

AWI Woolgrower Industry Consultation Panel



4. CHINA MARKET REPORT

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Anta Applies For Woolmark License

The year of 2024 closed with a good news from Anta, China's biggest sportswear company, that confirmed to apply for Woolmark license, beginning with Anta's premium line Guanjun (meaning Champion) specializing in hiking, running, skiing and mountaineering. They will start to produce tens of thousands base-layers in 2025 and seek for full cooperations with AWI/Woolmark China on trends forecast, global and regional sourcing, product innovation workshop and consumer education, to expand the wool product range beyond base-layer.

It is a big win for China office after several years of BD efforts to influence the decision of Anta. In the first half of 2024, Anta, Nike, Li Ning and Adidas ranked as the top four companies by revenue in the Chinese sportswear industry. During this period, Anta's revenue grew by 13.8% YoY, outpacing Li Ning's growth by six times, Nike by 3.6 times, and Adidas by 3.3 times. Anta also holds brand license of Fila, Arc'teryx, Descente and Kolon for Greater China market, presenting huge potentials and new opportunities for wool in the near future.

Recap of Zhangjiagang Wool Industry Association's Roundtable

ZWIA organized an informal meeting for its premier members on January 10th. More than 50 wool processors, spinners and weavers attended the meeting. Woolmark China was also invited to share the market overview and business update. A broad range of topics were discussed in the half-day meeting. Here are some key takeaways.

1. Xinao has expressed their concern of Trump 2.0 and escalation of trade war that will worsen the export to the US market.
2. The industry is aware of the further decline of wool production from key wool producing countries, such as Australia (-10%) and Uruguay (-15%).
3. Jinmen warned of the growing risks of financing and foreign exchange fluctuation.
4. Some early-stage processors predicted the fine wool blended with other performance fibers will drive the new demand in the retail market.
5. Youngor highlighted they're selling the worsted fabrics to the new export market - Middle East nowadays, that seemed to have good potential.
6. According to Youngor, the state uniform orders started flowing again, for instance the orders from Tax Bureau and China Mobile, that is a good news for the industry.
7. The EU PEF labelling concerns are mounting across China's supply chain more than ever. ZWIA has confirmed to contribute 10K euro for IWTO's lobbying fees and few other companies will also make cash contributions through China Wool Textile Association.
8. Sunwoo (formerly known as Red Sun) proposed to boycott Australia's wool auctions during Chinese New Year holidays for the entire week but not just one day.

Chinese Fashion Groups Are Expanding Portfolios

In contrast to the relatively quiet year of 2024 for luxury brands in the Chinese market, domestic Chinese fashion companies have been notably active on global stage. They have been increasing

their influence through various strategies, including M&A, expanding into emerging markets, and showcasing at international fashion weeks. These brands are actively seeking new avenues for global expansion and enhancing their brand portfolios.

On December 13, 2024, Baoxiniao Group announced the completion of its acquisition of the trademark and operational rights of U.S. premium outdoor brand Woolrich outside the European market. The two parties also signed a five-year procurement and brand consulting agreement to ensure coordinated global operations. Baoxiniao will directly manage Woolrich's business in the Greater China region, while local partners will handle operations in other Asia-Pacific markets.

Founded in 1830, Woolrich is a historic American outdoor brand known for its functional materials and classic designs. The continued popularity of outdoor lifestyles has attracted significant investment, with Baoxiniao having entered the outdoor market as early as 2016 by representing the French outdoor brand Lafuma. In the first half of 2024, Lafuma's revenue grew by 32%, far outpacing the growth of other Baoxiniao brands.

Additionally, according to the 2023 financial report, Hazzys, a South Korean casual wear brand acquired by Baoxiniao in 2007, saw a 24.1% YoY revenue increase to 1.76 billion yuan, surpassing Baoxiniao's main brand and becoming the largest contributor to the group's revenue, helping the group's total revenue exceed RMB 5 billion. HAZZYS now operates nearly 400 stores in China. (Note: both Lafuma and Hazzys are Woolmark licensees in China).

On October 9, 2024, Bosideng reached a strategic cooperation agreement with Cathay Capital to invest in the Canadian luxury down jacket brand Moose Knuckles. Bosideng became a key investor, while Cathay Capital remains the majority shareholder of the brand.

Moose Knuckles, known for its trendy designs and high-end positioning, has a significant presence in the North American and European markets. However, its brand awareness and market share in China are far lower than competitors like Moncler and Canada Goose. Bosideng will provide strategic and financial support to help Moose Knuckles expand in the Asian market.

Youngor, a leading domestic menswear fashion and textile group, is reportedly planning to acquire the French high-end childrenswear fashion brand Bonpoint, although the details of the transaction have not been disclosed. EPI Group, Bonpoint's parent company, is currently in negotiations with Youngor, with the brand's estimated valuation around 200 million euros. Founded in Paris in 1975, Bonpoint is renowned for its premium children's clothing and skincare fragrances, with China being one of its key markets.

In 2021, Youngor acquired a 40% stake in the American streetwear brand UNDEFEATED and established a joint venture for the Greater China region. That same year, Youngor also

invested in Norwegian outdoor brand Helly Hansen, taking charge of the brand's operations and production in Greater China. The most notable move came in September 2022, when Youngor, in partnership with Challenger Capital, invested in the American high-end designer fashion brand Alexander Wang.

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