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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 INVOLVING
SUBSCRIPTION FOR NEW SHARES
UNDER SPECIFIC MANDATE**

SUBSCRIPTION AGREEMENT

On April 24, 2015, the Company has entered into the Subscription Agreement with the Subscriber (a company indirectly wholly owned by Mr. Gao Dekang and to be invested by ITC SPC (a company jointly set up by subsidiaries of ITOCHU Corporation and Goldstone (a wholly-owned investment platform of CITIC Securities)) pursuant to which the Subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 1,302,500,000 new Shares at the Subscription Price of HKD1.19 per Subscription Share for an aggregate consideration of HKD1,549,975,000. The nominal value of the Subscription Shares is USD13,025.

The Subscription Shares represent approximately 16.27% of the existing issued share capital of the Company and approximately 13.99% of the issued share capital of the Company as enlarged by the Subscription. The Subscription Shares will be issued under the Specific Mandate and will rank pari passu with the existing Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is a company indirectly wholly owned by Mr. Gao Dekang (the Chairman of the Company), who is the substantial shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital as at the date of this announcement, and hence, the Subscriber is a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement and the granting of the Specific Mandate at the EGM.

A circular containing, among other things, further information on (i) the Subscription Agreement and the transaction contemplated thereunder; (ii) the respective advice from the Independent Board Committee and the independent financial adviser on the terms of the Subscription Agreement and the transaction contemplated thereunder; and (iii) the notice convening the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before May 30, 2015 in accordance with the Listing Rules.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

SUBSCRIPTION AGREEMENT

Date: April 24, 2015

Parties:

Issuer: the Company

Subscriber: New Surplus, a company indirectly wholly owned by Mr. Gao Dekang as at the date of this announcement, thus a connected person of the Company

Subscription Shares:

1,302,500,000 new Shares, representing approximately 16.27% of the Company's existing issued share capital and approximately 13.99% of its issued share capital as enlarged by the Subscription.

Subscription Price:

The Subscription Price of HKD1.19 per Subscription Share:

- (a) equals to the closing price of HKD1.19 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) represents a premium of approximately 9.17% over the average closing price of HKD1.09 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (c) represents a premium of approximately 25.26% over the average closing price of HKD0.95 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined on an arm's length basis between the Company and the Subscriber with reference to the prevailing market price of the Share. The Directors consider that the Subscription Price is fair and reasonable as it fairly reflects, and represents a premium over, the recent trading price of the Shares.

Specific mandate to issue the Subscription Shares:

The Subscription Shares will be issued under the Specific Mandate to be sought at the EGM. The Specific Mandate, if approved, will be valid until the completion of the Subscription or termination of the Subscription Agreement.

Ranking:

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with all existing Shares presently in issue and at the time of issue and allotment of the Subscription Shares and in particular shall rank in full for all dividends and other distributions declared made or paid hereafter.

Condition of the Subscription:

Completion of the Subscription Agreement is subject to the fulfillment (or waiver) of the following conditions:

- (a) the passing by the Independent Shareholders in accordance with the Listing Rules and all applicable laws at the EGM of resolutions approving (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate to issue the Subscription Shares to the Subscriber pursuant to the terms provided therein;
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares and such approval and permission remaining in full force and effect;
- (c) the completion of subscription of the preference shares of the Subscriber by ITC SPC pursuant to the terms and conditions of the preference shares subscription deed entered into between ITC SPC, the Subscriber, Topping Wealth Limited (a company wholly owned by Mr. Gao Dekang) and Mr. Gao Dekang;
- (d) there not having occurred, at any time on and from the date of the Subscription Agreement, until or at Completion:
 - (i) any creation, granting, issue or allotment of any Shares, or securities or instruments convertible into or exercisable or exchangeable for or that represent the right to receive, any Share or any other equity or ownership interest in the Company or the issue of any other equity or ownership interests in the Company or any other event which would or contingently or conditionally would increase the total issued share capital in the Company; or
 - (ii) any trading halt, suspension or limitation of trading in any of the Shares listed on the Stock Exchange which lasts more than five consecutive business days (as defined in the Listing Rules), unless such trading halt, suspension or limitation of trading is solely for the purpose of clearing by the Stock Exchange of an announcement / circular to be issued by the Company in connection with the transactions contemplated herein for compliance with Chapter 14 and/or Chapter 14A of the Listing Rules;

- (e) there being no breach immediately prior to Completion of any of the warranties given by the Company on the date of the Subscription Agreement and immediately prior to and upon Completion and there being no breach of any of the undertakings of the Company under the Subscription Agreement; and
- (f) there is no trading halt, suspension or limitation of trading in the Shares on the Stock Exchange on the Completion Date.

None of the conditions precedent may be waived by any party, save for items (c), (d), (e) and (f) above which can be waived by the Subscriber. In the event that any of the conditions referred to above is not fulfilled or waived in full at or before 5:00 p.m. on December 31, 2015 (or such other time and date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the provisions hereof.

Completion of Subscription:

The tenth business day immediately after the conditions have been fulfilled or waived (or such other date as the parties may agree in writing).

Undertakings by the Company

The Company undertakes:

- (i) to procure the appointment on Completion of the candidate(s) from ITOCHU Corporation nominated by the Subscriber as an executive Director, provided that such candidate complies with the requirements under the Listing Rules to be appointed as a Director;
- (ii) save for the Shares issued or other securities (including rights or options) are offered or granted to employees (including directors) of the Company pursuant to any share option(s) granted or to be granted under the share option scheme of the Company adopted on September 15, 2007 or award granted or to be granted under the share award scheme of the Company adopted on September 23, 2011, subject to a maximum in aggregate of not more than 5% of the issued share capital of the Company as at the date of the Subscription Agreement, that it shall not, before the Completion Date create, grant, issue or allot any Shares or securities or instruments convertible into or exercisable or exchangeable for, or that represent the right to receive, any Share or other equity or ownership interest in the Company or issue any other equity or ownership interests in the Company or undertake any other event which would or contingently or conditionally would increase the total issued share capital in the Company; and
- (iii) save for any one usual final dividend to be declared by the Company for the year ended 31 March 2015 (if any) and any one usual interim dividend to be declared by the Company for the six month period ending 30 September 2015 (if any), that it shall not, before the Completion Date, declare or pay any dividend, bonus or other distribution of capital or income (whether in cash or in specie) or declare or make any repurchase, redemption, reduction, cancellation, repayment or return of Shares or other ownership interests in the Company or agree or commit to do any of the foregoing.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of an approval for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION OF SUBSCRIBER

As at the date of this announcement, the Subscriber is a company indirectly wholly owned by Mr. Gao Dekang (the Chairman of the Company), who is the substantial shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital.

The Company was further informed that the Subscriber has also entered into a conditional preference share subscription deed with, amongst others, ITC SPC (a company jointly set up by subsidiaries of ITOCHU Incorporation and Goldstone (a wholly-owned investment platform of CITIC Securities)) pursuant to which the Subscriber agrees to conditionally issue preference shares to ITC SPC for an aggregate consideration of JPY 30 billion, subject to the satisfaction of certain conditions as agreed by the parties thereunder. Such proceeds from preference share subscription will be applied by the Subscriber to subscribe for the Subscription Shares. The Subscriber is principally set up for the purpose of holding the Subscription Shares and indirectly holding equity interests or shares of various companies to be injected by Mr. Gao Dekang to the Subscriber.

To the best of Directors' knowledge, information and belief having made all reasonable enquires:

- (i) ITOCHU Corporation is a company listed on Tokyo Stock Exchange and is engaging in domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, information and communications technology, realty, general products, insurance, logistics services, construction, and finance, as well as business investment in Japan and overseas, with approximately 130 bases in 65 countries; and
- (ii) Goldstone is a wholly-owned investment platform of CITIC Securities, with an important strategic status. Goldstone was established in 2007, having registered as well as contributed capital of RMB7.2 billion. As one of first few direct investment platform of securities company whose establishment was approved by China Security Regulatory Commission, Goldstone has very important influence in the market. CITIC Securities was established in October 1995 headquartered in Shenzhen with its A shares (SSE: 600030) listed on the Shanghai Stock Exchange and H shares (SEHK: 6030) listed on the Main Board of the Stock Exchange. CITIC Securities is top-ranked in the Chinese capital markets across its principal businesses of securities brokerage, investment banking and asset management. CITIC Securities offers a wide range of financial services and products to a large and diverse client base that includes corporations, financial institutions, governments and individuals.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

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 Directors are of the view that the Subscription will bring in ITOCHU Corporation and CITIC Securities such two strong investors to the Group, and will further diversify the shareholding structure of the Company. The Subscription will also bring in global experiences and expertise from ITOCHU Corporation and CITIC Securities to the Group. Leveraging ITOCHU Corporation's experience in apparel wholesale, retailing and branding, the Company will be able to enhance its overall management capabilities, especially in brand management. The capital raised from the Subscription will not only strengthen the financial position and financing capabilities of the Group, but will allow the Group to further enhance its core business and enhance overall management capabilities. Moreover, the Subscription will also allow the Group, ITOCHU Corporation and CITIC Securities to leverage on their respective strengths, and sharing of resources to explore potential strategic cooperation and investment opportunities in the future to facilitate mutual business success.

The Directors (excluding the INEDs whose opinions will be subject to the advice to be given by the independent financial adviser to the Independent Board Committee) consider that the Subscription Agreement has been entered into on normal commercial terms and the terms (including the Subscription Price) are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds from the Subscription will be HKD1,549,975,000 and the net proceeds from the Subscription, after deduction of expenses, would be approximately HKD1,544,975,000. The net price per Subscription Share after related expenses is approximately HKD1.186 per Subscription Share. The Company intends to use the net proceeds from the Subscription to (i) further develop the Group's businesses; and (ii) to invest in opportunities that well match the Group's development.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 8,007,350,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion (assuming that there will be no further changes in the issued share capital of the Company prior to the Completion) are as follows:

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)	5,156,219,202	64.39	5,156,219,202	55.39
Kong Bo Development Limited (Note 2)	52,571,999	0.66	52,571,999	0.56
Directors (Note 3)	8,409,333	0.11	8,409,333	0.09
Subscriber	–	–	1,302,500,000	13.99
Public Shareholders	<u>2,790,149,466</u>	<u>34.84</u>	<u>2,790,149,466</u>	<u>29.97</u>
Total	<u>8,007,350,000</u>	<u>100</u>	<u>9,309,850,000</u>	<u>100</u>

Notes:

- 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).*
- 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).*
- These Shares are held by Ms. Mei Dong (2,763,697 Shares), Ms Gao Miaoqin (1,003,697 Shares), Ms. Huang Qiaolian (2,763,697 Shares) and Mr. Rui Jinsong (1,878,242 Shares), respectively.*

EQUITY FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is a company indirectly wholly owned by Mr. Gao Dekang (the Chairman of the Company), who is the substantial shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital as at the date of this announcement, and hence, the Subscriber is a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement and the granting of the Specific Mandate at the EGM.

Mr. Gao Dekang, Ms. Mei Dong (the wife of Mr. Gao Dekang) and Ms Gao Miaoqin (the cousin of Mr. Gao Dekang) have abstained from voting on the board resolution approving the Subscription due to Mr. Gao Dekang's interest in the Subscription.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Subscription Agreement and the transaction contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

An Independent Board Committee has been established to advise the Shareholders, and an independent financial adviser will be appointed to advise the Independent Board Committee and the Shareholders in respect of the terms of the Subscription Agreement and the transaction contemplated thereunder.

A circular containing, among other things, further information on (i) the Subscription Agreement and the transaction contemplated thereunder; (ii) the respective advice from the Independent Board Committee and the independent financial adviser on the terms of the Subscription Agreement and the transaction contemplated thereunder; and (iii) the notice convening the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before May 30, 2015 in accordance with the Listing Rules as additional time is required to prepare information to be included in the circular.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“CITIC Securities”	CITIC Securities Company Limited
“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 Subscription pursuant to the terms of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transaction contemplated thereunder (including the grant of the Specific Mandate)
“Goldstone”	Goldstone Investment Co., Led., a wholly-owned investment platform of CITIC Securities
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the INEDs, namely Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie
“Independent Shareholders”	Shareholders other than the Subscriber and its associates
“INEDs”	the independent non-executive Directors
“ITC SPC”	IC International Company Limited, a company incorporated in Hong Kong with limited liability and set up by subsidiaries of ITOCHU Incorporation and Goldstone (a wholly owned investment platform of CITIC Securities)
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the Peoples’ Republic of China, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan

“Share(s)”	ordinary share(s) of USD0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM for the allotment and issue of the Subscription Shares to the Subscriber upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “New Surplus”	New Surplus International Investment Limited, a company incorporated in the British Virgin Island, which is indirectly wholly owned by Mr. Gao Dekang as at the date of this announcement
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated April 24, 2015 between the Company and the Subscriber in connection with the Subscription
“Subscription Price”	HKD1.19 per Subscription Share
“Subscription Shares”	1,302,500,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollars, the lawful currency of United States of America
“%”	per cent

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

Hong Kong, April 24, 2015

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 independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie.