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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)

CLARIFICATION ANNOUNCEMENT

References are made to the announcements of Bosideng International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated June 24, 2019 and June 26, 2019 (the “**Announcements**”) for clarification of certain allegations made in a report issued by Bonitas Research LLC (“**Bonitas**”) on or about June 24, 2019 (the “**Report**”) and a further report on or about June 26, 2019 allegedly to rebut the clarifications made by the Company in the Announcements (the “**Further Report**”, together with the Report, the “**Short Seller Reports**”).

To reiterate, the Company denies all the allegations made in the Short Seller Reports and considers the claims in the Short Seller Reports to be one-sided and misleading, and that the conclusions drawn in the Short Seller Reports about the Company and its financial results are incorrect. The Company’s consolidated financial statements are prepared in accordance with applicable laws and the International Financial Reporting Standards (the “**IFRS**”).

FURTHER CLARIFICATION

The Company has grouped and summarised the major allegations in the Short Seller Reports as follows to which further clarifications by the Company are made.

1. Fabrication of net profits in reported financial statements

The Short Seller Reports alleged that the Company fabricated RMB807 million of net profits since 2015, an overstatement of 174%

According to the disclosure requirements of the Rules Governing the Listing of Securities made by The Stock Exchange of Hong Kong (the “**Listing Rules**”) for annual reports, listed companies’ consolidated financial statements are only required to disclose the group’s main subsidiaries, which is subject to the management’s judgment and estimation. The subsidiaries disclosed in the past three years’ annual reports by the Group included mainly up to the Group’s third-level subsidiaries, due to the fact that these subsidiaries reflected the main assets and liabilities of the Group and most of the Group’s operating results. The Group’s certain domestic PRC subsidiaries (approximately 40 companies), which are principally engaged in the sales of down apparel products and the provision of other services, have

not been included in the disclosure information of major subsidiaries of the Group. In addition, the Group's scope of consolidation includes approximately 20 overseas companies. The financial information of these overseas companies and PRC companies have not been included in the Short Seller Reports.

The consolidated financial statements of the Company for the past 3 years are prepared in accordance with applicable laws and IFRS and were audited by KPMG.

The differences in the data summarized in the consolidated financial statements of the Group and the Short Seller Reports for the past three years are as follows:

(a) The impact of timing differences caused by different financial reporting periods

The reporting date of the Industrial and Commerce annual reports used in the Short Seller Reports was December 31, whereas the reporting date used in the annual reports of the Group was March 31. The three-year net profit difference arising from the difference in financial reporting date is approximately RMB200 million. The difference was mainly due to the loss of the companies in the Short Seller Reports recorded for the period from January to March 2015 and the profit recorded for the period from January to March 2018. In 2014, the winter was warm and the temperature was high. Due to such weather factor, the Group's FY2014/15 revenue decreased by approximately 24% compared to that of the corresponding period of the previous year. In view of this, from January to March 2015, the companies in the Short Seller Reports recorded a loss of approximately RMB80 million during this period. In addition, these companies' profit generated from January to March 2018 was approximately RMB120 million. The combination of the above two factors caused by the adoption of different reporting dates led to a difference in profits of approximately RMB200 million, between the consolidated financial statements of the Group for the past 3 years and the Short Seller Reports.

(b) The impact caused by the coverage in different scope of the subsidiary companies

The data used in the Short Seller Reports covering only 19 companies. As mentioned above, the scope of consolidation of the Group's financial statements includes approximately additional 20 overseas companies and 40 domestic PRC subsidiaries, which have not been included in the data summary of the Short Seller Reports. For instance, during the period from April 2015 to March 2018, Gaoyou Bosideng Fashion Co., Ltd.* (高郵波司登服飾有限公司) recorded a net profit of approximately RMB180 million, Jiangsu Bosideng Supply Chain Management Co., Ltd.* (江蘇波司登供應鏈管理有限公司) recorded a net profit of approximately RMB120 million, Shanghai Bosideng Ruiqi Fashion Co., Ltd.* (上海波司登瑞琦時裝有限公司) recorded a net profit of approximately RMB40 million and the Group's other domestic PRC subsidiaries missing in the Short Seller Reports recorded a combined net profit of approximately RMB230 million.

The difference caused from the combination of the above two factors was approximately RMB770 million, and this fact was omitted in the Short Seller Reports.

2. Fabrication of post-acquisition revenue of “JESSIE”

The Short Seller Reports alleged that post-acquisition revenue of “JESSIE” was fabricated

As shown on the fifth part of the Joint Annual Inspection Report (the “**Joint Annual Report**”) of Foreign-Invested Enterprises for the year ended December 31, 2012 reported on Shenzhen JESSIE Fashion Co., Ltd* (深圳市杰西服装有限公司) (“**Shenzhen Jessie**”), its revenue and net profit recorded for the year 2012 were approximately RMB266 million and RMB53 million, respectively. As disclosed in the FY2011/12 annual report of the Company (the “**FY2011/12 Annual Report**”), for the five months period since the acquisition of “JESSIE” (i.e. November 4, 2011 to March 31, 2012), the reported revenue and net profit contribution of “JESSIE” were approximately RMB170 million and RMB42 million, respectively. Apart from the inconsistency in the reporting period adopted between the Joint Annual Report and FY2011/12 Annual Report, the difference in revenue was mainly due to the difference in accounting treatment for the recognition of revenue under the IFRS, as adjustment was made to gross up the contingent rent amount as revenue and selling and distribution expenses, which does not have any effect on the net profit. The adjustment made for the five months’ contingent rent amount was approximately RMB22 million. The difference in net profit was mainly due to the royalties and design fees allocated to overseas companies within the scope of consolidation (e.g. Sunny Bright Global Investments Limited (“**Sunny Bright**”) and Hong Kong Bestmate Limited (“**HK Bestmate**”)) of approximately RMB19 million. Such fees were reflected in the report of Shenzhen Jessie’s financial statements as expenses, but were internally offset against the revenues of Sunny Bright and HK Bestmate when consolidated in the FY2011/12 Annual Report.

3. Founder of “JESSIE”

The Short Seller Reports alleged that Mr. Chow Mei Wo (“Mr. Chow”) is not the founder of “JESSIE”

The allegation is factually incorrect. The ladies fashion wear brand “JESSIE” was launched in 1998 through Shenzhen Meibaohe Clothing Co., Ltd.* (深圳美寶和服装有限公司) (a company founded by Mr. Chow), and business of which had subsequently been carried out through Shenzhen Jessie.

The reason why Mr. Chow did not hold any equity stake in Shenzhen Jessie until 2008 was because when Shenzhen Jessie was established in 2001, if Mr. Chow, as a Hong Kong resident, was a shareholder of Shenzhen Jessie, it would not be able to enjoy tax exemption available only to domestic-invested enterprise. As such, at the time of establishment of Shenzhen Jessie, two relatives of Mr. Chow, Mr. Zhang Linhai* (張林海) (his brother-in-law) and Mr. Lai Xiong liang* (賴雄亮) (his cousin) were nominated as the named shareholders of Shenzhen Jessie on behalf of Mr. Chow. Mr. Chow has always been the legal representative of Shenzhen Jessie since its establishment which can be shown in the incorporation documents of Shenzhen Jessie as well as the ultimate de facto controller of Shenzhen Jessie.

4. “BUOU BUOU” Transaction

The Short Seller Reports alleged that the vendors involved in the “BUOU BUOU” transactions were not independent third parties

The acquisition of the 30% interests in holding companies of the brand “BUOU BUOU” in 2013 was from Trillion Luck Global Industrial Limited (a company ultimately controlled by the founder of the brand of “BUOU BUOU”, Mr. Chen (Taiwanese), who is an independent third party of the Company), instead of from companies controlled by Mr. Chow as alleged.

As for the acquisition of the 70% interest in Buoubuou International Holdings Limited in July 2016 from, inter alia, Kingford Investment Development Limited (a company ultimately controlled by Dr. Kong as disclosed in those disclosure of interests forms filed by Dr. Kong and his controlled entities), Dr. Kong was no longer a connected person of the Company at the material time as he had resigned as an executive director of the Company since May 15, 2014.

The board (“**Board**”) of directors (the “**Directors**”) would like to reiterate that the Group had engaged internationally renowned and professional auditors, legal advisers, valuers and/or other advisers to carry out the due diligence as well as the valuation for each of its acquisition of the ladies fashion wear brands to ensure members of the Board were informed of all the necessary required information to consider if the terms and conditions of the relevant acquisitions are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

Shareholders and potential investors of the Company are reminded to exercise extreme caution when dealing in the securities of the Company.

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

Hong Kong, June 26, 2019

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 purposes only*