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波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE DISPOSAL OF A NON WHOLLY-OWNED SUBSIDIARY
IN THE PRC**

The Board announces that, on February 17, 2017, the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and the Target Company (a non wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to purchase, the Sale Equity for the Consideration of RMB40,526,698.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Disposal exceed 5% and are less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement.

Under the definition of the Listing Rules, the Target Company is an insignificant subsidiary of the Company. Hence, notwithstanding the Purchaser's 18.44% equity interest in the Target Company, it and its ultimate beneficial owners are not regarded as connected persons of the Company pursuant to rule 14A.09 of the Listing Rules. Therefore, the Disposal does not constitute a connected transaction under Chapter 14A of the Listing Rules.

AGREEMENT

Date

February 17, 2017

Parties

- (i) Bosideng China, a wholly-owned subsidiary of the Company which is principally engaged in sourcing and distribution of down apparels and holds 51.004% equity interest in the Target Company as at the date of this announcement, as the Vendor;
- (ii) Jiangsu East, a company principally engaged in import and export of all types of goods and technology which are either self-operated or on agency, which holds 18.44% equity interest in the Target Company as at the date of this announcement, as the Purchaser; and
- (iii) Shanghai Xugao, a non wholly-owned subsidiary of the Company as at date of this announcement, which is principally engaged in distribution of non-down apparels, as the Target Company.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, save that Jiangsu East holds 18.44% equity interest in the Target Company (a non wholly-owned subsidiary of the Company), as at the date of this announcement, the Purchaser and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be disposed of

The Sale Equity, representing 51.004% of the equity interest in the Target Company as at the date of this announcement, held by the Vendor.

Consideration and payment

The Consideration of RMB40,526,698 for the Disposal was arrived at after arm's length negotiations between the parties to the Agreement with reference to the unaudited net asset value of the Target Group of approximately RMB79.3 million as at September 30, 2016 and the net loss position of the Target Group. The Consideration shall be payable by the Purchaser to the Vendor in accordance with the following manners:

- (i) RMB4,052,669.8, being 10% of the Consideration shall be payable within 15 days after the signing of the Agreement;
- (ii) RMB16,210,679.2, being 40% of the Consideration shall be payable on or before June 30, 2017; and
- (iii) RMB20,263,349, being 50% of the Consideration shall be payable on or before June 30, 2018.

Completion

Completion shall be conditional upon, inter alia, the Purchaser being able to attend to all registration procedures relating to the Disposal with the relevant PRC government authorities within a period of 90 days after the date of signing of the Agreement or such other date as may be agreed by the parties.

Share Pledge

The Vendor and the Purchaser have also agreed to enter into a share pledge agreement upon completion of the Disposal, whereby the Purchaser shall pledge the Sale Equity in favour of the Vendor to secure the payment of the remaining Consideration in accordance with the section headed “Consideration and payment”.

INFORMATION ON THE TARGET GROUP

The Target Company, a company incorporated in the PRC with limited liability, is principally engaged in distribution of non-down apparels and holding the brand *Mogao*. The Group acquired 56.04% equity interest in the Target Company in 2011, and subsequently distributed approximately 5.036% of the equity interest to the management team of the Target Company as employee share incentives, resulting in a decrease of the Company’s equity interest in the Target Company to 51.004%. As at the date of this announcement, the Target Company is owned as to, inter alia, 51.004% by the Vendor (a wholly-owned subsidiary of the Company) and 18.44% by the Purchaser. The remaining 30.556% equity interest of the Target Company are owned by three other shareholders, who are all third parties independent of the Company and its connected person.

Set out below is the audited financial information of the Target Group for the two financial years ended March 31, 2016 extracted from the audited financial statements of the Target Group which are prepared under the International Financial Reporting Standards:

	For the year ended March 31,	
	2015	2016
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Revenue	397.3	296.4
Net loss before taxation	22.2	43.7
Net loss after taxation	16.9	64.2
	As at	As at
	March 31,	September 30,
	2016	2016
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(unaudited)
Total assets	224.3	225.6
Net assets	109.7	79.3

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and its financial results will not be consolidated into the Group's future financial statements. Based on the unaudited net asset value of approximately RMB40.4 million attributable to the Sale Equity as at September 30, 2016 and the Consideration of approximately RMB40.5 million, the Company expects to record a gain on Disposal of approximately RMB0.1 million upon Completion. The proceeds asset from the Disposal will be used as general working capital of the Group. **Shareholders should note that the actual gain or loss on the Disposal to be recorded by the Company will depend on the financial position of the Target Group on the date of Completion. The nominal proceeds from the Disposal will be retained as internal resources of the Group.**

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products, OEM products and non-down apparel products in the PRC.

The Group constantly reassesses and reviews the performance of its brands and their long-term growth potentials. After weighing the revenue, resource allocation and the Group's long-term development strategies, the Group will appropriately adjust the apparel product mix from time to time. Considering the financial status and business performance of the Target Group, the Directors consider that the Disposal is an appropriate arrangement, which enables the Group to focus its resources on apparel brands with better potential.

The Directors (including the INEDs) are of the view that the Disposal will not have any material adverse impact on the business operations and financial position of the Group and the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios in respect of the Disposal exceed 5% and are less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement.

Under the definition of the Listing Rules, the Target Company is an insignificant subsidiary of the Company. Hence, notwithstanding the Purchaser's 18.44% equity interest in the Target Company, it and its ultimate beneficial owners are not regarded as connected persons of the Company pursuant to rule 14A.09 of the Listing Rules. Therefore, the Disposal does not constitute a connected transaction under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

“Agreement”	the sale and purchase agreement dated February 17, 2017 entered into between the Purchaser, the Vendor and the Target Company in respect of the Disposal
“Board”	the board of the Directors
“Company”	Bosideng International Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal under the Agreement
“connected person(s)”	has the meaning given to it in the Listing Rules
“Consideration”	the consideration of RMB40,526,698 for the Sale Equity pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“INEDs”	the independent non-executive Directors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser” or “Jiangsu East”	Jiangsu East Element Co., Ltd., a company incorporated in the PRC, a substantial shareholder of the Target Company holding 18.44% equity interest as at the date of this announcement and the purchaser under the Agreement
“Sale Equity”	the 51.004% equity interests of the Target Company held by the Vendor
“Shareholder(s)”	the holder(s) of the ordinary share(s) of USD0.00001 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(is)”	has the meaning given to it in the Listing Rules

“Target Company” or “Shanghai Xugao”	Shanghai Xugao Fashion Co., Ltd., a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor” or “Bosideng China”	Bosideng International Fashion (China) Limited, a company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board
Bosideng International Holdings Limited
Gao Dekang
Chairman

Hong Kong, February 17, 2017

As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Ms. Huang Qiaolian, Mr. Mak Yun Kuen and Mr. Rui Jinsong; and the INEDs are Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie.