The Group had an operating cash inflow amounting to RMB658.8 million during the year.

Business Review

During the year, sales of the branded down apparel business and non-down apparel business of the Group were RMB7,093.7 million and RMB1,275.9 million, representing 76.1% and 13.7% of total revenue. During the year, non-down apparel business' contribution to the Group declined due to industry downturn and the close-down of underperforming stores. OEM management business represented 10.2% of the Group's total revenue.

During the year, the sales of the down apparel business amounted to RMB7,093.7 million, representing an increase of 15.9% as compared to last year. The average unit price of down apparel increased by approximately 5.6% and the sales volume increased by 9.6%. During the year, the overall growth of sales volume of down apparel was better than the low digit growth in previous years. The sales of down apparel brands, *Bosideng*, *Snow Flying*, *Bengen* and *Combo* (formerly known as *Kangbo*) represented 67.0%, 17.0%, 6.0% and 7.5% of the Group's sales revenue respectively.

The Group started to separate the operation for its down apparel brands, including *Bosideng*, *Snow Flying* and *Combo* in FY2013, while logistics and supply chain were under the central management of the Group to achieve optimal efficiency. After implementing separate operation for its brands, each brand's positioning, product styles were improved in order to enhance brand differentiation and fulfil the needs of each target customer base.

As at March 31, 2013, the Group had 13,009 retail outlets in total, representing a net increase of 4,665 outlets or 55.9%. The significant increase in the number of outlets was mainly attributable to the division of sales channels which transformed the multi-brand stores into single brand stores. The total sales area increased by 18.9% to 1,037,000 square metres (872,000 square metres as at March 31, 2012).

The Group's four-seasonal apparel business has been developed in an orderly manner. The major styles of four-seasonal products are basic apparels and accessories which match down apparel. During the year, the Group had developed and launched 932 SKUs of four-seasonal products, which were displayed in about 50 selected regional flagship stores to test out the marketability of the products and the level of acceptance of customers to four-seasonal apparels being sold through the down apparel sales channel. Positive market response was seen from the performance of four-seasonal products with sales of RMB59.2 million during the year.

During the year, the non-down apparel business contributed RMB1.275.9 million to the Group's revenue, representing a slight decrease of 5.3% as compared to the corresponding period of the last financial year, and accounted for 13.7% of the total revenue of the Group, representing a slight decrease of 2.4 percentage points as compared to 16.1% of the corresponding period of last year. Each of the Group's non-down apparel brands was affected by the industry depression to a different degree. A number of stores under the non-down apparel business with unsatisfactory performance were closed down during the year. As at March 31, 2013, there were 1,426 stores and outlets under the non-down apparel business, representing a net decrease of 246 stores and outlets as compared to March 31, 2012. The total number of retail outlets of *Bosideng MAN* was 755, representing a decrease of 146 outlets as compared to March 31, 2012; *JESSIE* had 254 sales outlets, including 123 self-operated outlets and 131 distribution outlets. The proportion of self-operated outlets increased to over 48%. *Mogao* had 395 sales outlets, including 209 self-operated outlets and 186 distribution outlets.

As a result of decreased number of retail outlets, *Bosideng MAN* recorded sales revenue of approximately RMB483.9 million, representing a decrease of 30.0% as compared to the corresponding period of last year. *JESSIE* recorded sales revenue of RMB332.1 million. During the year, the sales performance of *Mogao* was solid and recorded sales revenue of approximately RMB426.0 million, representing an increase of 11.8% as compared to the corresponding period of last year.

The first flagship store of the Group in Europe commenced its trial operation on July 26, 2012 in London and officially opened on October 12, 2012. The store mainly offers the premium line of Bosideng's menswear, the "Bosideng London" collection, which is mainly manufactured in Europe. The first flagship store of the Group marks a key milestone in internationalization. Furthermore, the flagship store in the United Kingdom also recorded encouraging sales of the "Bosideng London" collection throughout the United Kingdom after commencing online sales in December 2012, and the Group plans to further expand the same to cover the whole European market.

Mr. Gao Dekang, Chairman and CEO of Bosideng, said, "2012 was a challenging year for the domestic apparel industry. On one hand, China's economic growth began to slow down since last year after its strong growth for nearly a decade. On the other hand, trends such as the emergence of online shopping, the gradual entry of foreign fast fashion brands into the domestic market and the increasing pursuit by Chinese consumers of personalized products have caused various levels of challenges and impacts on the apparel industry in China. In the sophisticated and fast changing domestic and overseas environment, the Group has formulated the '3+1' development strategy for the 2013 financial year to keep down apparel as its core business, develop multi-brand, four-seasonal products and expand to the international markets. During the year, the Group has pushed forward with its development strategy in an orderly manner and has made progress."

Future Development

Looking forward, Mr. Gao said, "The Group will insist on having down apparel as its core business and deepen the development of its product types. The non-down apparel brand is also an integral part of the Group as an integrated brand operator. The Group will continue its focus on the non-down apparel business. Meanwhile, the Group will introduce more brands by actively acquiring quality mid to high-end men's and ladies' wear brands in the market to diversify its product portfolio. The Group intends to constantly increase the contribution of non-down apparel business to the net profits of the Group. Well-aware of the challenges ahead and well-prepared to strive for excellence with dedication, the Group will maintain its prudent business development this year and stride toward becoming a world-renowned integrated apparel brand operator."

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About Bosideng International Holdings Limited:

Bosideng International Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is the largest down apparel company in the PRC. Its top four down apparel brands, namely *Bosideng*, *Snow Flying*, *Combo* and *Bengen* accounted for 40.1% of the PRC down apparel market[#]. According to China Industrial Information Issuing Center and the National Bureau of Statistics of China, Bosideng has been the leading PRC down apparel brand for 18 consecutive years from 1995 to 2012.

Leveraging on its outstanding brand value and extensive sales network, the Group is actively exploring opportunities to acquire non-down apparel brands with high development potential and good reputation. Currently, key non-down apparel brands of the Group include *Bosideng MAN*, *JESSIE* ladies' wear and *Mogao* casual wear.

[#] Among the 30 largest down apparel brands

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