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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 INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

On 28 October 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Target Shares, representing 70% of the issued and paid-up share capital of each of the Target Companies, for RMB892.5 million (subject to adjustment) which shall be satisfied by a combination of cash payment and the allotment and issue of the Consideration Shares by the Company to the Vendor. Upon Completion, the Purchaser shall hold 70% of the issued and paid-up share capital of each of the Target Companies.

The Consideration Shares will be issued under the General Mandate. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

As the applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition (aggregated with the Put Option) is more than 5% but less than 25% under the Listing Rules, the Acquisition (aggregated with the Put Option) contemplated under the Agreement constitutes a discloseable transaction of the Company and is only subject to the reporting and announcement requirements under the Listing Rules.

I THE AGREEMENT

1. Date

28 October 2011

2. Parties

(a) the Vendor; and

(b) the Purchaser, a wholly-owned subsidiary of the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, (i) the Vendor is a company incorporated in the British Virgin Islands with limited liability, whose principal business activity is investment holding; (ii) the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

3. Assets to be acquired

Subject to and in accordance with the terms and conditions of the Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Target Shares, representing 70% of the issued and paid-up share capital of each of Talent Shine and Sunny Bright as at the date of this announcement.

The Target Companies own several ladies' wear brands such as "JESSIE" and "Le Mauve" through Talent Shine and its subsidiaries, and provide various services such as ladies' wear design, brand marketing and planning as at the date of this announcement. It was agreed between the parties that the Target Companies shall conduct restructuring to transfer such ladies' wear brands to Sunny Bright and its subsidiaries prior to Completion.

The Target Companies are also selling ladies' apparels of the "JESSIE" brand by way of self-operated and franchised businesses through Talent Shine and its subsidiaries in the PRC. As at the end of September 2011, there are 81 self-operated shops and 172 franchise shops.

4. Consideration for the Target Shares

The consideration for the Target Shares shall be the Initial Consideration of RMB892.5 million, or if adjustments are required to be made to the Initial Consideration pursuant to the Agreement, the Final Consideration. In any event, the Final Consideration shall not exceed RMB945 million.

The Initial Consideration shall be satisfied by a combination of cash payment (to be funded by internal resources of the Group) and the allotment and issue of the Consideration Shares by the Company to the Vendor in the following manner:

(a) RMB297.5 million (being one-third of the Initial Consideration), be paid in cash in HK$ (to be calculated by reference to the median exchange rate of RMB to HK$ published by the People's Bank of China on the Business Day before the Completion Date) by the Purchaser to the Vendor on the Completion Date ("**Cash Consideration**"); and

(b) RMB595 million (being two-thirds of the Initial Consideration) or HK$728,613,200 (calculated by reference to the median exchange rate of RMB1.00 to HK$1.22456 published by the People's Bank of China on the Business Day before the date of the Board meeting convened to approve the Agreement) ("**Share Consideration**") be settled by the Company on the Completion Date as follows:

    (i) HK$728,500,000 be paid by the allotment and issue of 235,000,000 Consideration Shares at HK$3.10 per Share by the Company to the Vendor; and

    (ii) the balance be paid in cash by the Purchaser to the Vendor.

The Initial Consideration of which (1) RMB127,162,000 is for the acquisition of the Talent Shine Shares; and (2) RMB765,338,000 is for the acquisition of the Sunny Bright Shares.

The Consideration Shares represent (i) approximately 3.02% of the existing issued share capital of the Company; and (ii) approximately 2.93% of the Company's issued share capital as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under the General Mandate, which has not been used since granted. The maximum number of Shares which may be allotted and issued under the General Mandate is 1,554,470,000 Shares. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares when allotted and issued shall be credited as fully paid and rank pari passu with all other Shares in issue in the share capital of the Company.

The issue price of HK$3.10 per Consideration Share represents:

(a) a premium of approximately 49.76% over the closing price of HK$2.07 per Share as quoted on the Stock Exchange on 28 October 2011, being the date of the Agreement;

(b) a premium of approximately 61.46% over the average closing price of the Shares as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the date of the Agreement on 28 October 2011, being approximately HK$1.92 per Share; and

(c) a premium of approximately 66.67% over the average closing price of the Shares as quoted on the Stock Exchange for the last 10 consecutive full trading days prior to the date of the Agreement on 28 October 2011, being approximately HK$1.86 per Share.

As security for the Profit Guarantee, the Vendor has agreed to make available to Talent Shine an interest-free shareholder's loan in the amount of RMB150 million (the "**Shareholder's Loan**") which will be directly deducted from the Initial Consideration paid by the Purchaser to the Vendor, and will only be released to the Vendor upon fulfillment of the Profit Guarantee. In case the Profit Guarantee is not fulfilled, all or part of the Shareholder's Loan will be assigned to the Purchaser to make up the shortfall.

The consideration for the Acquisition was agreed between the Purchaser and the Vendor after arm's length negotiations and is determined based on a 15 price-earnings multiple of the guaranteed minimum NPAT for the year of 2011 and equity interests to be acquired in the Target Group (i.e. RMB85,000,000 x 15 x 70% = RMB 892.5 million). In addition, in view of the following factors, the Directors consider that the consideration for the Acquisition is fair and reasonable:

(a) the business development and prospects of the Target Group in the medium to long term, the future earning capacity, and the overall operating results and the financial performance of the Target Group;

(b) the Profit Guarantee;

(c) the downward adjustments to the Initial Consideration, in case the Profit Guarantee is not fulfilled;

(d) that the Consideration Shares are to be issued at a premium; and

(e) the arrangement of the Shareholder's Loan as security.

5. **Lock-up Period and Put Option**

Under the Agreement, the Vendor undertakes to the Purchaser not to sell or transfer, without the Purchaser's prior written approval, any part of its shareholding in the Target Companies during the period from the Completion Date and up to the date on which the 2014 audited accounts are approved by the board and/or shareholders of the Target Group ("**Lock-up Period**").

Pursuant to the Agreement, the Purchaser grants to the Vendor a put option (at nil consideration) to require the Purchaser to acquire its shareholding in each of the Target Companies ("**Put Option**"), on terms no less favourable than those applicable to the Acquisition (in particular, the relevant consideration payable by the Purchaser to the Vendor shall be based on a 15 price-earnings multiple of the actual NPAT for the financial year prior to the Vendor's exercise of the Put Option, and the issue price for the consideration shares (if any) shall be calculated on the basis of a price-earnings multiple of the Company of at least 16 and shall reflect the then market price of such shares), should the Target Group fail to get listed on any stock exchange upon the expiry of the Lock-up Period. In any event, the consideration payable to the Vendor (taking into account, if applicable, the Bonus Payment (as defined below)) should it decide to exercise the Put Option shall not exceed RMB900 million, which was agreed between the Purchaser and the Vendor on arm's length negotiations after taking into account the potential future development and the earning capacity of the Target Group.

6. **Adjustments to Initial Consideration**

Under the Agreement, the Initial Consideration is subject to the following adjustments:

(a) (i) If the actual NPAT for the year of 2011 falls below the minimum NPAT target of RMB85 million, the Vendor shall pay to the Purchaser an amount calculated according to the following formula ("**Decrease in Consideration**"):

(RMB85 million - actual NPAT) x 15 x 0.7

In such case, the Vendor shall assign to the Purchaser, its rights and interests attached to the Shareholder's Loan, the amount of which shall be equal to the Decrease in Consideration.

(ii) If the actual NPAT for the year of 2011 exceeds the minimum NPAT target of RMB85 million, the Purchaser shall pay to the Vendor an amount calculated according to the following formula ("**Increase in Consideration**"):

(actual NPAT - RMB85 million) x 15 x 0.7

In such case, the Purchaser shall pay to the Vendor an amount equivalent to the Increase in Consideration.

(b) (i) If the actual NPAT for a particular financial year meets the relevant Profit Guarantee (2012: RMB108.8 million; 2013: RMB136 million; 2014: RMB165.92 million), no adjustment is required to be made to the Initial Consideration. In such case, the Vendor and the Purchaser shall procure the Target Group to repay the Vendor one-third of the Shareholder's Loan within 15 Business Days after the audited accounts of the Target Group for the relevant year have been issued. The Purchaser shall be entitled to any remaining Shareholder's Loan which has not been repaid to the Vendor after the lapse of these three financial years.

(ii) If the average year-on-year percentage increase of the audited NPAT (the "**NPAT Rate of Increase**") for the three consecutive financial years ending 2014 falls within the stipulated targeted buffer range between 23.22% (equivalent to a total NPAT of RMB392,860,800) and 29.68% (equivalent to a total NPAT of RMB438,526,700), no additional adjustment is required to be made. In such case, the Purchaser and the Vendor shall procure the repayment of the outstanding Shareholder's Loan within 15 Business Days after the audited accounts of the Target Group for the year of 2014 have been finalized. If the average NPAT Rate of Increase falls below 23.22%, the Vendor shall assign to the Purchaser, its rights and interests attached to the outstanding Shareholder's Loan, at nil consideration.

(iii) If the average NPAT Rate of Increase for the three consecutive financial years ending 2014 exceeds 29.68%, a bonus payment in the amount of RMB150 million ("**Bonus Payment**") shall be added to the Initial Consideration in the event that the Vendor exercises the Put Option.

7. **Share Pledge**

The Vendor and the Purchaser have also agreed to enter into a share pledge agreement, whereby the Vendor shall pledge 60,000,000 Consideration Shares in favour of the Purchaser. In the event that the Vendor fails to assign to the Purchaser part of the Shareholder's Loan in accordance with the section headed "Adjustments to Initial Consideration", or that the part of the Shareholder's Loan assigned to the Purchaser falls short of the Decrease in Consideration, the Purchaser shall be entitled to sell or transfer the pledged Shares to cover the shortfall.

8. **Distribution of profits of Talent Shine (Shenzhen) and Shenzhen JESSIE generated before Completion**

The distributable profits of Talent Shine (Shenzhen) and Shenzhen JESSIE generated before Completion ("**Pre-Completion Distributable Profits**") shall be distributed in the following manner:

(a) the entire amount of Pre-Completion Distributable Profits up to (and inclusive of) 30 September 2011 shall be distributed to the Vendor, provided that the total net assets value of Talent Shine (Shenzhen) and Shenzhen JESSIE does not fall below RMB40 million after such distribution; if such distribution will result in the total net assets value of Talent Shine (Shenzhen) and Shenzhen JESSIE falling below RMB40 million, the Vendor shall not be entitled to any Pre-Completion Distributable Profits up to (and inclusive of) 30 September 2011; and

(b) the distributable profits of Talent Shine (Shenzhen) and Shenzhen JESSIE generated after 1 October 2011 shall be distributed to the Purchaser and the Vendor according to their respective shareholding percentages in the Target Companies (70% : 30%).

9. **Conditions Precedent**

Completion of the Agreement is conditional upon, inter alia:

(a) the Purchaser having conducted a due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets and financing structure of the Target Group and the Purchaser being satisfied with the results of such due diligence investigation;

(b) the warranties given by the Vendor in the Agreement remaining true and accurate and not misleading at the date of the Agreement and up to and including the Completion Date;

(c) the obtaining of all necessary consents and approvals in respect of the Acquisition from the relevant governmental or regulatory bodies; and

(d) the Listing Committee granting the approval for the listing of, and permission to deal in, the Consideration Shares.

Under the Agreement, the Vendor undertakes to the Purchaser to procure the satisfaction of all the conditions on or before the Long Stop Date. If any of the conditions has not been fulfilled or waived in writing by the Purchaser within the said period or such later date as the parties may otherwise agree, neither the Vendor nor the Purchaser shall be obliged to proceed with Completion.

10. **Completion**

Completion shall take place on the fifth Business Day after the date of the fulfillment or waiver of all the conditions precedent required to be fulfilled before Completion or such other date as the parties may otherwise agree.

Upon Completion, the Target Companies will become non wholly-owned subsidiaries of the Group and will be accounted for as subsidiaries in the Group's financial statements.

II FINANCIAL INFORMATION

Sunny Bright is a company incorporated on 8 August 2011 in the British Virgin Islands with limited liability, whose principal business is investment holding and the sole non-current asset of Sunny Bright is its 100% shareholding in Hong Kong Bestmate (a company incorporated in Hong Kong on 8 July 2011). As Sunny Bright has not commenced any business activities since its incorporation, it has not recorded any turnover or profits for the past few financial years.

Talent Shine is a company incorporated on 10 April 2007 in Hong Kong with limited liability. The net profits before and after taxation of Talent Shine for the year ended 31 December 2010 were approximately RMB69,771,000 and RMB54,396,000, respectively. The net profits before and after taxation of Talent Shine for the year ended 31 December 2009 were approximately RMB39,710,000 and RMB31,530,000, respectively.

Based on the managment account of Talent Shine, the unaudited total asset value and net asset value of Talent Shine were approximately RMB189,544,000 and RMB127,162,000, respectively as at 31 August 2011.

III SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY BEFORE AND AFTER COMPLETION

Name of Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	*Approx %*	*Number of Shares*	*Approx %*
Kong Bo Investment Limited *(Note 1)*	5,154,719,202	66.32	5,154,719,202	64.38
Kong Bo Development Limited *(Note 2)*	52,571,999	0.68	52,571,999	0.66
Directors *(Note 3)*	12,933,030	0.17	12,933,030	0.16
Vendor	—	—	235,000,000	2.93
Public Shareholders	2,552,125,769	32.83	2,552,125,769	31.87
Total	7,772,350,000	100.00	8,007,350,000	100.00

Notes:

1. Kong Bo Investment Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by the GDK Family Trust. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as the founder, for the benefit of his family members (including Ms. Mei Dong).

2. Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by the GDK Family Trust. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as the founder, for the benefit of his family members (including Ms. Mei Dong).

3. These Shares are held by Ms. Mei Dong (2,763,697 Shares), Dr. Kong Shenyuan (2,763,697 Shares), Ms Gao Miaoqin (2,763,697 Shares), Ms. Huang Qiaolian (2,763,697 Shares) and Ms. Wang Yunlei (1,878,242 Share), respectively.

IV REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group primarily focuses on developing and managing the portfolio of its own down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of the Group's branded down apparel products. The Group's operations are substantially conducted in the PRC through its direct and indirect subsidiaries.

The Directors consider that the Acquisition will strengthen the Group's status in the womenswear apparel business. The Directors also consider that the Agreement is entered into after an arm's length negotiation between the Purchaser and the Vendor and the terms therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole with reasons set out below:

Diversification. The Acquisition is in line with the Group's strategy of diversifying its product portfolio and improving profitability by expanding into the womenswear apparel industry and introducing non-seasonal apparel products to enhance its product mix.

Management team. Having operated in the sector of ladies' wear for over a decade, the Target Companies have established comprehensive management systems, outstanding designs, marketing and production management teams as well as relatively mature sales networks, and have become more well-known in the industry. The Board is of the view that after the Acquisition, the Target Companies will serve as a platform for the development of our ladies' wear business and will enable the ladies' wear business of the Group to achieve faster growth with the current management team of the Target Companies.

Growth potential. The Board is of the view that the Target Companies have the potential to achieve continuous growth in light of the financial performance of their ladies' wear business in the previous years and the current macro-economic conditions and competitive landscape of the ladies' apparel industry in the PRC.

Profit contribution. In view of the past profitable conditions of the Target Companies and the Profit Guarantee provided in the Agreement, the Group is of the view that after the Acquisition, the Target Companies will contribute significant profits to the Group and improve the current income structure of the Group.

V LISTING RULES IMPLICATION

As the applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition (aggregated with the Put Option) is more than 5% but less than 25% under the Listing Rules, the Acquisition (aggregated with the Put Option) contemplated under the Agreement constitutes a discloseable transaction of the Company and is only subject to the reporting and announcement requirement under the Listing Rules.

VI DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

"Acquisition"	the proposed acquisition by the Purchaser of the Target Shares pursuant to the Agreement
"Agreement"	the conditional equity transfer agreement entered into between the Purchaser and the Vendor on 28 October 2011 in relation to the Acquisition
"Board"	the board of Directors
"Business Day"	any day (excluding a Saturday, Sunday and public holiday) on which banks both in Hong Kong and the PRC are generally open for business throughout their normal business hours
"Company"	Bosideng International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Completion"	the completion of the Acquisition contemplated under the Agreement
"Completion Date"	the date on which Completion takes place in accordance with the Agreement, which is the fifth Business Day after the satisfaction or waiver of the all the conditions precedent to Completion, or such other date as may be agreed in writing between the parties
"Consideration Shares"	235,000,000 new Shares to be issued to the Vendor at HK$3.10 per Share, as consideration for the Acquisition, upon Completion and each a Consideration Share
"Director(s)"	the director(s) of the Company
"Final Consideration"	the Initial Consideration after taking into account the adjustments set out in the section headed "Adjustments to Initial Consideration", the amount of which shall not exceed RMB945 million

"General Mandate"	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 26 August 2011, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Hong Kong Bestmate"	Hong Kong Bestmate Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Sunny Bright
"Initial Consideration"	the aggregate consideration of RMB892.5 million for the sale of the Target Shares pursuant to the Agreement, which is subject to adjustments set out in the section headed "Adjustments to Initial Consideration"
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the latest date on which the Vendor shall satisfy the conditions precedent to Completion, being the 45th Business Day after the signing of the Agreement
"NPAT"	the net profit after tax of the Target Group (other than taxes arising from the distribution of dividends by the Target Group) based on the audited financial statements of the relevant financial year ending 31 March in accordance with IFRSs
"PRC" or "China"	the People's Republic of China
"Profit Guarantee"	the minimum NPAT target for the financial years of 2011, 2012, 2013 and 2014 guaranteed by the Vendor to the Purchaser under the Agreement
"Purchaser"	JESSIE International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of US$0.00001 each in the share capital of the Company

"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen JESSIE"	Shenzhen JESSIE Fashion Co Ltd, an enterprise established under the laws of the PRC with limited liability and a wholly owned subsidiary of Talent Shine (Shenzhen)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sunny Bright"	Sunny Bright Global Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and with an authorized and issued share capital of US$50,000, and a wholly-owned subsidiary of the Vendor
"Sunny Bright Shares"	70% of the issued and paid-up share capital in Sunny Bright as at the date of this announcement and at Completion
"Talent Shine"	Talent Shine Limited, a company incorporated under the laws of Hong Kong with limited liability and with an authorized and issued share capital of HK$10,000, and a wholly-owned subsidiary of the Vendor
"Talent Shine Shares"	70% of the issued and paid-up share capital in Talent Bright as at the date of this announcement and at Completion
"Talent Shine (Shenzhen)"	Talent Shine Import and Export (Shenzhen) Company Limited# (迪輝達進出口(深圳)有限公司), an enterprise established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Talent Shine
"Target Companies"	collectively, Talent Shine and Sunny Bright
"Target Group"	the Target Companies and their subsidiaries, including without limitation, Talent Shine (Shenzhen), Shenzhen JESSIE and Hong Kong Bestmate
"Target Shares"	collectively, the Sunny Bright Shares and the Talent Shine Shares

"Vendor"	Talent Shine International Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

By order of the Board
BOSIDENG INTERNATIONAL HOLDINGS LIMITED
Gao Dekang
Chairman

Hong Kong, 28 October 2011

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Gao Dekang, Ms. Mei Dong, Dr. Kong Shengyuan, Ms. Gao Miaoqin, Ms. Huang Qiaolian and Ms. Wang Yunlei; one non-executive Director, namely, Mr. Shen Jingwu; and four independent non-executive Directors, namely, Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung.