INITIATION OF COVERAGE REPORT

Bosideng International Holdings Limited

Bosideng: China's Down Apparel Leader with Resilient Growth and Brand Premiumization Upside

KEY POINTS

Bosideng remains the clear leader in China's down apparel market, supported by a multi-brand portfolio and ongoing brand premiumization. Since 1995, Bosideng brand has consistently ranked No.1 in China's down apparel market by share, while its sub-brands Snow Flying and Binjora ranked the top three and top ten, respectively. Beyond its owned brands, the company has strengthened its presence in the premium down apparel segment through strategic investments and joint ventures, including Moose Knuckles and BOGNER. The Group implements a core strategy of brand-led empowerment, builds a differentiated multi-brand matrix that caters to broader market demands. We believe these initiatives strengthen Bosideng's premium positioning, strengthen its international brand recognition, and support its transformation into a leading fashionable, functional and technological apparel group.

Product innovation and channel upgrading are pivotal to Bosideng's resilient growth. On the product side, the company continues to drive product upgrades through a dual focus on technological innovation and fashion-oriented design, improving both product functionality and consumer appeal. In 2025, Bosideng collaborated with Kim Jones to launch the premium product line, Bosideng AREAL. It also parterned with Errolson Hugh to introduce the VERTEX series. On the channel side, the company has been optimizing its store network by expanding high-potential flagship stores and developing differentiated store formats, including its recently launched Summit Concept Stores. The company also adopts refined store-tier-based operations to improve store productivity and operating efficiency. Despite warmer-than-usual weather conditions during 2025–2026, the company maintained solid operating performance, reflecting the effectiveness of its product and channel strategy and its strong capability to manage seasonal volatility.

A flexible supply chain forms a core competitive moat of Bosideng in the down apparel category. Leveraging five decades of expertise, the company has built a highly efficient supply chain system tailored to the seasonality and demand uncertainty of the category. Through fulfilling small orders in quick responses on a rolling basis which would match the demand for orders, and quickens according to the actual demand, the company can complete the full process from order placement to delivery within 14 days, while limiting initial bulk orders to less than 40% of total products. This model helps reduce inventory risk, improve sell-through efficiency, and enhance responsiveness to changing weather and consumer demand. In our view, the supply chain of Bosideng is difficult for competitors to replicate, underpinned by the company's scale, deep category specialization, and decades of accumulated operational expertise.

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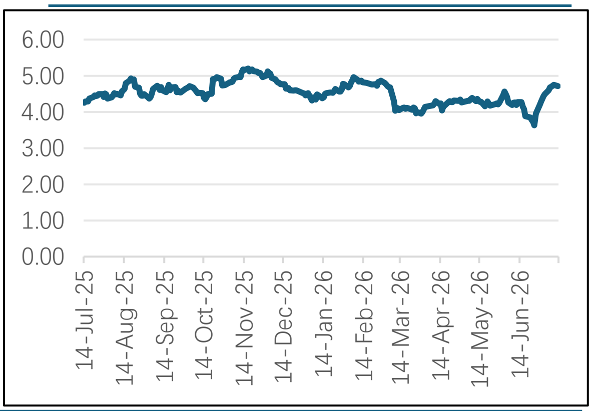
KEY DATA

Exchange: HKEX
Ticker: 3998
Current Price: HK$4.71
52-Week Range: HK$3.55-HK$5.37
Average Volume (3M): 28.02 M
Shares Outstanding (MM): 11,685
Market Capitalization ($MM): HK$55,040
Fiscal Year-End: March

FINANCIALS

In RMB Million	FY25A	FY26	FY27E	FY28E
Revenue	25,902	27,350	29,242	31,274
Gross Profit	14,840	15,651	16,763	17,916
EBIT	4,967	5,294	5,633	5,949
Net Income	3,514	3,994	4,298	4,604

PRICE PERFORMANCE



Snow Flying is emerging as a new growth driver, while ESG recognition and attractive shareholder returns further enhance Bosideng's investment appeal. Since 2025, the company has been reshaping Snow Flying by strengthening its "Ice and Snow" and "Sports" genes, positioning the brand to capture growing demand from younger consumers and the broader outdoor/sports lifestyle market. Beyond its growth initiatives, Bosideng has established itself as an ESG leader among global apparel companies, as MSCI ESG AAA rating, inclusion in the S&P Global Sustainability Yearbook, and selection into the S&P Dow Jones Best-in-Class Index. On shareholder returns, the company has maintained a consistently high dividend payout ratio of around 70%–80% in recent years, with the current dividend yield close to 6.7%. We believe the company offers a combination of sustainable earnings growth, best-in-class ESG performance, and attractive shareholder returns, supporting its long-term investment case.

Robust revenue and earnings growth, resilient execution, and undemanding valuation underpin our positive investment thesis on Bosideng. The company has delivered solid topline and bottom-line growth, with revenue and profit CAGR of 9% and 14%, respectively, during FY24–FY26, demonstrating strong operating resilience. Given the nature of down apparel companies, we apply EV/EBITDA as a key valuation reference and select two peer groups for comparison. Based on Bosideng's current share price of HK$4.71 and market capitalization of approximately HK$55 billion, we estimate FY27E and FY28E revenue at RMB29 billion and RMB31 billion, respectively. This implies FY27E/FY28E EV/EBITDA multiples of 5.0x/4.8x, compared with peer averages of 5.3x/5.0x. We believe Bosideng's leading category position, improving brand premiumization, efficient supply chain, attractive dividend yield, and resilient earnings profile justify a more constructive valuation view.

INDUSTRY OVERVIEW

China's down apparel market continues to expand, supported by rising functional demand, ongoing premiumization and the rapid development of the ice and snow economy. China's down jacket market was RMB280 billion in 2025, and is expected to reach RMB330 billion by 2028, representing a CAGR of 5.6% over 2025 to 2028. Growth is driven by rising living standards, increasing consumer demand for warmth and comport, and the continued pursuit of functionality and fashion. Despite this growth, down jacket penetration remains relatively low (at 18% in 2025), compared with 35% in developed markets in 2025, suggesting significant room for expansion. Meanwhile, China's ice and snow economy was roughly RMB450 billion in 2025–2026 season. According to the General Office of the State Council, the market is targeted to exceed RMB1.5 trillion by 2030, with CAGR of 8.3%. From high-end to mass market, the company is well placed to benefit from these industry trends through its well-structured and differentiated brand matrix that includes BOGNER, Moose Knuckles, Bosideng, and Snow Flying.

The mid-to-high-end segment provides the strongest structural growth opportunities within China's down apparel market. The market has formed a relatively clear tiered structure, with international luxury and premium brands such as Moncler, Canada Goose, Moose Knuckles, and BOGNER primarily competing in the high-end market with products generally priced above RMB5,000. Brands such as ERAL and MERRYCHENG are positioned mainly in the RMB1,000–2,000 price range, while the sub-RMB1,000 segment is represented by a large number of mass-market players, including Snow Flying, Tambor, Yaya, Sharon, CHERICOM, and Hanssi. The competition remains intense in the lower-price segment. Bosideng brand is strategically positioned between RMB 1,000 and RMB 3,000. The mid-to-high-end and quality mass markets favor brands with strong brand equity, differentiated product innovation, technological capabilities, and channel execution, creating higher barriers to entry.

Company Overview

Founded in 1976, Bosideng has evolved into the world's leading expert in down apparel, focusing on the core down apparel business while expanding into fashionable, technological and functional apparel. The Group operates four main business segments: branded down apparel business, OEM management business, ladieswear apparel business, and diversified apparel business. The company's core down apparel brands includes Bosideng, Snow Flying, and Binjora. The Group also operates a portfolio of ladieswear brands, including Jessi, BUOU BUOU, KOREANO, and KLOVA, as well as its school uniform brand Sameite. Branded down apparel remains the Group's core business, generating revenue of RMB23,560.1 million in FY26 and accounting for 86.1% of total revenue. Revenue from OEM management, ladieswear, and diversified apparel amounted to RMB3.093.6 million, RMB558.3 million, and RMB138.0 million, respectively. Bosideng has maintained its leadership position in China's down apparel market for decades. It positions itself as a tech-driven stylish functional apparel provider, securing leading status in domestic down apparel market over decades.

Figure 1: Company Management.

Executive Director	Position	Appointment Date	Year of Birth	Profile
Gao Dekang	Chairman/Executive Director	Pre-IPO	1952	Founder of the Group, responsible for the overall strategic development of the Group. He was a deputy to the 10th to 12th National People's Congress and a National Model Worker.
Mei Dong	Executive Director	2006	1968	Appointed as Executive Director in 2006, responsible for the overall operation and management of the Group. She has more than 30 years of experience in the down jacket industry. Ms. Mei is the spouse of Mr. Gao Dekang and the mother of Mr. Gao Xiaodong.
Huang Qiaolian	Executive Director	2007	1965	Appointed as Executive Director in 2007, responsible for the research of down jacket fashion trends and apparel product design.
Rui Jinsong	Executive Director	2013	1973	Appointed as Executive Director in 2013, fully responsible for the operation and management of the Group's core brand Bosideng.
Gao Xiaodong	Executive Director	2017	1976	Appointed as Executive Director in March 2017, fully responsible for the management of the Group's diversified apparel business. Mr. Gao is the son of Mr. Gao Dekang and Ms. Mei Dong.

Source: GLH Research; Company filings.

Development Timeline

Foundation Stage (1976 – 1994): Bosideng was founded as Shanjing Village Garment Factory in 1976. The Bosideng trademark was registered in 1990, and the company was restructured into Jiangsu Kangbo Group in 1994, laying the foundation for future brand development.

Brand Expansion Stage (1995 – 2007): Bosideng brand became China's best-selling down jacket brand in 1995 and subsequently expanded its business through brand diversification and four-season apparel initiatives. Bosideng was successfully listed on the Hong Kong Stock Exchange in 2007, marking a key milestone in its corporate development.

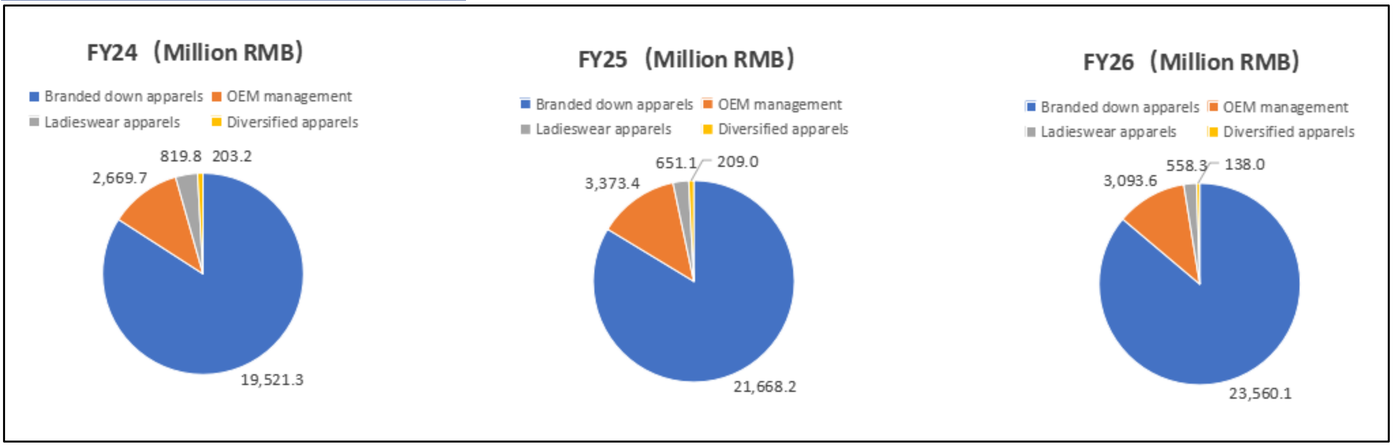
Diversification Stage (2008 – 2017): The Group adopted the strategy of four-season expansion, multi-brand development, broadening its business beyond down apparel into menswear, ladieswear, childrenswear, and other apparel categories

Strategic Upgrade Stage (2018-Present): The Group proposed the "dual-focus" strategic direction of "focusing on the mainstay business of down jacket and focusing on the main track of fashionable, technological and functional apparel".

Corporate Culture

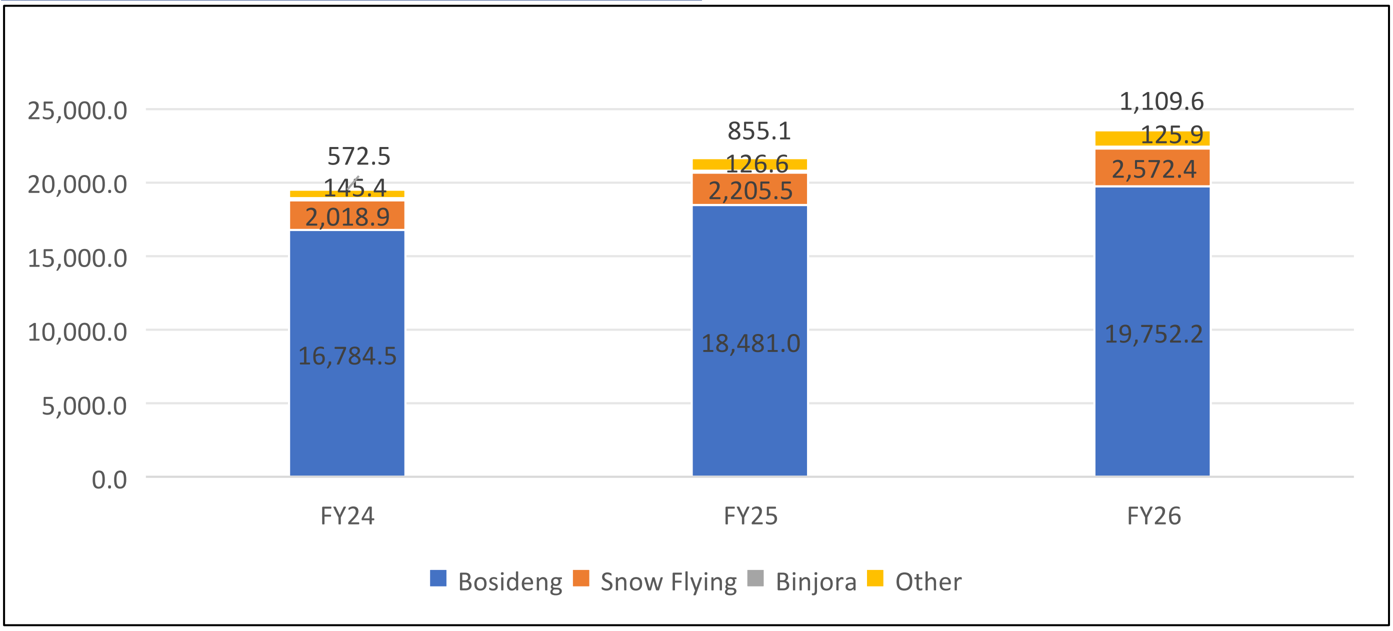
The company takes brand's value proposition of "heritage of warmth" and "professional leadership" as its mission, aiming to be a world-leading fashionable, technological and functional apparel group. Adhering to a user-first orientation, a cultural soil for open-mindedness, evaluation and motivation of value results, benchmarking demonstration for cadres role models, and the spirit of unyielding pursuit of excellence., it focuses on down apparel R&D, brand upgrading and sustainable development.

Figure 2: Bosideng's Revenue by Business.



Source: GLH Research; Company filings.

Figure 3: Bosideng's Branded Down Apparel Revenue by Brand.



Source: GLH Research; Company filings.

Figure 4: Bosideng's Gross Margin by Business.

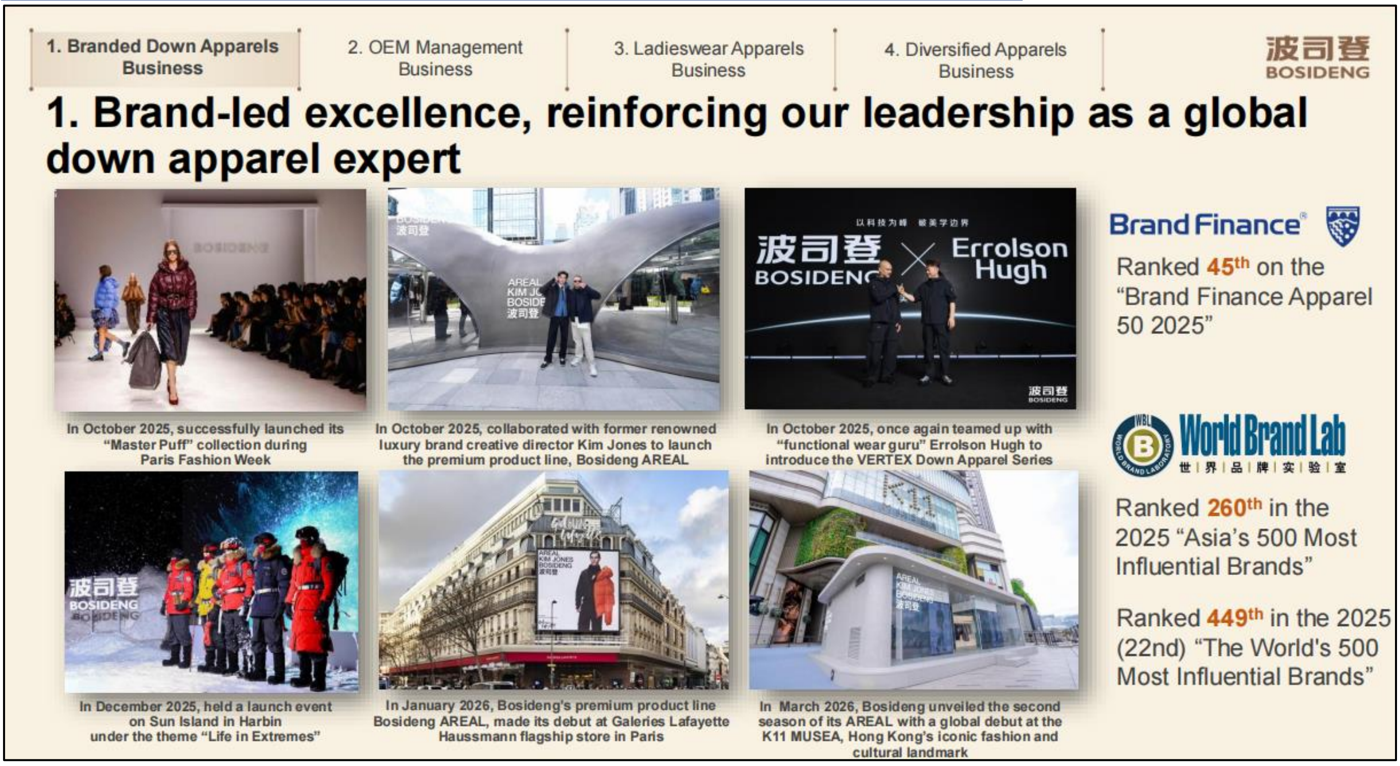
Business Segment	FY24	FY25	FY26
Branded down apparels	65.00%	63.40%	62.7%
OEM management	20.60%	19.10%	19.5%
Ladieswear apparels	67.50%	63.20%	45.9%
Diversified apparels	20.20%	21.70%	20.2%
The Group	59.60%	57.30%	57.2%

Source: GLH Research; Company filings.

Brand Strategy

Brand building remains the key driver of Bosideng's long-term competitive strategy. The Group continued to solidify Bosideng's brand image of being "the world's leading expert in down apparel", adhering to a brand-led development model and through continuously enriching brand essence and emotional connection, elevating brand value, and reinforcing the mental recognition of being "the No.1 down apparel brand". In 2025, the Bosideng brand has partnered with top-tier designers Kim Jones and Errolson Hugh to launch the exclusive Bosideng AREAL and VERTEX co-branded series, respectively, building a differentiated high-end. Meanwhile, Bosideng continues to enhance its fashion credentials through runway presentations at Paris Fashion Week and at the Beijing International Film Festival via dedicated shows to lift fashion influence. These initiatives further elevate the brand's premium positioning and enhance its global visibility.

Figure 5: Brand-led Excellence, Reinforcing The Leadership as a Global Down Apparel Expert.



Source: GLH Research; Company filings.

Product Strategy

Product innovation and category operation are the cornerstones for the development of the Bosideng brand. The company continues to enhance its product competitiveness through a dual focus on technological innovation and fashion-oriented design, improving both product functionality and consumer appeal. The Bosideng brand has established a scenario-based product portfolio spanning four key consumption occasions: outdoors, leisure, business and fashion. In FY26, Bosideng brand further focus on three core competitive advantage categories: extreme, puff and outdoor.

Figure 6: Reinforce Core Product Strengths and Elevate the Overall Product Mix and Portfolio.

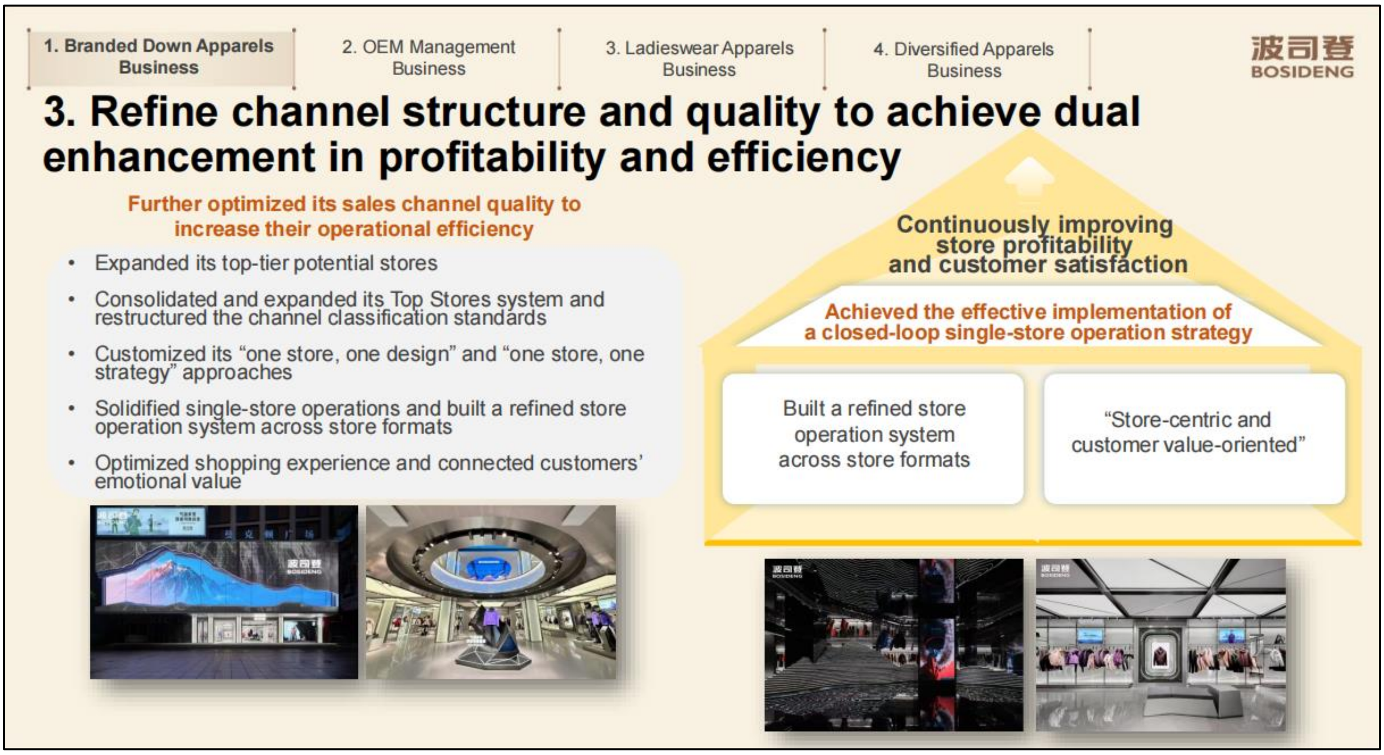
Source: GLH Research; Company filings.

Channel Strategy

Bosideng optimizes sales channels quality, enhances channel operational efficiency and launches high-quality stores. Firstly, the Group expand top-tier potential stores. The firm scaled up high-value flagships and launched premium Summit Concept Stores in top-tier malls to raise per-store revenue. Secondly, the Group expand large brand image flagship stores while continuously consolidating TOP Stores system. Thirdly, by focusing on strengthening single-store operations and based on customer segmentation, the Group build a refined store operation system. Between March 31, 2025, and March 31, 2026, Bosideng brand's self-operated stores increased from 1,138 to 1,148, while its third-party distributor stores rose from 2,069 to 2,141. Despite unexpectedly warm winter in 2025–2026, its optimized offline matrix delivered steady operational resilience.

The Group continues to strengthen its omnichannel capabilities, with a focus on enhancing its online platform operational efficiency. In FY26, the Group's total online sales revenue increased by 15.8% year-over-year to approximately RMB 8.77 billion. Livestreaming remained a key sales channel, contributing approximately 77.5% of the Bosideng brand's revenue on Douyin. As of March 31, 2026, the Bosideng brand's official flagship stores on Tmall and JD.com reached a combined follower base of approximately 23.1 million, alongside approximately 17 million followers on Douyin.

Figure 7: Refine Channel Structure and Quality to Achieve Dual Enhancement in Profitability and Efficiency

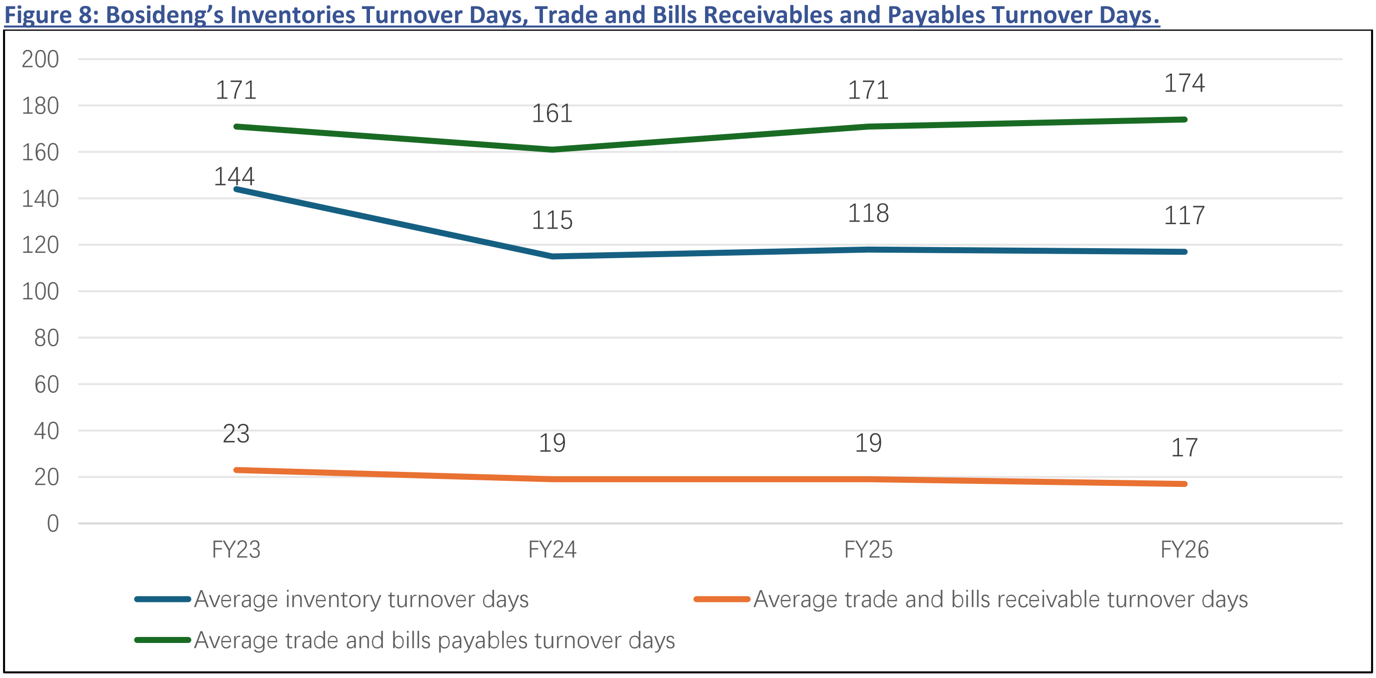


Source: GLH Research; Company filings.

Supply Chain Strategy

The company boasts prominent competitive moats in its supply chain. Through fulfilling small orders in quick responses on a rolling basis which would match the demand for orders, and quickens according to the actual demand, it can complete the entire process from order placement to delivery within 14 days and caps dealers' initial order ratio within 40%, with follow-up inventory dynamically adjusted based on real-time market feedback during peak seasons. The brand achieves a stable 7 to 14 day quick-response cycle, securing adequate supply for bestsellers and avoiding overproduction for low-demand goods. This demand-centric operation yields clear inventory turnover improvement: average inventory turnover days declined from 144 days in FY23 to 117 days in FY26. The improvement on inventory day was mainly due to (1) the company maintained stringent control over overall terminal discount management while proactively and effectively responding to weather fluctuations; (2) the company improved its omnichannel merchandise operation capabilities and inventory allocation efficiency through enhanced merchandise operation and management, flexible supply chain management, and efficient integration of production and sales.

Figure 8: Bosideng's Inventories Turnover Days, Trade and Bills Receivables and Payables Turnover Days.



Source: GLH Research; Company filings.

Snow Flying: The Group's Second Growth Engine of Growth

Snow Flying serves as the second growth curve strategically cultivated by the company, achieving rapid expansion amid the booming ice and snow economy. Following its brand restructuring strategy, Snow Flying has fully leveraged its ice and snow sports heritage, adhered to a cost-effective positioning, and comprehensively advanced youth-oriented upgrading. Positioned as a Chinese ice and snow down jackets brand, it conveys its brand philosophy of Rooted in Snow and Fashion on the Slopes. Blending sports functionality and trendy aesthetics, the brand has launched specialized product lines for skiing, camping and other outdoor scenarios. It also collaborates with IP partners and adopts trendy designs to engage consumers, with consumers aged 18 to 30 as its core customer base. As a crucial part of the company's differentiated segment, Snow Flying complements mid-to-high-end Bosideng, by focusing on the mass market. It continuously enriches product categories and expands customer groups to steadily unlock growth potential and create new growth drivers for the company.

Investment & Joint Venture Brand Layout

The company expands its portfolio of international premium brands through strategic investments and joint ventures. It has partnered with Bogner, a distinguished German luxury sportswear brand that specializes in professional ski and outdoor apparel and holds a prominent position in the global high-end skiwear market. A joint venture was launched between the two parties at the end of 2021, awarding Bosideng exclusive operating rights for Bogner across mainland China. This move successfully addresses the company's deficiency in the high-end sportswear sector. Separately, the company has introduced Moose Knuckles, a Canadian luxury down apparel brand focused on upscale trendy outdoor wear tailored for high-net-worth trendsetters. These two international brands deliver strong synergy with Bosideng's self-owned labels, building a full-fledged brand matrix that caters to diverse price tiers and consumer groups. This layout optimizes the company's multi-level brand structure, bolsters its competitiveness in the premium market, and underpins its long-term development within the down apparel industry.

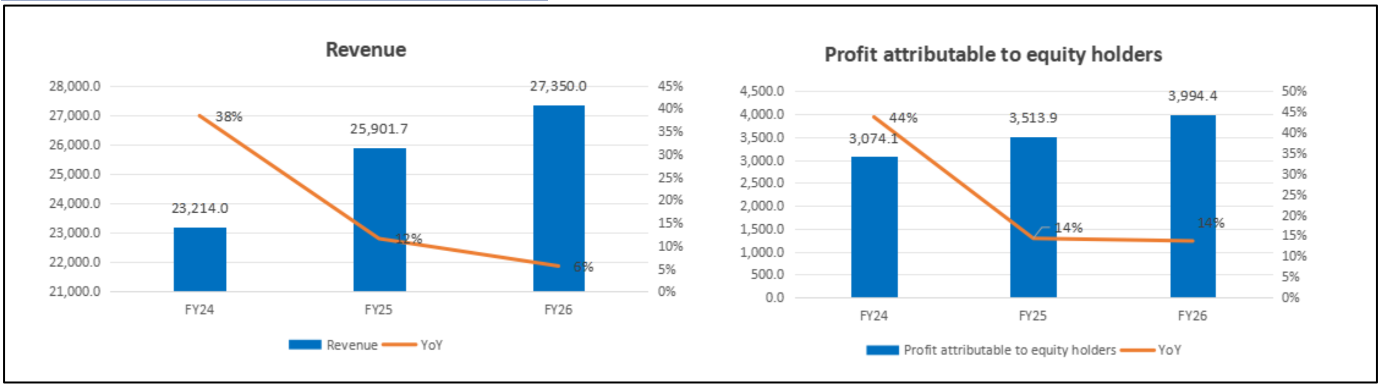
ESG Recognition by Global Authoritative Institutions

Bosideng maintains top-tier ESG competitiveness, outperforming its global industry peers. Under its structured "1+3+X" development strategic framework, the company has set a clear target of achieving operational net-zero emissions by 2038. In 2025, the company secured the MSCI ESG AAA rating, emerging as the first enterprise across Asia's textile and apparel industry to attain this prestigious highest-level certification. The firm integrates sustainability throughout its product portfolio. All down materials utilized in its products have obtained full RDS certification. It has also independently developed innovative eco-friendly fabrics with a bio-based content of more than 70%, while its flagship CIRCULAR 3.0 product series enables a complete closed-loop recycling model for apparel products. Beyond sustainable manufacturing, the company upholds long-term social responsibility by actively engaging in environmental conservation, rural revitalization and public welfare philanthropy. Until now, the cumulative value of its charitable donations in funds and materials has surpassed RMB1.55 billion.

FINANCIALS AND VALUATION

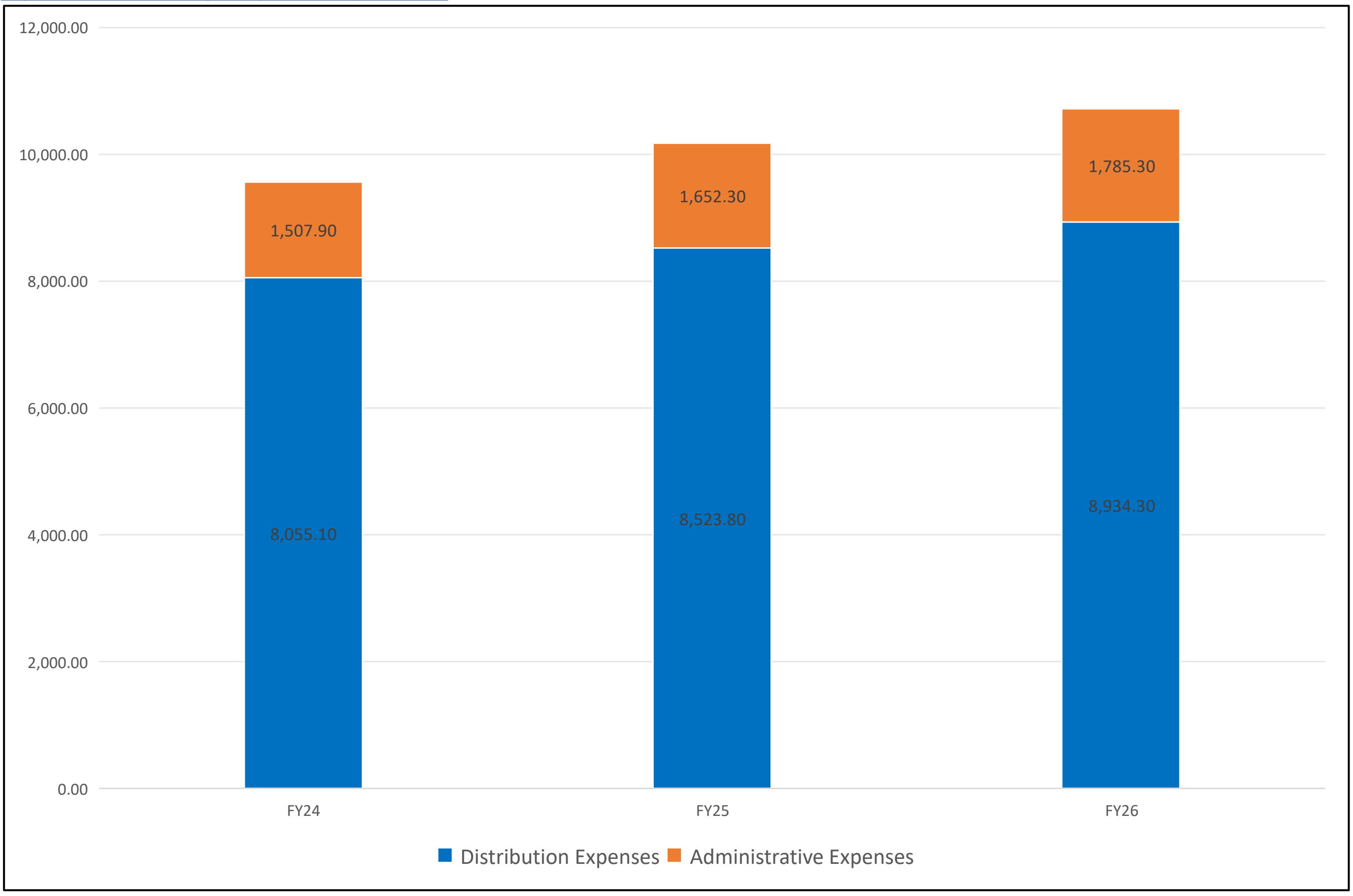
Bosideng reported FY26 revenue of RMB27bn (+5.6% YoY) and attributable net profit of RMB4.0bn (+13.7% yoy), extending its three-year track record of profit growth outpacing revenue growth and maintaining healthy profitability momentum. By segment, branded down apparel revenue grew robustly (+8.7% yoy), while ladieswear/OEM revenues dropped by 14.3%/8.3% YoY. We attribute pressured OEM revenue to tariff disruptions and sluggish consumption abroad. The company declared a final dividend of HKD 0.25/share with dividend payout ratio could stay at 80%. We view favorably the company's commitment to its mainstay business of down jackets and technology-driven, fashionable functional apparel. We expect product innovations and brand momentum could drive its core business earnings growth. Given the company's refined channels, efficient supply chain management and attractive dividend yields.

Figure 9: Profit growth outpaces revenue growth.



Source: GLH Research; Company filings.

Figure 10: Bosideng's Opex Composition.



Source: GLH Research; Company filings.

Figure 11: Bosideng's Total Cash and Net Cash.

In RMB million	FY24	FY25	FY26
Cash and cash equivalents	6,227.0	4,184.8	2,977.0
Time deposits with maturity over 3 month	3,668.7	3,112.8	4,870.7
Pledged bank deposits	671.4	442.8	403.4
Other financial assets	3,963.0	6,214.4	8,135.7
Total cash	14,530.1	13,954.8	16,386.8
Minus: Bank borrowings	-768.4	-896.1	-957.0
Minus: Convertible Bonds	-1,715	0	0
Net cash	12,047.2	13,058.7	15,429.8

Source: GLH Research; Company filings.

Figure 12: Company's Financials FY25 – FY28E.

Unit: Million RMB	FY25	FY26	FY27E	FY28E
Ending in	*Mar-25*	*Mar-26*	*Mar-27*	*Mar-28*
Revenue	25,902	27,350	29,242	31,274
Cost of sales	-11,062	-11,699	-12,479	-13,358
Gross Profit	14,840	15,651	16,763	17,916
Other income	492	552	553	558
Selling and distribution expenses	-8,524	-8,934	-9,584	-10,186
Administrative expenses	-1,652	-1,785	-1,909	-2,136
Impairment losses on goodwill	-171	-148	-145	-155
Other expenses	-18	-41	-45	-48
Profit from operations	4,967	5,294	5,633	5,949
Net finance income	204	371	429	435
Share of losses of associates and joint ventures	-22	-32	-101	-108
Profit before taxation	5,149	5,633	5,961	6,276
Income tax	-1,596	-1,586	-1,633	-1,640
Profit for the year	3,553	4,047	4,327	4,635
Profit attributable to Non-controlling interests	39	53	29	31
Profit attributable to Equity shareholders of the Company	3,514	3,994	4,298	4,604

Source: GLH Research; Company filings.

For down apparel companies, investors often use EV/EBITDA multiples for valuation. Here we select two groups of companies for peer analysis. Bosideng's stock is currently trading at HK$4.71 per share, HK$55 Billion in market cap. We estimate FY27 and FY28 revenues are estimated to be $29 Billion and $31 Billion, respectively, which translate into 5.0x and 4.8x of EV/EBITDA in FY27 and FY28, while the peer group is trading at 5.3x and 5.0x.

On shareholder returns, Bosideng has maintained a consistently high dividend payout ratio of around 70%–80% in recent years, with the current dividend yield close to 6.7%. Together with share repurchase initiatives, we believe the company offers a combination of growth visibility, ESG quality, and income-oriented defensive attributes.

Figure 13: Peer Valuation Analysis.

			EBITDA			EV/EBITDA			
Company	Ticker	EV	FY26A	FY27E	FY28E	FY26A	FY27E	FY28E	Category
ANTA Sports Products Limited	SEHK:2020	195,253	29,668	32,014	34,713	6.6x	6.1x	5.6x	Chinese Apparel Companies
Li Ning Company Limited	SEHK:2331	18,831	6,221	6,851	7,453	3.0x	2.7x	2.5x	Chinese Apparel Companies
Xtep International Holdings Limited	SEHK:1368	8,153	2,534	2,837	3,087	3.2x	2.9x	2.6x	Chinese Apparel Companies
Canada Goose Holdings Inc.	TSX:GOOS	1,728	192	299	302	9.0x	5.8x	5.7x	International Down Clothes Companies
Moncler S.p.A.	BIT:MONC	13,231	1,338	1,445	1,567	9.9x	9.2x	8.4x	International Down Clothes Companies
					Median	6.6x	5.8x	5.6x	
					Mean	6.3x	5.3x	5.0x	
Bosideng International Holdings Limited	SEHK:3998	38,970	7,010	7,755	8,184	5.6x	5.0x	4.8x	

Notes:
1. Data as of 7/13/2026.
2. For H-shares, EVs and EBITDAs are in HKD Million; for Canadian stock, EVs and EBITDAs are in C$; for Italian stock, EVs and EBITDAs are in Euro.
3. EBITDAs are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

RISKS

Risk of abnormal winter weather. Winter weather temperatures have a significant impact on down jacket sales. If weather conditions are abnormal, it may affect the company's performance.

Risk of slower than expected domestic demand. Currently, domestic demand in our country is in the process of recovering, but there are still uncertainties in the future. If the recovery of domestic demand falls short of expectations, it may affect the sales of the company's products.

Risk of insufficient new product launches. Lightweight and outdoor down jackets are the company's newly launched products. If market acceptance is below expectations, it may affect the company's performance.

ABOUT THE ANALYSTS

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Senior Research Analyst

Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

Yuecong (Marco) Zhang

Senior Research Analyst

Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

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