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Boshiwa

BOSHIWA INTERNATIONAL HOLDING LIMITED

博士蛙國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1698)

FURTHER DELAY IN RESULTS ANNOUNCEMENTS

AND

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

References are made to the announcements of the Company dated 15 March, 23 May, 7 November, 8 November and 7 December 2012, 7 January, 8 February, 15 March, 28 March, 26 April, 15 May, 31 May, 19 June, 30 August, 13 November and 31 December 2013, 14 March, 31 March and 15 April 2014 in relation to, amongst other things, resignation of auditor, delay in publication of annual results and despatch of annual report for the year ended 31 December 2011, appointment of auditor, conditions for resumption of trading, delay in publication of annual results and despatch of annual report for the year ended 31 December 2012, change in auditors, updates on recent development of suspension of trading, and delay in publication of interim results and despatch of interim report for the six months ended 30 June 2013, and delay in publication of annual results and despatch of annual report for the year ended 31 December 2013 (the “**Announcements**”). Unless otherwise defined, capitalized terms have the same meanings as defined in the Announcements.

As disclosed in the Announcements, the Company is coordinating with the Newly Appointed Auditor (Crowe Horwath (HK) CPA Limited) for its work on best effort basis. According to the expected timetable, the Company will complete the auditing and publication of the 2011 and 2012 Annual Results at the end of July 2014 and will also complete the auditing and publication of annual results for the year ended 31 December 2013 within 30 to 60 days after the publication of the 2011 and 2012 Annual Results. The Company will continue to coordinate with the Newly Appointed Auditor for its work and release the Outstanding Financial Results and Reports as soon as possible.

BUSINESS DEVELOPMENT OF THE GROUP

As reported by ChinaIRN.com, according to “Dynamic Research and Profit Forecast Report regarding Children’s Clothing Market in China during 2014-2017” released by S&P Consulting, with the improvement of China’s economic and social levels and change in parents’ consumption concept, the consumer demand for children’s clothing market in China has converted to fashionable style of pursuing aesthetics instead of practical style of catering for basic needs in the past. As one of the most potential industries, children’s clothing market is expected to benefit from two-child policy and continues to capture greater market space. Over the next few years, the estimated demand for the national children’s clothing will grow at the rate of over 20%.

As a result of the foregoing, the management of our Company have made changes on the basis of past operation experience and strived to develop Boshiwa 365 stores, an important retail channel of our Company, through our innovative business model, so as to provide “one-stop consumption service” to the consumers for baby and children’s products.

1. Adopt a more professional brand operation and management model

In June 2014, the Company adjusted its management structure and established three clothing brands division, namely Boshiwa, baby2 and Dr. Frog, Boshiwa 365 stores division and network marketing division. The clothing brand division collaborated with the channel division, which provided an effective guarantee for sound development of brand and channel and achievement of sales targets.

2. Integrate fast supply chain to enhance sales efficiency

Through adjusting the management structure, the Company plans to introduce the product life cycle management and flexible supply chain support for various brands of apparel products throughout brand clothing division. Through optimizing the merchandise planning strategy, the sales cycle will be shortened; through identifying core supplier, the supply efficiency will be enhanced, the sales target rate will be timely tracked, the inventory risk will be reasonably reduced as well as the on-shelf availability of new products will be increased; through multi distribution channels and store grading, the sales target will be achieved.

3. Focus on the development of the O2O model by using terminal outlets

The Company intends to implement the diversified expansion of the O2O model by integrating the convenience of online shopping with the offline shopping experience in physical outlets, and achieve the transformation and upgrading of traditional retail shopping model through effectively combining both online and offline channel advantages. For example, by leveraging on the public service account of Alipay Wallet, Weixin service account and other platforms, our Boshiwa main store and four Boshiwa 365 stores in Shanghai have been selected to put into trial operation in July 2014 through conversion of the traditional offline shopping to online model, so as to enable the consumers to buy online and pick up offline; besides, we will carry out consumers wisdom match among the surrounding stores, outlets promotions and online malls hot-sales recommendations, so as to achieve precise marketing.

In addition, the Company will, through the establishment of big data collection and analysis system, will further precisely analyze consumers' shopping habits, product mix and geographic distribution characteristics of potential consumers and more effectively implement the layout of offline outlets and formulation of product development and marketing activities.

The Company expects that, by achieving, including but not limited to, the renovation and upgrading of the above management model, the sales and operational efficiency of the Company will be effectively improved and thus its sales revenue will be continuously enhanced.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange will remain suspended until further notice.

By Order of the Board
Boshiwa International Holding Limited
Zhong Zheng Yong
Chairman

Shanghai, 16 June 2014

As at the date of this announcement, the executive Directors are Mr. Zhong Zheng Yong, Ms. Chen Li Ping, and Mr. Chen Pei Qi, the non-executive Director is Mr. Li Shu Jun and the independent non-executive Directors are Mr. Chong Cha Hwa, Dr. Jiang Chang Jian and Mr. Li Zhi Qiang.