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波司登 BOSIDENG

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)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SUZHOU BOSIDENG LOGISTICS CO., LIMITED

THE AGREEMENT

The Board is pleased to announce that, on October 23, 2020, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire equity interest in the Target Company at the consideration of RMB559,817,100. Upon Completion, the Purchaser will hold 100% of the equity interest in the Target Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

The Vendor is a company ultimately controlled by Mr. Gao Dekang (the Chairman, Chief Executive Officer and controlling shareholder of the Company), therefore it is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company, which is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, since the applicable percentage ratios exceed 0.1% and are less than 5%.

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

October 23, 2020 (after trading hours)

Parties

- (i) Bosideng Down Wear Limited, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is principally engaged in the sourcing and distribution of down apparels, as the Purchaser; and
- (ii) Bosideng Corporation Limited, a company established in the PRC with limited liability and ultimately controlled by Mr. Gao Dekang (the Chairman, Chief Executive Officer and controlling shareholder of the Company), which is principally engaged in investment holding and the processing of apparels and down products, as the Vendor.

Assets to be acquired

Pursuant to the Agreement, it was agreed that the Purchaser shall acquire and the Vendor shall sell the entire equity interest in the Target Company.

Consideration and payment

The consideration for the Acquisition is RMB559,817,100 and has been determined after arm's length negotiations between the parties after taking into account the valuation of the entire equity interest of the Target Company of approximately RMB559,817,100 as at September 30, 2020 made by AVISTA Asset Valuation (Beijing) Co., Ltd, an independent qualified valuer, based on the asset-based approach.

The consideration shall be payable by the Purchaser to the Vendor in cash as follows:

- (i) RMB167,945,130, being 30% of the consideration shall be payable within 7 business days after the signing of the Agreement; and
- (ii) RMB391,871,970, being 70% of the consideration shall be payable within 7 business days after Completion.

The consideration for the Acquisition will be financed by the internal resources of the Group.

Conditions precedent

Completion is conditional upon satisfaction of, among others, the following conditions:

- (i) the sole shareholder of the Target Company having approved the Acquisition (including the terms of the Agreement); and
- (ii) the relevant business registration filings in relation to the Acquisition having been completed.

Completion

The parties agree that the Target Company shall attend to the relevant business registration filings in relation to the Acquisition within 7 business days after the signing of the Agreement, and subject to the satisfaction of the conditions precedent pursuant to the Agreement, Completion shall take place when the relevant business registration filing requirements in relation to the Acquisition has been completed.

Upon Completion, the Purchaser will hold 100% of the equity interest in the Target Company, which will become a wholly-owned subsidiary of the Group and the financial results of the Target Company will be consolidated into the Group's financial statements.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability by the Vendor for the sole purpose of holding the Properties on April 1, 2019. The Properties were injected into the Target Company on September 29, 2020 at a consideration of approximately RMB559,290,000.

The Properties comprise of the land use rights of the land and the building erected thereon which are situated at No. 145, Zifu Huyi Road, Guli Town, Changshu City, Jiangsu Province, China (中國江蘇省常熟市古里鎮紫芙滙宜路145號) and East side of Changjia Expressway, North side of China National Highway 204, Guli Town, Changshu City, Jiangsu Province, China (中國江蘇省常熟市古里鎮204國道北側、常嘉高速東側), respectively, of which the total land areas are approximately 221,000 square metres and the gross floor areas of those buildings erected thereon are approximately 192,000 square metres.

As the Target Company was only established on April 1, 2019 and has no business operation since its establishment, the Target Company has not generated any revenue since its establishment. The unaudited net loss (before and after taxation) of the Target Company for the year ended March 31, 2020 and for the six months period ended September 30, 2020 was approximately RMB1,000 and RMB142,000, respectively. The rental generated by the Properties for the year ended March 31, 2020 and the six months ended September 30, 2020 were approximately RMB14,512,000 and RMB10,434,000, respectively. The unaudited net asset value of the Target Company as at September 30, 2020 was approximately RMB559,858,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in developing and managing its branded down apparel products and non-down apparel products, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products, original equipment manufacturing (“OEM”) products and non-down apparel products in the PRC.

Since its strategic transformation in 2018, the Group has achieved market-leading results in brand remodeling, product upgrades and channel improvements through its outstanding core operational competitive advantage, most namely its high-quality quick response supply chain systems, efficient order and logistics management and advanced comprehensive data middle office.

As disclosed in the continuing connected transaction announcement of the Company dated March 22, 2019, the Group has leased the newly built smart delivery centre in Jiangsu from the Vendor during the year ended March 31, 2020 to meet the Group's increasing demand for logistics and warehouse capacity and to enhance the operational and management efficiency by consolidating some of its logistics centres located throughout the PRC to the said newly built smart delivery centre in Jiangsu. The Group intends to formulate a future logistics park system (the "**Logistics Park**") through the Properties, and believes that the Acquisition will therefore provide the following benefits to the future development of the Group:

1. Integration of the Group's logistics resources

In recent years, the Group has made efforts to build its own smart delivery centre. Through continuous upgrading and transformation of the integrated construction of the Logistics Park and integrating the existing logistics management system, plants and warehousing systems of the Group, the Group will allocate resources more effectively and make full use of the advantages of logistics management, thereby distributing goods in a quicker and more accurate manner to meet consumers' demand.

2. Provide guarantee for the stable operation of the Logistics Park

Upon Completion, the Logistics Park will mainly serve the branded down apparel business and the OEM management business, being the two core business segments of the Group. The geographic location of the Logistics Park provides unique advantages to the Group and is also a scarce resource locally. During the Group's continuing brand transformation and rapid business expansion, owning the Logistics Park will ensure the stability of the Group's logistics system operation. At the same time, by owning the Logistics Park, the Group can plan for its automation implementation for the long-run and meet its long-term business needs.

3. Improve the profitability of the Group

Through the aforementioned integration, the rental cost of the Logistics Park can be effectively reduced and the profitability of the Group will be further improved.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition and the terms of the Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Group and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is a company ultimately controlled by Mr. Gao Dekang (the Chairman, Chief Executive Officer and controlling shareholder of the Company), therefore it is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company, which is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, since the applicable percentage ratios exceed 0.1% and are less than 5%.

GENERAL

Save that Mr. Gao Dekang, Ms. Mei Dong (the spouse of Mr. Gao Dekang) and Mr. Gao Xiaodong (the son of Mr. Gao Dekang) have abstained from voting on the Board resolution approving the Acquisition due to Mr. Gao Dekang's interests in the Acquisition, no other Directors were required to abstain from voting on the said resolution.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company subject to and upon the terms and conditions of the Agreement
“Agreement”	the equity transfer agreement dated October 23, 2020 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of Directors of the Company
“Chairman”	the chairman of the Board of the Company
“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”	has the meaning ascribed thereto under the paragraph headed “Completion” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China
“Properties”	the land use rights of the land and the building erected thereon, with its details as described under the paragraph headed “Information of the Target Company” in this announcement
“Purchaser”	Bosideng Down Wear Limited, a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company, as the purchaser
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Suzhou Bosideng Logistics Co., Limited* (蘇州波司登物流有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by the Vendor as at the date of this announcement
“Vendor”	Bosideng Corporation Limited, a company incorporated in the PRC with limited liability, the vendor under the Agreement, and of which Mr. Gao Dekang (the Chairman, Chief Executive Officer and controlling shareholder of the Company) is a controlling shareholder

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

Hong Kong, October 23, 2020

As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Ms. Huang Qiaolian, Mr. Rui Jinsong and Mr. Gao Xiaodong; and the independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao and Dr. Ngai Wai Fung.

* *For identification purpose only*