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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)

CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES

The Board is pleased to announced that on 14 April 2009, Shanghai Bosideng entered into the Agreements at an aggregate consideration of RMB68 million to acquire the Properties from the Vendors.

Upon completion of the Acquisition, the Jiangsu Property will continue to be used for warehouse purposes, while the Shanghai Property will continue to be used for office purposes. In view that the Acquisition will enable the Group to secure legal ownership over the Properties at a price which is lower than the aggregate valuation of the Properties as at 31 March 2009 by the Valuer given the current downturn in the PRC real property market, the Directors believe that the Acquisition will benefit the Group's operational activities as a whole. In particular, the Acquisition will enhance the long-term stability of the Group's operational environment since it will not be subject to potential fluctuations in rental payment and restrictions in material terms of the lease. Furthermore, the Group has the option to lease out the areas (other than its office premises) to third parties in the future at favourable rental rates to generate rental revenues for the Group if opportunities arise under appropriate market conditions.

In view of the above, the Directors, including the independent non-executive Directors, believe that the terms of the Agreements are normal commercial terms, are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

Each Vendor is a company incorporated in the PRC, of which Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is a controlling shareholder. Consequently, each Vendor is an associate of Mr. Gao Dekang and therefore a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company. The Acquisition is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement, since one or more of the applicable percentage ratios is/are above 0.1% but all of them are below 2.5%.

THE AGREEMENTS

The Board is pleased to announced that on 14 April 2009, (i) Shanghai Bosideng entered into the Jiangsu Agreement at a consideration of RMB47 million to acquire the Jiangsu Property from the Jiangsu Vendor, and (ii) Shanghai Bosideng entered into the Shanghai Agreement at a consideration of RMB21 million to acquire the Shanghai Property from the Shanghai Vendor. The aggregate consideration payable by Shanghai Bosideng arising out of the Agreements is RMB68 million.

(i) The Jiangsu Agreement

Date

14 April 2009

Parties

Purchaser: Shanghai Bosideng International Fashion Co., Ltd.
Jiangsu Vendor: Bosideng Corporation

(ii) The Shanghai Agreement

Date

14 April 2009

Parties

Purchaser: Shanghai Bosideng International Fashion Co., Ltd.
Shanghai Vendor: Bosideng Holdings Group Co., Ltd.

Properties to be acquired

The Properties are comprised of the Jiangsu Property and the Shanghai Property. The Jiangsu Property is to be used for warehouse purposes, while the Shanghai Property is to be used for office purposes.

Jiangsu Property

The Jiangsu Vendor, as part of the Bosideng Group, acquired the Jiangsu Property for RMB8,667,000 in October 2008 and completed the construction work of the Jiangsu Property at a cost of RMB31,907,000. In accordance with the relevant PRC accounting standards, the book value of the Jiangsu Property as at 31 March 2009 was RMB39,113,000. Based on the valuation of the Jiangsu Property by the Valuer, the value of the Jiangsu Property as at 31 March 2009 assessed by way of the depreciated replacement cost method was RMB47,690,000.

The Jiangsu Property is currently owned and used by the Bosideng Group for warehouse purposes, and is free from mortgages and not subject to any tenancy. Therefore, there was no rental income generated by the Jiangsu Property for the two financial years immediately preceding the Acquisition.

Shanghai Property

The Shanghai Vendor purchased the Shanghai Property in April 2006 at a consideration of RMB21,000,000. In accordance with the relevant PRC accounting standards, the book value of the Shanghai Property as at 31 March 2009 was RMB19,584,000. Based on the valuation of the Shanghai Property by the Valuer, the value of the Shanghai Property as at 31 March 2009 assessed by way of the market comparison method was RMB23,677,000.

Under a property lease agreement entered into between Mr. Gao Dekang and the Company dated 15 September 2007, part of the Shanghai Property (comprising a total gross floor area of approximately 604 square metres) is currently being leased by the Bosideng Group to the Group for a term of twenty years starting from 1 August 2006 to 31 July 2026. The annual rent for the current year of the lease of the Shanghai Property is RMB641,667. Under the Shanghai Agreement, this lease will be terminated upon completion of the Acquisition. The Shanghai Property is free from mortgages.

Based on the unaudited PRC financial statements of the Bosideng Group for the two financial years immediately preceding the Acquisition, the Shanghai Property recorded the following net profits:

	For the year ended	
	31 December	
	2007	2008
	<i>RMB</i>	<i>RMB</i>
Net profit of Shanghai Property		
Before income tax and extraordinary items	641,667	641,667
After income tax and extraordinary items	429,917	481,250

Consideration and payment terms

The aggregate consideration for the Acquisition under the Agreements is RMB68 million and has been determined after arm's length negotiations between Shanghai Bosideng and each Vendor after taking into account the aggregate valuation of the Properties as at 31 March 2009 made by the Valuer.

The consideration will be satisfied by the Group's internal resources and will be payable by Shanghai Bosideng in a lump sum of RMB68 million within 7 working days upon completing the registration of the transfer of the Properties with the relevant PRC governmental authority, or such other date as may be agreed in writing between Shanghai Bosideng, Jiangsu Vendor and/or Shanghai Vendor (as the case may be).

Transfer of title of Properties

Shanghai Bosideng and the Shanghai Vendor shall complete the handover procedures of the Shanghai Property and sign the letter of conveyance upon delivery of the Shanghai Property which should take place no later than 20 April 2009. Shanghai Bosideng and the Jiangsu Vendor shall complete the handover procedures of the Jiangsu Property and sign the letter of conveyance upon delivery of the Jiangsu Property which should take place no later than 30 April 2009. Completion procedures include completion of the title transfer of each Property to Shanghai Bosideng and registration of such transfer with the relevant PRC governmental authority.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Upon completion of the Acquisition, the Jiangsu Property will continue to be used for warehouse purposes, while the Shanghai Property will continue to be used for office purposes. In view that the Acquisition will enable the Group to secure legal ownership over the Properties at a price which is lower than the aggregate valuation of the Properties as at 31 March 2009 by the Valuer given the current downturn in the PRC real property market, the Directors believe that the Acquisition will benefit the Group's operational activities as a whole. In particular, the Acquisition will enhance the long-term stability of the Group's operational environment since it will not be subject to potential fluctuations in rental payment and restrictions in material terms of the lease. Furthermore, the Group has the option to lease out the areas (other than its office premises) to third parties in the future at favourable rental rates to generate rental revenues for the Group if opportunities arise under appropriate market conditions.

In view of the above, the Directors, including the independent non-executive Directors, believe that the terms of the Agreements are normal commercial terms, are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

INFORMATION RELATING TO THE GROUP

The Group primarily focuses on developing and managing its portfolio of down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products.

INFORMATION RELATING TO VENDORS

The Shanghai Vendor is incorporated in the PRC with limited liability and is principally engaged in the manufacture and sale of apparel.

The Jiangsu Vendor is incorporated in the PRC with limited liability and is principally engaged in manufacture and sale of apparel and shoes.

CONNECTED TRANSACTION

Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is the controlling shareholder of each Vendor. Consequently, each Vendor is an associate of Mr. Gao Dekang and therefore a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company. The Acquisition is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement, since one or more of the applicable percentage ratios is/are above 0.1% but all of them are below 2.5%.

DEFINITIONS

“Acquisition”	the transfer of the Properties from the Vendors to Shanghai Bosideng pursuant to the Agreements
“Agreements”	the Jiangsu Agreement and the Shanghai Agreement
“Board”	the board of Directors
“Bosideng Group”	Bosideng Corporation* (波司登股份有限公司) (a company controlled by Mr. Gao Dekang), its subsidiaries and associated companies (excluding members of the Group)
“Company”	Bosideng International Holdings Limited (波司登國際控股有限公司), a company incorporated in the Cayman Islands whose shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Jiangsu Agreement”	the real estate sale and purchase agreement dated 14 April 2009 entered into by Shanghai Bosideng and the Jiangsu Vendor in relation to the Acquisition

“Jiangsu Property”	the land use rights of a land situated at Yangqiao Village, Zhitang Town, Changshu City, Jiangsu Province with a total site area of approximately 33,334 square metres and the four buildings erected thereon with a total gross floor area of approximately 27,050.8 square metres
“Jiangsu Vendor”	Bosideng Corporation* (波司登股份有限公司), a company limited by shares incorporated in the PRC which is controlled by Mr. Gao Dekang
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Valuer”	Jones Lang LaSalle Sallmanns Limited (仲量聯行西門有限公司), an independent firm of valuers
“Properties”	the Jiangsu Property and the Shanghai Property
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Agreement”	the real estate sale and purchase agreement dated 14 April 2009 entered into by Shanghai Bosideng and the Shanghai Vendor in relation to the Acquisition
“Shanghai Bosideng”	Shanghai Bosideng International Fashion Co., Ltd.* (上海波司登國際服飾有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Shanghai Property”	the land use rights of the 25th floor of the building erected on land situated at Shanghai New City Plaza, No. 33 Henan Road South, Shanghai 200002, PRC with a total gross floor area of approximately 1,207.99 square metres
“Shanghai Vendor”	Bosideng Holdings Group Co., Ltd.* (波司登控股集團有限公司), a limited liability company incorporated in the PRC which is controlled by Mr. Gao Dekang

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Vendors”

the Jiangsu Vendor and the Shanghai Vendor

By Order of the Board
Bosideng International Holdings Limited
Mak Yun Kuen
Company Secretary

Hong Kong, 14 April 2009

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

** For identification purposes only*