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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 IN RELATION TO THE DISPOSAL OF A PROPERTY IN THE PRC

The Board announces that, on February 17, 2017, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to purchase, the Property for the Consideration of RMB54,215,539.71.

# LISTING RULES IMPLICATIONS

The Purchaser 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, the Purchaser is an associate of Mr. Gao Dekang and therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company. The Disposal is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement, since the applicable percentage ratios are above 0.1% and below 5%.

## **AGREEMENT**

## **Date**

February 17, 2017

#### **Parties**

- (i) Shandong Bingfei, a wholly-owned subsidiary of the Company, which is principally engaged in sourcing and distribution of down apparels, as the vendor; and
- (ii) Shandong Kangbo, a company of which Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is a controlling shareholder and is principally engaged in real estate development, as the purchaser.

# Assets to be disposed of

The Property comprises of the land use rights of the land and the building erected thereon which is situated at the east of Zhongao Avenue in Dezhou Economic Development Zone, the west of the Jingsi Road, to the north of Weiliu Road and to the south of Weiwu Road, of which the land has an area of approximately 26,257.34 square metres and the building has a gross floor area of approximately 12,958.41 square metres.

The Property is principally used as the office building and the workshops of product design and testing and storage of raw materials and finished products, etc for the brand *Bingfei*. Therefore, there was no rental income generated by the Property for the two financial years immediately preceding the Disposal.

# Consideration and payment

The consideration for the Disposal (the "Consideration") is RMB54,215,539.71 and has been determined after arm's length negotiations between the parties after taking into account the valuation of the market price of the Property as at December 31, 2016 of RMB54,215,539.71 made by Jiangsu Donghua Land Real Estate Assets Appraisal Co., Ltd., an independent firm of valuers.

The Consideration shall be payable by the Purchaser to the Vendor in accordance with the following manners:

- (i) RMB5,421,553.97, being 10% of the Consideration shall be payable within 7 days after the signing of the Agreement;
- (ii) RMB21,686,215.88, being 40% of the Consideration shall be payable before the application for the transfer of the Property with the relevant PRC government authority, which shall not be later than March 15, 2017; and
- (iii) RMB27,107,769.86, being 50% of the Consideration shall be payable on or before May 31, 2017.

## Transfer of title of Property

The Vendor and the Purchaser shall complete the handover procedures of the Property and sign the letter of conveyance upon delivery of the Property which should take place no later than April 30, 2017. Completion procedures include completion of the title transfer of the Property to the Purchaser and registration of such transfer with the relevant PRC government authority.

# FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited net asset value of approximately RMB53.2 million of the Property as at December 31, 2016 and the Consideration of approximately RMB54.2 million, the Company expects to record a gain on Disposal of approximately RMB1.0 million upon Completion. The proceeds arising from the Disposal will be used as the general working capital of the Group. Shareholders should note that the actual gain or loss on the Disposal to be recorded by the Company will depend on the financial position of the Property on the date of Completion. The proceeds from the Disposal will be retained as internal resources of the Group.

#### REASONS FOR AND BENEFITS OF THE DISPOSAL

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 Group has been proactively reshaping its brands and adjusting the positioning and sales strategies of its various brands in the past few years and had terminated down apparel brands with smaller scales including the brand *Bingfei* in the financial year of 2014/15 so as to focus its resources on down apparel brands with more potential. As the Property is principally used as the office building and workshops of the brand *Bingfei*, the Disposal not only matches the development strategy of the Group, but also allows better use of its resources. Therefore, the Directors consider that the Disposal is an appropriate arrangement.

The Directors (including the INEDs) are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole

#### **GENERAL**

The Purchaser 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, the Purchaser is an associate of Mr. Gao Dekang and therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company. The Disposal is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement, since the applicable percentage ratios are above 0.1% and below 5%.

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

#### **DEFINITIONS**

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

"Agreement" the sale and purchase agreement dated February 17, 2017 entered into between the Purchaser and the Vendor in respect of the Disposal

"Board" the board of the Directors

"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 Disposal under the Agreement

"connected person(s)" has the meaning given to it in the Listing Rules

"Director(s)" the director(s) of the Company

"Disposal" the disposal of the Property by the Vendor to the Purchaser pursuant

to the Agreement

"Group" the Company together with its subsidiaries

"Hong Kong" the Hong Kong Special Administrative Region of the PRC

"INEDs" the independent non-executive Directors

"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange

"PRC" the People's Republic of China, which for the purpose of this

announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and

Taiwan

"Property" the land use rights of the land and the building erected thereon which

is situated at the east of Zhongao Avenue in Dezhou Economic Development Zone, the west of the Jingsi Road, to the north of Weiliu Road and to the south of Weiwu Road which the land has an area of approximately 26,257.34 square metres and the building has a gross floor area of approximately 12,958.41 square metres

"Purchaser" or "Shandong

Kangbo"

Shandong Kangbo Property Co., Ltd., a company incorporated in the PRC with limited liability, the purchaser under the Agreement, of which Mr. Gao Dekang (the Chairman and Chief Executive Officer

of the Company) is a controlling shareholder

"Shareholder(s)" the holder(s) of the ordinary share(s) of USD0.00001 each in the

issued share capital of the Company

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"subsidiary(ies)" has the meaning given to it in the Listing Rules

"Vendor" or "Shandong

Bingfei"

Shandong Bingfei Fashion Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the

Company as at the date of this announcement

"HKD" Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board

Bosideng International Holdings Limited
Gao Dekang

Chairman

Hong Kong, February 17, 2017

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 INEDs are Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie.