
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

**CONNECTED TRANSACTION INVOLVING
SUBSCRIPTION FOR NEW SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EGM**

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



A notice convening the EGM to be convened and held at 10:30 a.m. Hong Kong on Thursday, June 18, 2015 at Admiralty Conference Centre, Room 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong is set out on pages 38 to 39 of this circular. A form of proxy for use at the EGM is also 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.

May 29, 2015

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DEFINITIONS

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

“Announcement”	the announcement made by the Company dated April 24, 2015
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“CITIC Securities”	CITIC Securities Company Limited
“Company”	Bosideng International Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the terms of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transaction contemplated thereunder (including the grant of the Specific Mandate)
“Goldstone”	Goldstone Investment Co., Ltd., a wholly-owned investment platform of CITIC Securities
“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 Shareholders in relation to the Subscription
“Independent Shareholders”	Shareholders other than the Subscriber and its associates and any other person who has a material interest in the Subscription Agreement
“INEDs”	the independent non-executive Directors, namely Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie
“ITC SPC”	IC International Company Limited, a company incorporated in Hong Kong with limited liability and set up by subsidiaries of ITOCHU Corporation and Goldstone (an investment platform of CITIC Securities)
“Latest Practicable Date”	May 26, 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained therein
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM for the allotment and issue of the Subscription Shares to the Subscriber upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “New Surplus”	New Surplus International Investment Limited, a company incorporated in the British Virgin Island, which is indirectly wholly owned by Mr. Gao Dekang as at the Latest Practicable Date
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated April 24, 2015 between the Company and the Subscriber in connection with the Subscription
“Subscription Price”	HKD1.19 per Subscription Share
“Subscription Shares”	1,302,500,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Topping Wealth”	Topping Wealth Limited, a company wholly owned by Mr. Gao Dekang as at the Latest Practicable Date
“USD”	United States dollars, the lawful currency of 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

Independent Non-Executive Directors:

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

Registered Office:

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

Place of Business in Hong Kong:

Unit 5709, 57/F The Center
99 Queen's Road Central
Hong Kong

May 29, 2015

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING
SUBSCRIPTION FOR NEW SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in respect of the Subscription.

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

LETTER FROM THE BOARD

SUBSCRIPTION AGREEMENT

Date: April 24, 2015

Parties:

Issuer: the Company

Subscriber: New Surplus, a company indirectly wholly owned by Mr. Gao Dekang as at the Latest Practicable Date, thus a connected person of the Company

Subscription Shares:

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

Subscription Price:

The Subscription Price of HKD1.19 per Subscription Share:

- (a) a discount of approximately 1.65% to the closing price of HKD1.21 per Share on the Stock Exchange on the Latest Practicable Date;
- (b) equals to the closing price of HKD1.19 per Share on the Stock Exchange on the date of the Subscription Agreement;
- (c) represents a premium of approximately 9.17% over the average closing price of HKD1.09 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (d) represents a premium of approximately 25.26% over the average closing price of HKD0.95 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined on an arm's length basis between the Company and the Subscriber with reference to the then prevailing market price of the Share. The Directors consider that the Subscription Price is fair and reasonable as it fairly reflects, and represents a premium over the then trading price trend of the Shares (ranging from approximately 9% to 25% for the average closing price as set out in items (c) and (d) above). For the analysis of the trading price trend of the Share, please refer to the Letter from Investec from pages 24 to 27 for further details.

Specific mandate to issue the Subscription Shares:

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

LETTER FROM THE BOARD

Ranking:

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

Condition of the Subscription:

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

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

LETTER FROM THE BOARD

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

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

Completion of Subscription:

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

Undertakings by the Company

The Company undertakes:

- (i) to procure the appointment on Completion of the candidate(s) from ITOCHU Corporation nominated by the Subscriber as an executive director of the Company, provided that such candidate fulfils the requirements under the Listing Rules to be appointed as a Director;
- (ii) save pursuant to the issuance of Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Company pursuant to any share option(s) granted or to be granted under the share option scheme of the Company adopted on September 15, 2007 or award granted or to be granted under the share award scheme of the Company adopted on September 23, 2011, subject to a maximum in aggregate of not more than 5% of the issue share capital of the Company as at the date of the Subscription Agreement, that it shall not, before the Completion Date create, grant, issue or allot any Shares or securities or instruments convertible into or exercisable or exchangeable for, or that represent the right to receive, any Share or other equity or ownership interest in the Company or issue any other equity or ownership interests in the Company or undertake any other event which would or contingently or conditionally would increase the total outstanding issued share capital in the Company; and

LETTER FROM THE BOARD

- (iii) save for any one usual final dividend to be declared by the Company for the year ended 31 March 2015 (if any) and any one usual interim dividend to be declared by the Company for the six month period ending 30 September 2015 (if any), that it shall not, before the Completion Date, and excluding any repayment of financial indebtedness, declare or pay any dividend, bonus or other distribution of capital or income (whether in cash or in specie) or declare or make any repurchase, redemption, reduction, cancellation, repayment or return of Shares or other ownership interests in the Company or agree or commit to do any of the foregoing.

APPLICATION FOR LISTING

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

INFORMATION OF SUBSCRIBER

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

The Company was further informed that the Subscriber has also entered into a conditional preference share subscription deed with, amongst others, ITC SPC (a company jointly set up by subsidiaries of ITOCHU Corporation and Goldstone (an investment platform of CITIC Securities) pursuant to which the Subscriber agrees to conditionally issue preference shares to ITC SPC for an aggregate consideration of JPY30 billion, subject to the satisfaction of certain conditions as agreed by the parties thereunder. Such preference share subscription consideration will be applied by the Subscriber to subscribe for the Subscription Shares. The Subscriber is principally set up for the purpose of holding the Subscription Shares and indirectly holding equity interests or shares of various companies to be injected by Mr. Gao Dekang to the Subscriber.

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

- (i) ITOCHU Corporation is a company listed on Tokyo Stock Exchange and is engaging in domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, information and communications technology, realty, general products, insurance, logistics services, construction, and finance, as well as business investment in Japan and overseas, with approximately 130 bases in 65 countries;

LETTER FROM THE BOARD

- (ii) Goldstone is a wholly-owned investment platform of CITIC Securities, with an important strategic status. Goldstone was established in 2007, having registered as well as contributed capital of RMB7.2 billion. As one of first few direct investment platform of securities company whose establishment was approved by China Security Regulatory Commission, Goldstone has very important influence in the market. CITIC Securities was established in October 1995 headquartered in Shenzhen with its A shares (SSE: 600030) listed on the Shanghai Stock Exchange and H shares (SEHK: 6030) listed on the Main Board of the Stock Exchange. CITIC Securities is top-ranked in the Chinese capital markets across its principal businesses of securities brokerage, investment banking and asset management. CITIC Securities offers a wide range of financial services and products to a large and diverse client base that includes corporations, financial institutions, governments and individuals; and

- (iii) ITC SPC is indirectly owned as to approximately two-thirds by ITOCHU Corporation and one-third by CITIC Securities as at the Latest Practicable Date, and the Subscriber will be owned as to 55% by Topping Wealth and 45% by ITC SPC upon completion of the preference shares subscription as mentioned above (assuming the preference shares will be fully converted); and accordingly each of ITOCHU Corporation, CITIC Securities and ITC SPC will be deemed to be interested in the entire Subscription Shares through the Subscriber, representing approximately 13.99% of its issued share capital as enlarged by the Subscription.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

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

The Directors are of the view that the Subscription will bring in ITOCHU Corporations and CITIC Securities such two strong investors to the Group, and will further diversify the shareholding structure of the Company. The Subscription will also bring in global experiences, industry insights and expertise from ITOCHU Corporation and CITIC Securities to the Group. The capital raised from the Subscription will not only strengthen the financial position and financing capabilities of the Group, but will allow the Group to further enhance its core business and enhance overall management capabilities. Moreover, the Subscription will also allow the Group, ITOCHU Corporation and CITIC Securities to leverage on their respective strengths, and sharing of resources to explore potential strategic cooperation and investment opportunities in the future to facilitate mutual business success. Further, the Group can be benefited from the synergy effect that may be achieved as a result of the indirect introduction of these two strong investors, ITOCHU Corporations and CITIC Securities, to the Group as well as the confidence they placed on the Group through the Subscription.

The aggregate gross proceeds from the Subscription will be HKD1,549,975,000 and the net proceeds from the Subscription, after deduction of expenses, would be approximately HKD1,544,975,000. The net price per Subscription Share after related expenses is approximately HKD1.186 per Subscription Share. The Company intends to use the net proceeds from the Subscription (i) as to approximately HKD515 million for further development of the Group's businesses and to enhance the Group's operation and sales network by improving the IT system, inventory control, branding and marketing of the Group, as well

LETTER FROM THE BOARD

as improving the service standard at retail level, and (ii) as to approximately HKD1,030 million for business or investment opportunities that well match the Group's development (including but not limited to merger and acquisition of apparel-related businesses) as and when it arises.

Whilst the Directors are of the view that the existing cash and credit resources of the Group are sufficient for the Group to conduct its daily operations and the Group has sufficient working capital to meet its present requirements, the Directors believe that it is crucial for the Group to maintain a strong bank balances and cash from time to time when any business opportunity arises which may require the Group to make significant capital investment. Having considered the latest cash position of the Group, there is no certainty that such cash and credit resources will be adequate for its existing business development as well as for acquisition of all appropriate investments that may be identified by the Company in the future. In the event that the Group identifies suitable business or investment opportunities (though not yet identified as at the Latest Practicable Date) and does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Group may lose its opportunity in an otherwise favourable development/investment. As such, maintaining a strong cash and bank balance is crucial for the Group to explore new business opportunities and to materialize a development project when such opportunities arise.

The Company has also no intention, and there is no understanding or negotiation or contemplation of any business or investment opportunities as at the Latest Practicable Date. The Directors consider that funding requirements or appropriate business or investment opportunities may or may not arise in the immediate future. Having said so, it is not premature to proceed to obtain the proceeds from the Subscription at this stage because it is not commercially practicable and viable to obtain the same until all the cash reserves in hand has been utilized. The Company will issue further announcement if it has a more concrete plan as to the intended use of proceeds as and when appropriate.

Taking into the above synergy effect that can be achieved as well as the importance for the Group to secure a strong bank balances and cash position for future business opportunities, the Directors (including the INEDs) consider that the Subscription Agreement has been entered into on normal commercial terms and the terms circulating the Subscription Price are fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

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

Name of Shareholders	As at the Latest Practicable Date		Immediately after Completion	
	Number of Shares	Approx %	Number of Shares	Approx %
Kong Bo Investment Limited (<i>Note 1</i>)	5,156,219,202	64.39	5,156,219,202	55.39
Kong Bo Development Limited (<i>Note 2</i>)	52,571,999	0.66	52,571,999	0.56
Directors (<i>Note 3</i>)	8,409,333	0.11	8,409,333	0.09
Subscriber	–	–	1,302,500,000	13.99
Public Shareholders	2,790,149,466	34.84	2,790,149,466	29.97
Total	8,007,350,000	100.00	9,309,850,000	100.00

Notes:

1. Kong Bo Investment Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as the founder, for the benefit of his family members (including Ms. Mei Dong).
2. Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as the founder, for the benefit of his family members (including Ms. Mei Dong).
3. These Shares are held by Ms. Mei Dong (2,763,697 Shares), Ms Gao Miaoqin (1,003,697 Shares), Ms. Huang Qiaolian (2,763,697 Shares) and Mr. Rui Jinsong (1,878,242 Shares), respectively.

EQUITY FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

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

IMPLICATIONS UNDER THE LISTING RULES

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

LETTER FROM THE BOARD

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

EGM

A notice convening the EGM to be held at 10:30 am, Hong Kong on Thursday, June 18, 2015 at Admiralty Conference Centre, Room 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, 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 Subscription Agreement and the transaction contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

The ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transaction contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares 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 Subscription Agreement and the transaction contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

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 Subscription. Investec has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Shareholders in relation to the Subscription.

The Directors (including the INEDs, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the Subscription is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Directors recommend the 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.

By Order 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)

May 29, 2015

To the Shareholders

Dear Shareholder,

**CONNECTED TRANSACTION INVOLVING
SUBSCRIPTION FOR NEW SHARES
UNDER SPECIFIC MANDATE**

We refer to the circular dated May 29, 2015 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 Shareholder in connection with the Subscriptions, 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 Shareholders in relation to the Subscription.

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 Shareholders containing its advice in respect of the Subscription, 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 Subscription is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole; and the terms of the Subscription Agreement are determined on a fair and reasonable basis and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription.

Yours faithfully,
Independent Board Committee
Dong Binggen
Wang Yao
Ngai Wai Fung
Lian Jie
Independent non-executive Directors

LETTER FROM INVESTEC

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Board Committee and the Shareholders in relation to the connected transaction involving subscription for new shares under specific mandate prepared for the purpose of incorporation in this circular.



Investec Capital Asia Limited
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8 Finance Street, Central, Hong Kong
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Tel/電話: (852) 3187 5000

May 29, 2015

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

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the Subscription Agreement, details of which are set out in the circular of the Company dated May 29, 2015 (the “**Circular**”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

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

LETTER FROM INVESTEC

The 1,302,500,000 Subscription Shares represent (i) approximately 16.27% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 13.99% of the total number of Shares in issue as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be issued under the Specific Mandate and will rank pari passu with the existing Shares.

Upon Completion, the Subscriber will be interested in 1,302,500,000 Shares, representing approximately 13.99% of the total number of Shares in issue as enlarged by the allotment and issue of the Subscription Shares as set out in the letter from the Board (the “**Letter from the Board**”).

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

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie has been established to advise the Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser in relation to the Subscription Agreement, our role is to provide the Independent Board Committee and the Shareholders with an independent opinion and recommendation as to (i) whether the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable as far as the Shareholders (including the Independent Shareholders) are concerned on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole; and (ii) how the Shareholders should vote for the relevant resolutions to be proposed at the EGM in respect of the Subscription Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, we were independent from and not connected with the Group and any party acting in concert pursuant to Rule 13.84 of the Listing Rules. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Shareholders regarding the Subscription Agreement. 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.

LETTER FROM INVESTEC

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 Group and/or the Directors. 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 Group and/or the Directors and/or its senior management staff (the “**Management**”) and for which it is/they are solely responsible were true and 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 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 and/or 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 have been 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 truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Directors and/or its Management and their respective advisers 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 businesses and affairs of the Group, New Surplus, ITC SPC, ITOCHU Corporation, Goldstone, CITIC Securities or their respective affiliates.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Subscription Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors:

1. Background information

i. Information on the Group

The Shares were first listed on the main board of the Stock Exchange on October 11, 2007. 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. As stated in the Company’s annual report for the year ended March 31, 2014 (the “**2014 Annual Report**”), the Group is the largest down apparel company in the PRC with four core down apparel brands, namely Bosideng, Snow Flying, Combo and Bengen.

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ii. Historical financial performance of the Group

Set out below is a summary of the Group's (i) consolidated statements of income; and (ii) consolidated statements of financial position as extracted from the 2014 Annual Report and the interim report for the six months ended September 30, 2014 (the "**Interim Report**"):

	For the year ended		For the six months ended	
	March 31,		September 30,	
	2013	2014	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	9,324,539	8,237,894	2,809,239	2,849,533
Cost of sales	(4,603,990)	(4,122,438)	(1,422,126)	(1,500,034)
Gross profit	4,720,549	4,115,456	1,387,113	1,349,499
Profit from operations	1,271,670	865,470	343,398	306,604
Profit for the period/year	1,052,614	702,338	321,605	254,784
Profit for the period/year attributable to owners of the Company	1,078,650	694,704	326,144	252,733
			As at	As at
			March 31,	September 30,
			2014	2014
			<i>RMB'000</i>	<i>RMB'000</i>
			(Audited)	(Unaudited)
Non-Current assets			2,900,778	2,880,301
Current assets			9,857,414	10,455,463
Total assets			12,758,192	13,335,764
Non-current liabilities			2,573,679	1,506,130
Current liabilities			2,807,280	4,282,822
Total liabilities			5,380,959	5,788,952
Total equity attributable to owners of the Company			7,154,889	7,321,903

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For the year ended March 31, 2014, the Group's revenue decreased by approximately 11.7% year-on-year to approximately RMB8,237.9 million from approximately RMB9,324.5 million for the year ended March 31, 2013, which was mainly due to the decrease in sales of the Group's branded down apparel business. The decrease in the Group's branded down apparel business was mainly due to the unstable macroeconomic environment and reduced demand in the PRC, together with the exceptionally high temperature in autumn and winter in 2013. For the six months ended September 30, 2014, the Group recorded revenue of approximately RMB2,849.5 million compared to approximately RMB2,809.2 million for the six months ended September 30, 2013, representing an increase of approximately 1.4%. Such increase was mainly due to the increase in the sales of the Group's non-down apparels and OEM businesses, which was partially offset by decreases in the Group's down apparels business.

For the year ended March 31, 2014, the Group recorded gross profit of approximately RMB4,115.5 million compared to gross profit of approximately RMB4,720.5 million for the year ended March 31, 2013. Such decrease was mainly due to the decrease in sales in the Group's branded down apparel business, which was in line with the decrease in the Group's revenue of the same period. For the six months ended September 30, 2014, the Group recorded gross profit of approximately RMB1,349.5 million compared to gross profit of approximately RMB1,387.1 million for the six months ended September 30, 2013. Such decrease was mainly due to the decreases in gross profit margins of the non-down apparel business and the OEM business.

For the year ended March 31, 2014, the Group recorded profit for the year of approximately RMB702.3 million compared to approximately RMB1,052.6 million for the year ended March 31, 2013, such decrease was mainly due to the decrease in revenue, as discussed above. For the six months ended September 30, 2014, the Group recorded profit for the period of approximately RMB254.8 million compared to approximately RMB321.6 million for the six months ended September 30, 2013, such decrease was mainly due to increases in administrative expenses and impairment loss on goodwill which were partially offset by a decrease in selling and distribution expenses and an increase in gross profit.

As at September 30, 2014, the consolidated net asset value of the Group attributable to the equity Shareholders amounted to approximately RMB7,321.9 million, representing an increase of approximately 2.3% from RMB7,154.9 million as at March 31, 2014, which was mainly due to the profit recognised for the six month ended September 30, 2014.

2. Prospects of the Group

As detailed in the 2014 Annual Report, China's apparel industry is currently facing significant challenges. Retail sales of the country's apparel products recorded a year-on-year growth of 11.5% in 2013, which was the lowest growth rate in the past ten years. The accumulated growth recorded from January 2014 to March 2014 dropped to 9% year-on-year, indicating deceleration in consumption growth. Rising raw material prices, labour costs and rental costs have gradually eroded profit margins. Meanwhile, the industry is facing increasing competition due to over expansion in previous years, and e-commerce is further taking up market share.

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As further stated in the Interim Report, we also note that the Group will remain prudent when developing the market in view of weak consumption, uncertain weather conditions and intensifying competition. It will continue to strive to enhance its competitiveness in order to lay the foundations in the second half of 2015 for its long-term development by (i) adopting measures to decrease inventory levels and improve cash flow; and (ii) further expanding the operation of its overseas flagship stores, the Group's own down apparel brands and by consolidating the Group's resources. In addition, the Group will proactively pursue opportunities for new business and external alliances as it aspires to become an integrated and multi-brand apparel operator.

3. Information on the Subscriber

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

The Company was further informed that the Subscriber has also entered into a conditional preference share subscription deed with, amongst others, ITC SPC (a company jointly set up by subsidiaries of ITOCHU Corporation and Goldstone (an investment platform of CITIC Securities)) pursuant to which the Subscriber agreed to conditionally issue preference shares to ITC SPC for an aggregate consideration of JPY30 billion, subject to the satisfaction of certain conditions as agreed by the parties thereunder. The consideration received from the preference share subscription will be applied by the Subscriber to subscribe for the Subscription Shares. The Subscriber is principally set up for the purpose of holding the Subscription Shares and indirectly holding equity interests or shares of various companies to be injected by Mr. Gao Dekang to the Subscriber.

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

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

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- (iii) ITC SPC is indirectly owned as to approximately two-thirds by ITOCHU Corporation and one-third by CITIC Securities as at the Latest Practicable Date, and the Subscriber will be owned as to 55% by Topping Wealth and 45% by ITC SPC upon completion of the preference shares subscription as mentioned above (assuming the preference shares will be fully converted); and accordingly each of ITOCHU Corporation, CITIC Securities and ITC SPC will be deemed to be interested in the entire Subscription Shares through the Subscriber, representing approximately 13.99% of its issued share capital as enlarged by the Subscription.

4. Reasons for and benefits of the Subscription

As further disclosed in the Letter from the Board, 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.

As disclosed in the Letter from the Board, the Directors are of the view that the Subscription will bring in ITOCHU Corporation and CITIC Securities to the Group, and will further diversify the shareholding structure of the Company. The Subscription will also bring in global experiences, industry insights and expertise from ITOCHU Corporation and CITIC Securities to the Group. The capital raised from the Subscription will not only strengthen the financial position and financing capabilities of the Group, but will allow the Group to further enhance its core business and enhance overall management capabilities. Moreover, the Subscription will also allow the Group, ITOCHU Corporation and CITIC Securities to leverage on their respective strengths, and sharing of resources to explore potential strategic cooperation and investment opportunities in the future to facilitate mutual business success. We further note that the Company will appoint the candidate(s) from ITOCHU Corporation nominated by the Subscriber as an executive director of the Company on Completion, provided that such candidate will fulfil the requirements under the Listing Rules to be appointed as a Director.

The aggregate gross proceeds from the Subscription will be HKD1,549,975,000 and the net proceeds from the Subscription, after deduction of expenses, would be approximately HKD1,544,975,000. The net price per Subscription Share after related expenses is approximately HKD1.186 per Subscription Share. The Company intends to use the net proceeds from the Subscription (i) as to approximately HKD515 million for further development of the Group's businesses and to enhance the Group's operation and sales network by improving the IT system, inventory control, branding and marketing of the Group, as well as improving the service standard at retail level; and (ii) as to approximately HKD1,030 million for business or investment opportunities that well match the Group's development (including but not limited to merger and acquisition of apparel-related businesses) as and when it arises.

Whilst the Directors are of the view that the existing cash and credit resources of the Group are sufficient for the Group to conduct its daily operations and the Group has sufficient working capital to meet its present requirements, the Directors believe that it is crucial for the Group to have a strong bank balances and cash from time to time when any business

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opportunity arises which may require the Group to make significant capital investment. Having considered the latest cash position of the Group, there is no certainty that such cash and credit resources will be adequate for its existing business development as well as for acquisition of all appropriate investments that may be identified by the Company in the future. In the event that the Group identifies suitable business or investment opportunities (though not yet identified as at the Latest Practicable Date) and does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Group may lose its opportunity in an otherwise favourable development/investment. As such, maintaining a strong cash and bank balance is crucial for the Group to explore new business opportunities and to materialize a development project when such opportunities arise.

The Company also has no intention to enter into, and there is no understanding or negotiation or contemplation of any business or investment opportunities as at the Latest Practicable Date. The Directors consider that although the Company may have no immediate funding requirements nor has any appropriate business or investment opportunities been identified in the immediate future, the investment by strategic investors such as ITOCHU Corporation and CITIC Securities would enable the Group to explore further potential business and investment opportunities and utilise the proceeds from the Subscription for such future purposes as and when they have been identified and such arrangement is a common business practice. We concur with the Directors in this regard.

Based on the above and after discussion with the management, taking into account the importance for the Group to secure a strong bank balance and cash position for future business and investment opportunities, the Directors consider, and we concur, that the Subscription Agreement has been entered into on normal commercial terms and the terms circulating the Subscription Price are fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

Taking into consideration (i) the improvement to the financial position and financing capabilities of the Group, which will allow the Group to further enhance its core business and enhance overall management capabilities; (ii) the intention of the Company to use the net proceeds from the Subscription for further development of the Group's businesses (including the enhancement of the Group's operation and sales network by improving the IT system, inventory control, branding and marketing of the Group, as well as improving the service standard at retail level) and for business or investment opportunities that well match the Group's development (including but not limited to merger and acquisition of apparel-related businesses) as and when it arises; (iii) the introduction of strategic investors which would allow the Group to explore further potential strategic cooperation and investment opportunities in the future, which is in line with the Group's corporate strategies; and (iv) the addition of global experiences and expertise from ITOCHU Corporation and CITIC Securities to the Group, we concur with the Directors' view that the entering into the Subscription Agreement is fair and reasonable to the Company and is in the interests of the Company and the Shareholders as a whole.

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5. Principal terms of the Subscription Agreement

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to allot and issue an aggregate of 1,302,500,000 new Shares at the Subscription Price of HKD1.19 per Subscription Share for an aggregate consideration of HKD1,549,975,000. The 1,302,500,000 Subscription Shares represent (i) approximately 16.27% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 13.99% of the total number of Shares in issue as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be issued under the Specific Mandate and will rank pari passu with the existing Shares.

i. Subscription Price

The Subscription Price of HKD1.19 per Subscription Share represents:

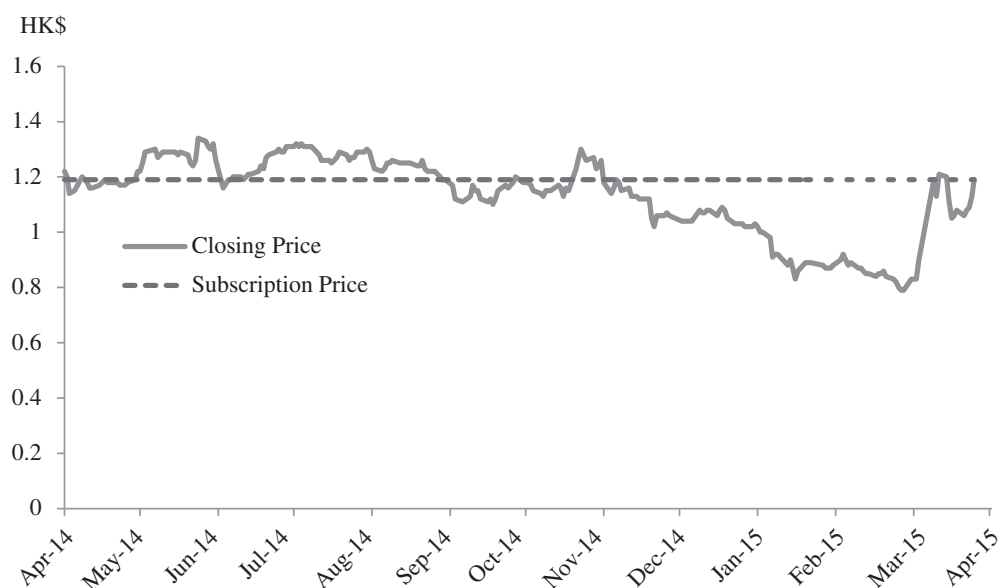
- (i) a discount of approximately 1.65% to the closing price of HKD1.21 per Share on the Stock Exchange on the Latest Practicable Date;
- (ii) a price equal to the closing price of HKD1.19 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (iii) a premium of approximately 9.17% over the average closing price of HKD1.09 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iv) a premium of approximately 25.26% over the average closing price of HKD0.95 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (v) a premium of approximately 4.39% over the net asset value per Share attributable to the Shareholders of approximately HKD1.14 based on the unaudited consolidated net asset value attributable to the owners of the Company as at September 30 2014 and the number of issued Shares of 8,007,350,000 as at Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations among/between the Company and the Subscriber with reference to the then prevailing market price of the Shares. The Subscription Shares will be issued under the Specific Mandate to be sought at the EGM. The Specific Mandate, if approved, will be valid until the completion of the Subscription or termination of the Subscription Agreement.

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ii. *Historical price performance of the Shares*

The chart below illustrates the closing price of the Shares during the period from April 24, 2014 (being the 12-month period prior to the date of the Subscription Agreement) up to and including the date of the Subscription Agreement (the “**Review Period**”). Given the Subscription Price was determined with reference to the prevailing market price of the Share, we consider that the Review Period is appropriate to reflect the recent market conditions and the recent Share price performances for the purpose of our analysis, which has been commonly used and in line with market practice. Furthermore, we consider the Review Period is appropriate to eliminate the effect of any short term fluctuations in Share price:



Source: Bloomberg and Stock Exchange

During the Review Period, the closing price of the Shares fluctuated between the range from HKD0.79 to HKD1.34. From October 24, 2014 to April 24, 2015, being the six months prior to the Announcement, the closing price of the Shares fluctuated between the range of HKD0.79 to HKD1.30.

During the Review Period, the highest closing price and the lowest closing price of the Shares was HKD1.34 on June 20, 2014 and HKD0.79 on March 26 and 27, 2015, respectively and the average closing price of the Shares during the Review Period (the “**Average Share Price**”) was approximately HKD1.13.

The Subscription Price represents (i) a discount of approximately 11.19% to the highest closing price of the Shares during the Review Period; (ii) a premium of approximately 50.63% to the lowest closing price of the Shares during the Review Period; and (iii) a premium of approximately 5.31% to the Average Share Price.

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iii. Liquidity of the Shares

The following table sets out the monthly total trading volume, the highest, lowest and average daily number of Shares traded in each month and the percentage of average daily trading volume of Shares as compared to the total number of Shares in issue during the Review Period:

Month	Total trading volume <i>(number of Shares)</i>	Average daily trading volume <i>(number of Shares)</i>	Percentage of average daily trading volume to total number of Shares in issue <i>(Approximate %) (Note 1)</i>
2014			
April <i>(Note 2)</i>	35,090,080	7,018,016	0.09%
May	128,372,983	6,418,649	0.08%
June	122,277,939	6,113,897	0.08%
July	97,419,868	4,428,176	0.06%
August	99,998,292	4,761,823	0.06%
September	85,064,259	4,050,679	0.05%
October	58,137,996	2,768,476	0.03%
November	233,903,133	11,695,157	0.15%
December	114,601,761	5,457,227	0.07%
2015			
January	82,974,403	3,951,162	0.05%
February	86,385,137	4,799,174	0.06%
March	208,828,230	9,492,192	0.12%
April	995,852,695	66,390,180	0.83%
Entire Review Period	2,348,906,776	9,509,744	0.12%

Source: Bloomberg

Notes:

1. Based on issued Shares as disclosed in the monthly return of the Company on movements in securities of the Company
2. For the five days included within the Review Period

As illustrated above, during the Review Period, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue ranged from approximately 0.03% to 0.83%. As such, we note that the liquidity of the Shares was generally thin during the Review Period with an average daily trading volume of the Shares as a percentage of the total number of the Shares in issue of approximately 0.12% with only a significant increase in the volume of Shares traded during the month of April 2015.

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iv. Comparison with other precedent transactions

In order to assess the fairness and reasonableness of the Subscription Price, we have compared it to six comparable companies listed on the Stock Exchange (the “**Comparables**”), which are selected based on the following criteria: (i) the transactions involved the subscription/placing of new shares under specific mandates by companies listed on the Stock Exchange; (ii) the subscriber/placee of the new shares under the transaction is a connected person (as defined in the Listing Rules); (iii) the transactions were announced during the six-month period immediately prior to April 24, 2015, being the date of entering into the Subscription Agreement; and (iv) the market capitalisation of the Comparables are between HKD4,000 million and HKD15,000 million, being a range of approximately HKD5,500 million above and below the Company’s market capitalisation as at the Latest Practicable Date which we consider to be an appropriate range to provide a sufficient sample size of companies of comparable market capitalisations. Given that the market capitalisation of the Company was HKD9,689 million as the Latest Practicable Date, we consider that the Comparables with market capitalisations between HKD4,000 million and HKD15,000 million together with other criteria(s) set out above to be fair and representative samples for our analysis. The following exhaustive list is set out for our comparison:

Date of announcement	Company Name (Stock code)	Market Capitalisation as at the Latest Practicable Date <i>HKD millions</i>	(Discount to)/	(Discount to)/	(Discount to)/
			premium over the average closing price per share for the last five consecutive trading days up to and including the respective last trading day <i>Approximate %</i>	premium over the closing price on the respective last trading day <i>Approximate %</i>	premium over net asset value per share (Notes 1 & 2) <i>Approximate %</i>
January 28, 2015	Realord Group Holdings Limited (1196)	4,663	(52.38)	(42.39)	534.58
January 5, 2015	Town Health International Medical Group Limited (3886)	13,499	(19.67)	(19.41)	348.54
December 18, 2014	United Photovoltaics Group Limited (686)	7,064	12.36	12.61	129.29
November 30, 2014	Peking University Resources (Holdings) Company Limited (618)	5,270	(4.41)	(9.97)	10.50
November 21, 2014	National Agricultural Holdings Limited (1236)	9,551	13.21	12.87	922.50
October 31, 2014	Yashili International Holdings Limited (1230)	12,338	16.72	29.73	228.72
	Minimum		(52.38)	(42.39)	10.50
	Maximum		16.72	29.73	922.50
	Average		(5.70)	(2.76)	362.36
	Company (Note 3)	9,689	0.00	9.17	4.39

Source: The website of the Stock Exchange and company filings.

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Notes:

1. The net asset value per share is calculated based on the net asset value attributable to owners of the respective company published in the latest consolidated accounts available on the date of the announcement, dividing the total number of issued shares published on the Stock Exchange website available on the date of announcement.
2. For illustrative purpose, amounts denominated in RMB have been converted to HKD at a rate of HKD1.0000 to RMB0.8004.
3. The net asset value per Share is calculated based on the unaudited net asset value attributable to owners of the Company as published in the Interim Report.

As shown in the table above, the issue prices of the Comparables to the respective closing price per share on the last trading day range from a discount of approximately 52.38% to a premium of approximately 16.72% (the “**LTD Range**”), with an average discount of approximately 5.70%. We note that the Subscription Price falls within the LTD Range of the Comparables and above the average level. The issue prices of the Comparables to the average closing price per share over the last five consecutive trading days respectively represented a range from a discount of approximately 42.39% to a premium of approximately 29.73% (the “**Five-Day Range**”), with an average discount of approximately 2.76%. The Subscription Price represented a premium of approximately 9.17% to the average closing price per share over the last five consecutive trading days (inclusive of the date of the Subscription Agreement). We note that the Subscription Price falls within the Five-Day Range of the Comparables and above the average level.

It is also illustrated from the above table that the issue prices of the Comparables to the net asset value per share of the respective company range from a premium of approximately 10.50% to 922.50%, with an average premium of approximately 362.36%. The Subscription Price represents a premium of approximately 4.39% over the net asset value of approximately HKD1.14 per Share. We note that the premium of the Subscription Price falls below the minimum of the Comparables, and is lower than the average level. Although the premium of the Subscription Price to net asset value per share is slightly below the minimum of the Comparables, the Subscription Price represents a premium of approximately 4.39% over the net asset value attributable to the Shareholders of approximately HKD1.14 per Share based on the unaudited consolidated net asset value attributable to the owners of the Company as at September 30, 2014 and the number of issued Shares of 8,007,350,000 as at Latest Practicable Date.

After taking into account the Subscription Price which (i) is equal to the closing price of the Shares as at the date of the Subscription Agreement; (ii) represents a premium of approximately 9.17% to the closing price per Share over the last five consecutive trading days prior to the date of the Subscription Agreement; (iii) is within the range of the Shares over the Review Period; (iv) represents a premium of approximately 5.31% to the Average Share Price; (v) represents a premium of approximately 4.39% over the net asset value attributable to the Shareholders as at September 30, 2014 of approximately HKD1.14 per Share; and (vi) is higher than the average of the LTD Range and the Five-Day Range of the Comparables, respectively, we are of the opinion that the Subscription Price is fair and reasonable.

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v. Possible effects on the shareholding interests of the Shareholders

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

Name of Shareholders	As at the			
	Latest Practicable Date		Immediately after Completion	
	<i>Number of Shares Approximate %</i>		<i>Number of Shares Approximate %</i>	
Kong Bo Investment Limited (<i>Note 1</i>)	5,156,219,202	64.39	5,156,219,202	55.39
Kong Bo Development Limited (<i>Note 2</i>)	52,571,999	0.66	52,571,999	0.56
Directors (<i>Note 3</i>)	8,409,333	0.11	8,409,333	0.09
Subscriber	–	–	1,302,500,000	13.99
Public Shareholders	2,790,149,466	34.84	2,790,149,466	29.97
Total	8,007,350,000	100.00	9,309,850,000	100.00

Notes:

1. Kong Bo Investment Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as the founder, for the benefit of his family members (including Ms. Mei Dong).
2. Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as the founder, for the benefit of his family members (including Ms. Mei Dong).
3. These Shares are held by Ms. Mei Dong (2,763,697 Shares), Ms Gao Miaoqin (1,003,697 Shares), Ms. Huang Qiaolian (2,763,697 Shares) and Mr. Rui Jinsong (1,878,242 Shares), respectively.

As stated above, as at the Latest Practicable Date, the Subscriber was a company indirectly wholly owned by Mr. Gao Dekang (the Chairman of the Company), who is the substantial shareholder of the Company and beneficially interested in approximately 65.08% of the Company's issued share capital. We note that immediately after Completion the Subscriber will be directly beneficially interested in approximately 13.99%. As the Subscriber is a company indirectly wholly owned by Mr. Gao Dekang (Chairman of the Company), we note that Kong Bo Investment Limited and its connected parties (including the Subscriber) will be beneficially interested in approximately 70.0% issued share capital of the Company immediately after Completion.

We also note that the shareholding of the existing public Shareholders will be reduced from approximately 34.84% as at the Latest Practicable Date to approximately 29.97% immediately after the Completion (assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to date of the Completion).

LETTER FROM INVESTEC

Taking into account (i) the reasons for, and the benefits of, entering into the Subscription Agreement, as described under the paragraph headed “Reasons for and benefits of Subscription”; (ii) the business prospect of the Group as stated above; (iii) our analysis under the paragraph headed “Comparison with other precedent transactions”, we consider that (i) the abovementioned advantages to the Group outweigh the dilution effect to the existing public Shareholders and the Directors-in relation to the Subscription; and (ii) there would be no material changes to the shareholding structure upon the Completion as described under the paragraph headed “Possible effects on the shareholding interests of the Shareholders” and are therefore of the view that possible effects mentioned above on the shareholding interests of the existing Shareholders is fair and reasonable as well as in the interests of the Company and the Shareholders as a whole.

6. Financial effects of the Subscription

i. Net assets value attributable to the Shareholders

According to the Interim Report, the net assets of the Group attributable to the Shareholders were approximately RMB7,321.9 million as at September 30, 2014. For illustrative purpose, we have converted to HKD at a rate of HKD1.0000 to RMB0.8004, accordingly, net assets of the Group attributable to the Shareholders were approximately HKD9,147.8 million as at September 30, 2014. Upon Completion, the net assets of the Group will increase by approximately HKD1,545.0 million (after deduction of related expenses). Assuming there has been no change to the net assets of the Group between the Interim Report and the Latest Practicable Date, the net asset value attributable to the Shareholders per share of the Group is expected to increase from approximately HKD1.14 immediately prior to Completion to approximately HKD1.15 upon Completion, which is based on (i) net assets of the Group attributable to the Shareholders which were approximately HKD9,147.8 million as at September 30, 2014 (converted to HKD at a rate of HKD1.0000 to RMB0.8004); (ii) an increase in the net assets of the Group by approximately HKD1,545.0 million upon Completion; and (iii) the issued number of shares of the Company of 9,309,850,000 upon Completion. As such, the Subscription is expected to have a positive impact on the financial position of the Group.

ii. Liquidity

According to the Interim Report, the current ratio was approximately 2.4 as at September 30, 2014. Upon Completion, it is expected that the Group’s cash level will increase by HKD1,545.0 million (after deduction of related expenses). As such, the Subscription is expected to have a positive impact on the current ratio of the Group.

iii. Gearing ratio

Upon Completion, the total borrowings of the Group will remain unchanged however the total equity would be enlarged by the allotment and issue of the Subscription Shares. Accordingly, the gearing position of the Group is expected to improve.

LETTER FROM INVESTEC

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms as far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour of the relevant resolution at the EGM to approve the Subscription and the transactions contemplated under the Subscription Agreement.

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

Mr. Tai of Investec Capital Asia Limited 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 20 years, and has been involved in and completed various corporate finance advisory transactions in Hong Kong.

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 (Note 1)	5,208,791,201	65.05%
	Deemed interest (Note 3)	2,763,697	0.03%
	Controlled corporation (Note 5)	1,302,500,000	16.27%
Ms. Mei Dong	Other (Notes 1 and 4)	5,208,791,201	65.05%
	Beneficial owner (Note 2)	2,763,697	0.03%
	Deemed interest (Note 5)	1,302,500,000	16.27%
Ms. Gao Miaoqin	Beneficial owner (Note 2)	1,003,697	0.01%
Ms. Huang Qiaolian	Beneficial owner (Note 2)	2,763,697	0.03%
Mr. Rui Jinsong	Beneficial owner (Note 2)	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, of which 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.
- (5) These are the Subscription Shares to be subscribed by the Subscriber under the Subscription Agreement. The Subscriber is a company indirectly wholly owned by Mr. Gao Dekang. Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is also deemed to be interested in the Subscription 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	560,555,550	7.00%
Subscriber	Beneficial interest	1,302,500,000	16.27%

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.
- Mr. Gao Dekang is a director of the Subscriber at the Latest Practicable Date.

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 1 April 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) Framework Manufacturing Outsourcing and Agency Agreement

The Company entered into the framework manufacturing outsourcing and agency agreement with Mr. Gao Dekang dated September 15, 2007, which was then further extended to a term up to September 14, 2017, pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis.

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 7 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

As at the Latest Practicable Date, the Directors were not aware of 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, saved as disclosed in the profit warning announcement of the Company dated 27 March 2015 that the Group is expected to record a significant decline in revenue from its down apparel business as well as the profit attributable to equity shareholders of the Company for the financial year ending 31 March 2015 (“this financial year”) as compared to the same period in 2014. The revenue decline in the down apparel business is mainly due to (i) the unsatisfactory sales performance during the traditional peak seasons before the Chinese New Year, and (ii) the strategic lowering in the production volume of new down apparel products and the selling price of the old stocks as the Group had made inventory clearance as its top priority for this financial year. Although the above measures will lead to a revenue decline in the down apparel business for this financial year, these measures did help the Group to improve its business performance and lay down a solid and more healthy foundation for its long term development. The Group’s cash flow is also expected to be improved and turns positive in this financial year, which allowed the Group’s business to remain healthy.

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 EXPERTS

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

Names	Qualifications
Investec	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 the date of EGM:

- (a) the Subscription Agreement;
- (b) the Property Lease Agreement and the Supplemental Property Lease Agreement;
- (c) the Framework Raw Material Purchase Agreement;
- (d) the Framework Integrated Service Agreement; and
- (e) the Framework Manufacturing Outsourcing and Agency 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 at 10:30 am, Hong Kong on Thursday, June 18, 2015 at Admiralty Conference Centre, Room 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company. Capitalized terms used herein without definition shall have the same meanings as in the circular issued by the Company on May 29, 2015 (the “Circular”), unless the context otherwise requires:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the Subscription (as defined in the Circular) in relation to 1,302,500,000 new ordinary shares of the Company at a price of HK\$1.19 per share by New Surplus International Investment Limited under the Subscription Agreement (as defined in the Circular), a copy of the Subscription Agreement has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, be and is hereby approved; the execution of the Subscription Agreement and any other agreements, documents and actions taken or to be taken in connection with the Subscription (including the allotment and issue by the Company of the Subscription Shares) (as defined in the Circular) by any director of the Company (the “Director”), notwithstanding any interest he/she may have in any matters in connection with the Subscription, be and are hereby approved, confirmed and ratified; and
- (b) any Director be and is hereby authorised to do all acts and things and execute any agreements, deeds, instruments and any other documents, under hand or under seal, or make such arrangement as he/she may determine to be appropriate, necessary or desirable to give effect to or in connection with the Subscription and the allotment and issue of the Subscription Shares and, subject to and in accordance with the applicable law and regulations, to approve and make such immaterial variation, amendment, supplement or waiver of immaterial matters relating to the Subscription in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, May 29, 2015

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.