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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Bosideng International Holdings Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A notice convening the EGM to be convened and held immediately after the conclusion of the annual general meeting of the Company at 10:00 a.m. on Thursday, August 28, 2014 at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 30 to 31 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Share Registrar and Transfer Office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

July 25, 2014

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DEFINITIONS

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

“Agreement”	the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, in respect of which notices of renewal were served by the Company to the Parent Group to extend the term up to September 14, 2014, pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis
“Announcement”	the announcement made by the Company dated June 26, 2014
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Bosideng International Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve the renewal of the Agreement (including the proposed annual caps thereunder)
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee” or “IBC”	the independent board committee comprising all the INEDs

DEFINITIONS

“Independent Financial Adviser” or “Investec”	Investec Capital Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Agreement (including the proposed annual caps thereunder)
“Independent Shareholders”	Shareholders other than Mr. Gao Dekang and his associates and any other person who has a material interest in the Agreement
“INEDs”	the independent non-executive Directors, namely Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie
“Latest Practicable Date”	July 22, 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing Companies”	Jiangsu Xuezhongfei Apparels Manufacturing Co., Ltd., Shandong Kangbo Industry Co., Ltd., Jiangsu Kangxin Garment Co., Ltd and Jiangsu Suyong International Trade Co., Ltd., all of which are owned or controlled by Mr. Gao Dekang’s family
“Parent Group”	Mr. Gao Dekang and his associates, other than members of the Group
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company

DEFINITIONS

“Shares”	ordinary shares of USD0.00001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Gao Dekang (*Chairman of the Board*)
Ms. Mei Dong
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Mr. Mak Yun Kuen
Mr. Rui Jinsong

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Mr. Dong Binggen
Mr. Wang Yao
Dr. Ngai Wai Fung
Mr. Lian Jie

Place of Business in Hong Kong:

Room 1703A, 17th Floor, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

July 25, 2014

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in respect of the renewal of the Agreement and the proposed annual caps thereunder.

As the Agreement will soon expire on September 14, 2014, on June 26, 2014, the Board resolved to propose to the Independent Shareholders to renew the Agreement and to obtain the new annual caps for the transactions contemplated thereunder for the three years ending on March 31, 2017 in order to comply with the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the transactions contemplated under the Agreement and the proposed annual caps thereunder; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Agreement (including the proposed annual caps thereunder); (iii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the renewal of the Agreement (including the proposed annual caps thereunder) as well as voting at the EGM; and (iv) the notice of the EGM to the Shareholders.

CONNECTED PERSONS

The Parent Group

Mr. Gao Dekang (the Chairman of the Company) is the substantial shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital.

For so long as Mr. Gao Dekang remains a substantial shareholder of the Company, transactions between our Group and the Parent Group will constitute connected transactions for the Company under the Listing Rules.

Framework Manufacturing Outsourcing and Agency Agreement

Scope of the Agreement

Pursuant to the Agreement, the Company has agreed to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis, which currently includes the Manufacturing Companies.

Under the Agreement, the Parent Group provides labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products. The Group provides the Parent Group with raw materials, product designs and specifications, and pays the Parent Group a processing fee based on the agreed production volume with a view to facilitating the Parent Group's manufacturing work.

In addition, the Parent Group also from time to time procures raw materials for the Group's original equipment manufacturing ("OEM") business from independent third party suppliers in the PRC in accordance with the Group's instructions. No agency fee is payable by the Group to the Parent Group and the raw materials procured are used solely for the manufacturing of the Group's OEM products.

LETTER FROM THE BOARD

Fees

The processing fee shall be payable in cash by the Group within 30 days after the completion of processing of each batch of down apparel products. The information required for estimation of the costs to be incurred for the processing services is transparent, as the Group can easily make reference to the prevailing market information relating to labour costs, rental of similar premises and the utilities expenses. The Group is also able to have access to/request the information of the monthly salary, rental, utilities expenses incurred by the Parent Group in the previous months for estimation of the cost to be incurred for each batch of down apparel products.

After determining the costs to be incurred for the relevant batch of down apparel products of the Parent Group and the applicable mark-up rate of ranging from 5% to 10% (depending on place, quantity and the turnaround time of the processing services required) (the “Estimated Costs”), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer.

The non-exclusive arrangement under the Agreement allows the Group to appoint other outsourcing manufacturers for the processing of down apparel products if the terms offered by the Parent Group are not the most favourable to the Group. Should the terms offered by independent manufacturers be lower than the Estimated Costs with other terms similar to or better than those offered by the Parent Group, the Group will then appoint the other outsourcing manufacturers for the processing of down apparel products.

Term

The Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been renewed and extended to September 14, 2014.

Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Agreement is renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months’ notice prior to the expiry of the initial term. Subject to the approval by the Independent Shareholders at the EGM of the renewal of the Agreement (including the proposed annual caps thereof), the Company has served the notice to the Parent Group indicating that it intended to renew the Agreement for a further term of up to September 14, 2017.

LETTER FROM THE BOARD

Historical figures and proposed annual caps

Set out below the aggregate fee paid by the Group to the Parent Group and the historical annual caps for each of the years ended March 31, 2012, 2013 and 2014, respectively:

	For the year ended March 31,					
	2012		2013		2014	
	<i>RMB (million)</i>		<i>RMB (million)</i>		<i>RMB (million)</i>	
	Actual	Historical	Actual	Historical	Actual	Historical
	fees paid	Cap	fees paid	Cap	fees paid	Cap
Fees paid under the Agreement	479.5	550.0	430.0	687.5	482.7	859.4

The proposed annual caps for each of the three years ending March 31, 2015, 2016 and 2017, respectively are set out below:

	For the year ending March 31,		
	2015	2016	2017
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Proposed annual caps	570.0	673.0	795.0

The proposed annual caps set out above are principally determined based on the following:

- (a) the historical figures of the relevant transactions, the expected increase in prices for the receipt of similar services from third party contract manufacturers over the next three years, in particular, the increase of manufacturing fees as a result of higher labour costs;
- (b) based on the quality assurance of the Parent Group in the field of down apparel manufacturing over the years and the increasing customer requirements for improved quality of down garments in recent years, the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group has been substantially increased; and
- (c) the expected market conditions and increase in demand for the Group's down apparel products.

LETTER FROM THE BOARD

Implementation agreements

Members of the Group and the Parent Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Agreement during the term thereof. Each implementation agreement will set out the details of the manufacturing services required, and the specifications, quantities, prices and other relevant terms thereof. Any such implementation agreements will be within the ambit of the Agreement and the relevant annual caps, and if exceed, the Company will comply with the relevant Listing Rules accordingly.

Internal control and mechanism to regulate the transactions contemplated under the Agreement

To ensure that the transactions contemplated under the Agreement are carried out in accordance with the regulatory guidelines and terms as disclosed herein, the Company has in place the following internal control procedures and mechanism:

1. a detailed cost calculation will be carried out through the Company's large scale computerized automated system with pre-set technology parameters and cost estimation formulas with reference to the cost of materials, products and labors, etc for cost to be incurred for the relevant batch of down apparel products processed by the Parent Group and the applicable mark-up rate will be determined by a number of internal departments of the Company taking into account the place of processing services required;
2. after the Estimated Cost has been determined, the Company will then invite at least three independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Such quotations will be reviewed and evaluated from both the technical and commercial perspectives by qualified personnel of the Group and compared against the Estimated Cost quoted by the Group, so as to ensure the processing services provided by the Parent Group will only be used if the price and terms offered are competitive and comparable to those offered by independent third parties;

To ensure that the actual prices for the transactions contemplated under the Agreement are on normal commercial terms and on terms no less favourable to the Group than that available from independent third parties, the Group will conduct regular checks to review and assess whether the processing services have been provided in accordance with the terms of the Agreement.

In addition, the INEDs and the auditor of the Company will on a regular basis be provided with the (i) Agreement; (ii) agreements entered into between the Group and independent third parties for the processing of the same type of down apparel products; and (iii) fee quotations provided by independent third parties for the processing of the same type of down apparel

LETTER FROM THE BOARD

products for review and comparison purpose. The INEDs will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Agreement are conducted on normal and commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Agreement are conducted in accordance with the terms of the Agreement. Based on the above, the Directors, including the independent non-executive Directors, are of the view that the procedures adopted by the Group to govern transactions contemplated under the Agreement could ensure that the pricing mechanism will be strictly adhered to and the transactions contemplated under the Agreement could be conducted under normal commercial terms and not prejudicial to the interest of the Company and the Independent Shareholders.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE AGREEMENT

The renewal of the transactions contemplated under the Agreement will enable the Group to continue to use the manufacturing services of the Parent Group, take advantage of the quality assurance of the Parent Group in the field of down apparel manufacturing over the past years and respond to the increasing customer requirements for improved quality of down garments in recent years and the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group, so as to increase its competitiveness.

The Directors (including the INEDs, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the renewal of the Agreements (including the proposed annual caps thereunder) are fair and reasonable and that the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Mr. Gao Dekang, Ms. Mei Dong (the spouse of Mr. Gao Dekang) and Ms. Gao Miaoqin (the cousin of Mr. Gao Dekang), all of whom are Directors, have abstained from voting on the board resolutions approving the renewal of the Agreement (including the proposed new annual caps thereunder).

INFORMATION ABOUT THE PARTIES

The Group

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.

Mr. Gao Dekang

Mr. Gao Dekang (the Chairman of the Company) is the substantial shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital.

LETTER FROM THE BOARD

EGM

The applicable percentage ratios under Chapter 14A of the Listing Rules, in respect of transactions contemplated under the Agreement is more than 5% on an annual basis and the maximum annual consideration is more than HKD10 million. Accordingly, the transactions contemplated under the Agreement are required to be subject to independent shareholders' approval, reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

A notice convening the EGM to be held immediately after the conclusion of the annual general meeting of the Company at 10:00 a.m. on Thursday, August 28, 2014 at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out in this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the renewal of the Agreement (including the proposed annual caps thereunder).

The ordinary resolution to be proposed at the EGM to approve the renewal of the Agreement (including the proposed annual caps thereunder) will be determined by way of poll by the Shareholders. Mr. Gao Dekang and his associates (namely Kong Bo Investment Limited, Kong Bo Development Limited, Cititrust (Singapore) Limited, Kova Group Limited, Ms. Mei Dong and Ms. Gao Miaoqin) together controlled the exercise of approximately 65.08% of the voting rights in the Company's general meeting as at the Latest Practicable Date, and will be required to abstain from voting at the EGM in respect of the ordinary resolution to approve the renewal of the Agreement (including the proposed annual caps thereunder).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same as soon as possible to Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Share Registrar and Transfer Office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

RECOMMENDATION

An Independent Board Committee comprising all INEDs has been set up to advise the Independent Shareholders in relation to the renewal of the Agreement (including the proposed annual caps thereunder). Investec has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Agreement (including the proposed annual caps thereunder).

LETTER FROM THE BOARD

The Directors (including the INEDs, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the renewal of the Agreement (including the proposed annual caps thereunder) are fair and reasonable and that the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of EGM enclosed to this circular.

GENERAL

Your attention is also drawn to the letter from the Independent Board Committee, the letter from Investec and the additional information set out in the appendix to this circular and the notice of EGM.

Yours faithfully,
For and on behalf of the Board
Bosideng International Holdings Limited
Gao Dekang
Chairman of the Board



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)

July 25, 2014

To the Shareholders

Dear Shareholder,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated July 25, 2014 issued by the Company to its Shareholders (the “Circular”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the renewal of the Agreement (including the proposed annual caps thereunder), the details of which are set out in the letter from the Board contained in the Circular. Investec has been appointed to advise us, the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Agreement (including the proposed annual caps thereunder).

We wish to draw your attention to the letter from the Board and the letter from Investec to us, the Independent Board Committee and the Independent Shareholders containing its advice in respect of the renewal of the Agreement (including the proposed annual caps thereunder), as set out in the Circular.

Having taken into account the principal factors and reasons considered by Investec and its conclusion and advice, we consider that the renewed transactions under the Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, that the terms of the transactions under the Agreement (including the proposed annual caps thereunder) are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the renewal of the Agreement (including the proposed annual caps thereunder).

Yours faithfully,

Independent Board Committee

Dong Binggen

Wang Yao

Ngai Wai Fung

Lian Jie

Independent non-executive Directors

LETTER FROM INVESTEC

Set out below is the full text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this Circular.



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July 25, 2014

*To the Independent Board Committee and
the Independent Shareholders of
Bosideng International Holdings Limited*

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement, details of which are set out in the circular to the Shareholders dated July 25, 2014 (the “Circular”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As noted in the letter from the Board (the “Letter from the Board”), the Company intends to renew the Agreement which will soon expire on September 14, 2014 for a further term of up to September 14, 2017 and the new annual caps (the “New Annual Caps”) for the transactions contemplated thereunder for three years ending March 31, 2017. The CCTs will be subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements as the applicable percentage ratios under the Listing Rules are expected to be more than 5% on an annual basis and the maximum annual consideration is more than HKD10 million.

The Independent Board Committee, comprising all the INEDs, namely, Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie, has been formed to advise the Independent Shareholders as to whether the terms of the Agreement including the New Annual Caps are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent

LETTER FROM INVESTEC

Shareholders as to (i) whether the terms of the Agreement, including the New Annual Caps thereunder, are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution to approve the Agreement and the New Annual Caps at the EGM.

As at the Latest Practicable Date, we were independent from and not connected with the Group or the Parent Group pursuant to Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Independent Shareholders regarding these connected transactions of the Company. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and/or its senior management staff (the “Management”). We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company, the Directors and/or the Management and for which it is/they are solely responsible, were true, accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Company, the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company, the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truthfulness, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and/or the Management and their respective advisers, if any, or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group or the Parent Group.

LETTER FROM INVESTEC

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Agreement, we have taken into consideration the following principal factors:

1. Information on the Group

The Group is principally engaged in research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products, original equipment manufacturing products and non-down apparel products in the PRC.

Set out below is a summary of the consolidated financial results of the Group extracted from the Company's annual report for the year ended March 31, 2013 (the "Annual Report") and the latest announcement on the financial information of the Company dated June 26, 2014 (the "FI Announcement"):

	For the year ended		
	March 31,		
	2012	2013	2014
	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000
Revenue from:			
Down apparels	6,119,492	7,093,695	6,056,663
OEM management	909,389	954,880	880,517
Non-down apparels	1,347,181	1,275,964	1,300,714
Total revenue	8,376,062	9,324,539	8,237,894
Cost of sales	4,187,428	4,603,990	4,122,438
Gross profit	4,188,634	4,720,549	4,115,456
Profit from operations	1,621,393	1,271,670	865,470
Profit before income tax	1,721,736	1,456,916	982,307
Profit for the year:	1,450,745	1,052,614	702,338
attributable to equity holders of the			
Company	1,436,642	1,078,650	694,704
attributable to non-controlling interests	14,103	(26,036)	7,634

The revenue of the Group for the year ended March 31, 2013 was approximately RMB9,324.5 million, representing an increase of approximately 11.3% from the revenue of approximately RMB8,376.1 million recorded for the year ended March 31, 2012. The increase in revenue was driven by the increase in the down apparels sales (accounting for approximately

LETTER FROM INVESTEC

76.1% of the total revenue) which recorded an increase of approximately 15.9% during the same period. The OEM management (accounting for approximately 10.2% of the total revenue) recorded a growth of approximately 5.0% while the non-down apparels (accounting for approximately 13.7% of the total revenue) recorded a decrease of approximately 5.3% in sales during the same period. According to the Annual Report, the growth in the down apparel sales during the period was attributed to the factors such as (i) the implementation of separate brand operation; (ii) refinement and separation of its sales channels; (iii) implementation of the design differentiation for brands with different positioning; (iv) orderly development of its four-seasonal products; and (v) upgrade of its retail terminals and services.

Profit for the year ended March 31, 2013 attributable to equity holders of the Company was approximately RMB1,078.7 million, representing an decrease of approximately 24.9% from approximately RMB1,436.6 million for the year ended March 31, 2012.

For the year ended March 31, 2014, the Group recorded a total revenue of approximately RMB8,237.9 million, representing a decrease of approximately 11.7% as compared with that of approximately RMB9,324.5 million for the financial year 2013. The sales in down apparels (accounting for approximately 73.5% of the total revenue) recorded a decrease of approximately 14.6% as compared with that for the financial year 2013. The sales in the OEM management (accounting for approximately 10.7% of the total revenue) recorded a slowdown of approximately 7.8%. The non-down apparels, consisted of the remaining approximately 15.8% of the total revenues, recorded a slight increase of approximately 1.9%. As stated in the FI Announcement, the decrease in revenue was attributed to the less optimistic macroeconomic environment (including the slow-down of China's economic growth and slow economic recovery in Europe and the United States of America) and general issues and challenges of the apparel industry in China (including fierce competition and the global trend of relocating the processing factories to Southeast Asian countries). In addition, warmer winter season for 2013/2014 also constrained the sales of down apparel.

Profit for the year ended March 31, 2014 attributable to equity holders of the Company was approximately RMB694.7 million, representing a decrease of approximately 35.6% from approximately RMB1,078.7 million for the year ended March 31, 2013. In fact, the Company had already issued a profit warning highlighting the reason and magnitude of the negative results on March 26, 2014.

2. Reasons for the proposed extension of the term of the Agreement

As set out in the Letter from the Board, the Agreement will expire on September 14, 2014 and the renewal of the transactions contemplated under the Agreement for a further term of three years up to September 14, 2017 will enable the Group to continue to use the manufacturing services of the Parent Group, take advantage of the quality assurance of the Parent Group in the field of down apparel manufacturing over the past years so as to meet the increasing customer requirements for improved quality of down garments in recent years and the specific demand from the OEM customers of the Group for the down apparel products, so as to increase its competitiveness.

LETTER FROM INVESTEC

In order to further strengthen the Group's competitive position, the Group will continue to focus its the resources on the design, raw materials procurement, marketing, sale and distribution of its products and outsourcing the manufacturing process of the Group's products to reliable external contract manufacturers, which include the Manufacturing Companies. The Manufacturing Companies specialise in the manufacturing process of apparel on a contractual basis for the Group as well as its third party customers and are not involved, whether directly or indirectly, in any stage of the Group's non-outsourced supply chain. In particular, the Manufacturing Companies are not involved in the OEM management business which generally includes marketing, export trading, trading coordination and OEM export client relationship management. As such, there is no overlap between the businesses of the Manufacturing Companies and those of the Group.

As stated in the Annual Report, the Group will push forward the strategy of non-seasonal apparel business, brand diversification, internationalization and strengthening down apparel business as the core. Furthermore, we also note from the Interim Report that the apparel industry in the PRC is going through a very challenging time with the apparel retails sales decelerating with the rising raw material prices, labor costs and rental costs that eroding gradually the profit margin of the country's apparel retail industry. Having discussed with the Management, we understand that the current market competition is fierce in the PRC. Moreover, the consumers today, especially the PRC consumers, are becoming increasingly sophisticated and demanding more differentiating and quality products. Accordingly, the abilities to (i) provide improved quality of down garments; (ii) meet the specification demand; and (iii) minimize the production time and respond swiftly to changes in the market so as to prevent loss of market share to its competitors are a key to maintain the competitiveness of the Group for its down apparel businesses under its own brand and OEM management. In light of the specialisation of the Parent Group in the manufacturing process of apparel and the successful cooperation between the Group and the Parent Group in the past years that the Parent Group has been able to provide quality assurance in the field of down apparel manufacturing to meet the increasing customer requirements for improved quality of down garments and the specific demand from the OEM customers of the Group for the down apparel products, we consider that the Parent Group is strategically in an advanced position to provide the manufacturing services to the Group as the Parent Group shall have a better understanding of the Group, in particular its production needs that are subject to changes from time to time, and the flexibility to adjust and deliver.

Having considered the historical co-operation and non-overlapping business relationship between the Group and the Parent Group and the aforesaid benefits, we concur with the Company's view that the renewal of the Agreement up to September 14, 2017 is in the interests of the Company and the Shareholders as a whole.

LETTER FROM INVESTEC

3. Principal terms of the Agreement

Pursuant to the Agreement, the Company has agreed to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis. Under the Agreement, the Parent Group (which includes the Manufacturing Companies) provides labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products. The Group provides the Parent Group with raw materials, product designs and specifications, and pays the Parent Group a fee based on the agreed production volume with a view to facilitating the Parent Group's manufacturing work. The processing fee (being the cost estimated to be incurred by the Parent Group) shall be payable in cash by the Group within 30 days after the completion of processing of each batch of down apparel products. In addition, the Parent Group also from time to time procures raw materials for the Group's OEM business from independent third party suppliers in the PRC in accordance with the Group's instructions. No agency fee is payable by the Group to the Parent Group and the raw materials procured are used solely for the manufacturing of the Group's OEM products.

As stated in the Letter from the Board, after determining the costs to be incurred for the relevant batch of down apparel products of the Parent Group and the applicable mark-up rate of ranging from 5% to 10% (depending on place, quantity and the turnaround time of the processing services required) (the "Estimated Costs"), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. As such, the party, be it the Parent Group or an independent third party, that offers the lowest price will be awarded the processing work contract. We understand from the Management that, the Group has also engaged other independent third parties for the processing of down apparel products which the relevant payment terms, payment method and price payable are comparable to those under the Agreement, and will continue the practice under the same condition.

We have reviewed and compared certain transactions entered into between the Group and the Parent Group, and those between the Group and independent third parties for the processing of the same type of down apparel products, and noted that the prices under such transactions with the Parent Group were no less favourable to the Group than those with the independent third parties.

We also understand from the Company that other than extending the term of the Agreement for a further term of three years, all the other terms of the Agreement, including the governing mechanism, remain the same as the original terms approved by the Independent Shareholders. We have reviewed and considered the internal control procedures and mechanism of the Company as discussed in the Letter from the Board in line with the regulatory requirements and adequate.

Based on the fact that the proposed transactions contemplated under the Agreement will continue to be conducted in the ordinary and usual course of business of the Company and on normal commercial terms, and the non-exclusive arrangement under the Agreement provides the Company with the flexibility without any commitment on the actual transaction values, we are of the view that the terms of Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM INVESTEC

4. Rationale for determining the New Annual Caps

Set out below are the aggregate fees paid by the Group to the Parent Group under the Agreement for each of the three years ended March 31, 2012, 2013 and 2014, respectively:

	For the year ended March 31,					
	2012		2013		2014	
	(Audited)		(Audited)		(Audited)	
	<i>RMB million</i>		<i>RMB million</i>		<i>RMB million</i>	
	Actual	Historical	Actual	Historical	Actual	Historical
	fees paid	Cap	fees paid	Cap	fees paid	Cap
Fees paid under the Agreement	479.5	550.0	430.0	687.5	482.7	859.4

The New Annual Caps for each of the three years ending March 31, 2017 are set out below:

	For the year ending March 31,		
	2015	2016	2017
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
New Annual Cap	570.0	673.0	795.0

As set out in the Letter from the Board, the proposed annual caps set out above are primarily determined based on the following:

- (a) the historical figures of the relevant transactions, the expected increase in prices for the receipt of similar services from third party contract manufacturers over the next three years, in particular, the increase of manufacturing fees as a result of rising labour costs;
- (b) based on the quality assurance of the Parent Group in the field of down apparel manufacturing over the years and the increasing customer requirements for improved quality of down garments in recent years, the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group has been substantially increased; and
- (c) the expected market conditions and increase in demand for the Group's down apparel products.

We note that the aggregate fees paid by the Group to the Parent Group decreased from approximately RMB479.5 million for the year ended March 31, 2012 to approximately RMB430.0 million for the year ended March 31, 2013 but followed by an increase to approximately RMB482.7 million for the year ended March 31, 2014, representing a compound

LETTER FROM INVESTEC

annual growth rate of approximately 0.3%. As discussed with the Management, we understand the transaction amount of similar processing services paid to the independent third parties for the year ended March 31, 2013 increased from the year ended March 31, 2012 but decreased in the subsequent fiscal year. As such, the transactions of such processing services were driven by cheaper offers according to the governing mechanism which has been fair and reasonable and approved by the Independent Shareholders.

We note that the New Annual Caps for the three years from 2015 to 2017 are RMB570 million, RMB673 million and RMB795 million, respectively. This represents a year on year increase of approximately 18%. From the discussion with the Management, we understand that the 18% growth rate (the “Cap Growth Rate”) is based on a number of factors reflecting the expected market conditions, particularly, (i) salary increase and the annual inflation in the PRC (account approximately 5% of the Cap Growth Rate); (ii) the growth in sales value due to the increasingly stringent demand for products quality and design requiring more skilled labour and complex processing modules in both of the Group’s down apparel as well as OEM management products (account approximately 8% of the Cap Growth Rate); and (iii) a buffer of 5% (the “Buffer”).

Moreover, we also note that the New Annual Cap for the year ending March 31, 2015 of RMB570 million is reduced by approximately 34% from the historical annual cap for the year ended March 31, 2014 of RMB859.4 million. We understand from the discussion with the Management that the downward adjustment is attuned to the expected challenging market conditions and slower demand for the Group’s down apparel products for the current financial year, which is also in line with the volume sales trend recorded by the Company based on our review of the information provided by the Company.

In order to assess the reasonableness of the New Annual Caps, we have considered the labour costs in the manufacturing industry in the PRC. According to National Bureau of Statistics of China, the table below exhibits the data of the average salary of private enterprises in the manufacturing industries in the PRC between 2010 and 2013.

Average salary of private enterprises – manufacturing industries in the PRC

<i>In RMB</i>	2010	2011	2012	2013
Average salary of private enterprises				
– Manufacturing industries	20,090	24,138	28,215	32,035
Annual growth rate		20.1%	16.9%	13.5%
– Compound average growth rate p.a.				16.8%

Source: National Bureau of Statistics of China

We note from the table above that the average annual salary increase during the period was approximately 16.8%, which is twice as much as the salary increase and the inflation components anticipated by the Company of approximately 5% in its estimation of the New Annual Cap for the next three financial years.

LETTER FROM INVESTEC

Moreover, we have also considered the Company's historical annual revenue growth in down apparels and OEM management (the "Down and OEM Revenue") between March 31, 2010 to 2014 (see below).

<i>In RMB million</i>	For the year ended March 31,				
	2010	2011	2012	2013	2014
Down and OEM Revenue	5,335.7	6,453.3	7,028.9	8,048.6	6,937.2
Down and OEM Revenue growth		20.9%	8.9%	14.5%	(13.8%)
– Compound average growth rate per annum					6.8%

In view of the above, the projected annual growth rate of 8% in the Down and OEM Revenue from 2015 to 2017 is slightly more than the historical average compound annual growth rate ("CAGR") of approximately 6.8% in the Down and OEM Revenue. However, we note that the CAGR of approximately 6.8% during the five years period in review was significantly affected by the Down and OEM Revenue for the year ended March 31, 2014 which decreased by 13.8% from the year before. If the financial year ended March 31, 2014 was excluded, the Group would have recorded a continuous and consistent growth in the Down and OEM Revenue for a CAGR of approximately 14.7% for the three financial years ended March 31, 2013. As discussed under the section heading "Information on the Group" of this letter, the less optimal financial performance for the year ended March 31, 2014 was attributed to warmer winter season for 2013/2014 that constrained the sales of down apparel, among other factors. We note from the discussion with the Management that (i) the current challenging market environment is expected to continue and the Company has taken a more conservative estimation of the sales and sales growth in the foreseeable future; and (ii) the Company, under higher quality and design requirement from the Company's OEM customers and the Company's own down apparels, attributes the 8% increase in the Down and OEM Revenue primarily to this factor.

We understand from the Management that the Buffer is based on the consideration of the unforeseen market uncertainty and avoidance of any unexpected interruption which would have brought to the Company's operation in case the New Annual Cap was to be exceeded in the financial year of 2016 and/or 2017. Considering factors such as (i) market unpredictableness; (ii) minimization of the production time so as to respond swiftly to changes in the market that can prevent loss of market share to its competitors; and (iii) the Buffer in effect represents approximately RMB29 million and 34 million for the year ending March 31, 2016 and 2017, respectively, and a fraction of the historical fees paid under the Agreement, we are of the view that the Buffer is reasonable.

Based on the analysis above that (i) the New Annual Caps are in line with the sales projection of the Group; and (ii) the growth rate of the New Annual Caps of 18% is not excessive when compared with the historical sales growth rate adjusted by the prevailing market conditions, we concur with the view of the Management that the New Annual Caps have been arrived at on a fair and reasonable basis.

LETTER FROM INVESTEC

5. Other conditions of the New Annual Caps under the Listing Rules

There are certain conditions imposed on the New Annual Caps pursuant to the Listing Rules, in particular, the restriction of the value of the transactions contemplated under the Agreement by way of the New Annual Caps for the relevant financial years ending March 31, 2015, 2016 and 2017 and the annual review by the INEDs of the terms of such transactions and the relevant New Annual Caps not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. Also, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Agreement are conducted in accordance with the terms therein and that the relevant New Annual Caps are not being exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the INEDs and/or its auditors will not be able to confirm that the terms of such transactions or the relevant New Annual Caps are not exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the transactions contemplated under the Agreement and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the renewed transactions under the Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, that the terms of the transactions under the Agreement (including the proposed annual caps thereunder) are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution and approve the renewal of the Agreement (including the proposed New Annual Caps) at the EGM.

Yours faithfully,
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

Mr. Alexander Tai of Investec is a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 25 years, involved in various corporate finance advisory transactions including giving independent financial advisory opinion on connected transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(A) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other (<i>Note 1</i>)	5,208,791,201	65.05%
	Deemed interest (<i>Note 3</i>)	2,763,697	0.03%
Ms. Mei Dong	Other (<i>Notes 1 and 4</i>)	5,208,791,201	65.05%
	Beneficial owner (<i>Note 2</i>)	2,763,697	0.03%
Ms. Gao Miaoqin	Beneficial owner (<i>Note 2</i>)	1,003,697	0.01%
Ms. Huang Qiaolian	Beneficial owner (<i>Note 2</i>)	2,763,697	0.03%
Mr. Rui Jinsong	Beneficial owner (<i>Note 2</i>)	1,878,242	0.02%

Notes:

- (1) These Shares are directly held by Kong Bo Investment Limited (as to 5,156,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such Shares under the SFO.

- (2) Each of Ms. Mei Dong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 Shares, and Mr. Rui Jinsong was granted 1,878,242 Shares, under the Share Scheme over a vesting period. Ms. Gao Miaoqin had already disposed of 1,760,000 Shares granted under the Share Scheme.
- (3) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
- (4) Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 5,208,791,201 Shares held by Mr. Gao Dekang under the SFO.

(b) Long position in the associated corporations of the Company

Name of Director	Nature of interest	Name of associated corporation	Number of shares of the associated corporation held	Approximate percentage of interest in the associated corporation
Mr. Gao Dekang	Other	Kong Bo Investment Limited	100	100.00%
		Kong Bo Development Limited	1	100.00%
		Kova Group Limited	1	100.00%
Ms. Mei Dong	Other	Kong Bo Investment Limited	100	100.00%
		Kong Bo Development Limited	1	100.00%
		Kova Group Limited	1	100.00%

Note:

Kong Bo Investment Limited and Kong Bo Development Limited own 64.39% and 0.66% of the Shares (comprising 5,156,219,202 Shares and 52,571,999 Shares, respectively), each of which is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in the shares of Kong Bo Investment Limited, Kong Bo Development Limited and Kova Group Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Cititrust (Singapore) Limited	Trustee	5,208,791,201 (Note)	65.05%
Kova Group Limited	Interest of controlled corporation	5,208,791,201 (Note)	65.05%
Kong Bo Investment Limited	Corporate interest	5,156,219,202 (Note)	64.39%
Brandes Investment Partners, L.P.	Investment manager	481,123,750	6.01%

Note:

These Shares are directly held by Kong Bo Investment Limited (as to 5,156,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Kova Group Limited and Cititrust (Singapore) Limited is deemed to be interested in such Shares under the SFO.

Save as disclosed above, as at Latest Practicable Date, none of the substantial shareholders of the Company had an interest or short position in the Shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

(C) Material Interests

The Group entered into the following transactions with the Parent Group.

(a) Framework Raw Material Purchase Agreement

The Company entered into a framework raw material purchase agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to purchase (on a non-exclusive basis) nanometre fabric from the Parent Group for a term of three years, renewable for another term of three years at the option of the Company. Under this agreement, the prices of nanometre fabric supplied by the Parent Group to the Group are comparable to those of similar products which the Parent Group supplies to third party customers. The agreement has been further renewed for a term of three years from September 15, 2013.

(b) Framework Integrated Service Agreement

The Company entered into a framework integrated service agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which Mr. Gao Dekang procured the Parent Group to provide various ancillary services to the Group, which currently includes the provision of hotel accommodation, for a term of three years, renewable for another term of three years at the option of the Company. The framework integrated service agreement was entered into on terms no less favourable to the Group than terms available to independent third parties. The agreement has been further renewed for a term of three years from September 15, 2013.

(c) Property Lease Agreement and the Supplemental Property Lease Agreement

The Company entered into a property lease agreement with Mr. Gao Dekang dated September 15, 2007, pursuant to which Mr. Gao Dekang shall procure the Parent Group to lease properties to the Group. The properties leased under this agreement will be used as the Group's regional offices or warehouses.

The term of each lease granted under the property lease agreement is no more than 20 years. Under the property lease agreement, the Group may terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent. On March 11, 2010, the Company and Mr. Gao Dekang entered into the supplemental property lease agreement pursuant to which the Parent Group agreed to lease 5 additional premises to the Company for a term not exceeding 20 years from the date of the supplemental property lease agreement. On April 22, 2013, the Company and Mr. Gao Dekang entered into a further supplemental property lease agreement pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 1, 2013. The rental payable under the property lease agreement and the supplemental property lease agreement are to be reviewed annually taking into account market conditions, and should not be higher than the rent applicable to a third party tenant at the relevant time.

(d) Agreement

The details of the Agreement are set out in the letter from the Board as set out in this circular.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was significant in relation to the business of the Group taken as a whole.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or any professional advisers named in paragraph 6 of this Appendix had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2014, being the date of the latest published audited financial statements of the Company.

(D) Competing Interests

As at the Latest Practicable Date, none of the Directors and his/her respective associates (as defined in the Listing Rules) was interested in any business apart from the Group's business that competes or is likely to compete (either directly or indirectly) with the Group's business.

3. SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation, other than statutory compensation.

4. MATERIAL ADVERSE CHANGE

Save as disclosed herein, as at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading position of the Company since March 31, 2014, being the date of the latest published audited financial statements of the Company.

5. CONSENTS

Investec has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.

6. QUALIFICATIONS OF EXPERT

The following is the qualification of the professional adviser who has given opinions or advice contained in this circular:

Names	Qualifications
Investec Capital Asia Limited	A corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO

As at the Latest Practicable Date, Investec was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Mak Yun Kuen, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The place of business in Hong Kong is Room 1703A, 17th Floor Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at principal place of business of the Company in Hong Kong at Room 1703A, 17th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and including August 28, 2014:

- (a) the Property Lease Agreement and the Supplemental Property Lease Agreement;
- (b) the Framework Raw Material Purchase Agreement;
- (c) the Framework Integrated Service Agreement; and
- (d) the Agreement.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Bosideng International Holdings Limited (the “Company”) will be held immediately after the conclusion of the annual general meeting of the Company at 10:00 a.m. on Thursday, August 28, 2014 at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the proposed annual caps for each of the three years ending March 31, 2015, 2016 and 2017 and the renewal of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement as set out in the circular to the shareholders of the Company dated July 25, 2014 be approved; and
- (b) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Framework Manufacturing Outsourcing and Agency Agreement and the transactions contemplated therein.”

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

Hong Kong, July 25, 2014

NOTICE OF EGM

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of his/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company but must be present in person at the meeting to represent the shareholder. Completion and return of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
2. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
4. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Gao Dekang and his associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolution.
5. The ordinary resolution as set out above will be determined by way of a poll.

As at the date of this notice, 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.